



STATEMENT OF ACCOUNTS

2008/2009

OF

**THE COUNTY COUNCIL OF THE CITY AND
COUNTY OF CARDIFF**

AND

CARDIFF PORT HEALTH AUTHORITY

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STATEMENT OF ACCOUNTS

2008/09

OF

**THE COUNTY COUNCIL OF THE CITY
AND COUNTY OF CARDIFF**

FOREWORD

Introduction

The financial statements presented here are published in accordance with the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee (CIPFA / LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom 2008 'A Statement of Recommended Practice' (the 2008 SORP). The 2008 SORP sets out proper accounting practices required for Statements of Accounts by section 21(2) of the Local Government Act 2003 prepared in accordance with the Accounts and Audit (Wales) Regulations 2005 (as amended) and by sections 41 and 42 of the Local Government and Housing Act 1989.

The Financial Statements

The Council's financial statements are set out on pages 30 to 134 and comprise:

- Statement of Main Policies Adopted in Compiling the Financial Statements
- Income and Expenditure Account
- Statement of Movement on Council Fund Balance
- Statement of Total Recognised Gains and Losses (STRGL)
- Balance Sheet
- Cash Flow Statement
- Notes to the Core Financial Statements
- Housing Revenue Account
- Cardiff & Vale of Glamorgan Pension Fund Accounts
- Group Accounts
- Trust Funds

FOREWORD

The Outturn for the Year

Cardiff Council at its meeting on 28 February 2008 set a cash limit budget of £492.734 million for 2008/09. In addition a budget of £230,000 was set for discretionary rate relief which is outside the Budget Requirement. The outturn for the year compared to the budget is set out below. These figures are exclusive of Community Council precepts.

	Budget	Outturn	Variance
	£000	£000	£000
<i>Financing:</i>			
Revenue Support Grant (RSG)	(280,721)	(280,721)	0
Non-domestic Rates (NDR)	(84,030)	(84,030)	0
Council Tax	(112,190)	(112,461)	(271)
Other central grants	(13,268)	(13,268)	0
Budgeted transfers from balances/reserves	(2,755)	(2,755)	0
	(492,964)	(493,235)	(271)
<i>Net Expenditure</i>			
Net budgeted expenditure	492,964		
Net operating expenditure as per Income & Expenditure a/c		1,007,752	
Net additional amount to be credited to Council Fund Balance (incl. transfers to/(from) reserves)		(518,349)	
Less budgeted transfers from reserves		2,755	
Less Community Council precepts		(200)	
	492,964	491,958	(1,006)
Net (surplus)/deficit for year transferred to Council Fund Balance			(1,277)

The Council Fund Balance brought forward at 31 March 2008 was £10.04 million. The balance at 31 March 2009 has increased by £1.28 million to £11.32 million.

Strategic Transformational Change Programme

The Strategic Transformational Change Programme was agreed in December 2008 and will increasingly impact on the financial and organisational structure of the Council as projects begin to deliver savings and functions are aligned to new areas.

Capital Programme

Expenditure was incurred on improving, acquiring and enhancing assets used for the provision of services such as buildings and roads. The capital programme for the year was £137.3 million with actual expenditure in the year totalling £113.1 million including:

- Major investment continued towards achievement of the Welsh Quality Housing Standard with capital expenditure on Public Housing totalling £18.1 million during the course of the year.
- A further £9.1 million was spent within Private Sector Housing on targeted elderly grants, disabled facilities grants and renewal area improvements.

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- £9.9 million was invested in schools during the course of the year, supported through utilisation of Schools Building Improvement Grant and continued Council commitment to property renewal.
- Investment in Highways and Transportation totalled £13.9 million which facilitated highways reconstruction and maintenance, street lighting and other road safety improvements.
- £8 million was invested in Culture, Leisure and Parks with the re-opening of the recently refurbished Western Leisure Centre and installation of Radio Frequency Identification in Libraries, as well as progression of Penylan Library / Roath Community Hall.
- Waste Management improvements totalled £5.2 million including expenditure in relation to Household Waste Recycling Facilities, Transfer Station, In Vessel Composter, Food Waste Collection and capping and restoration works at Lamby Way.
- Continued investment in major regeneration projects totalled £38 million. The Castle Interpretation Centre and New Central Library are now operational and significant progress was made during the year in relation to the Leckwith Development. The £38 million investment also enabled progression of schemes in relation to the public realm infrastructure enhancement (£1.1 million), the Olympic Standard Canoe Slalom (£5.3 million) and the Pentwyn Park and Ride scheme (£1.3 million), which slipped during 2008/09 but is on course for completion in Autumn 2009.
- £1.2 million was invested in Social Care, including the procurement of telecare equipment to facilitate independent living. £3.3 million was invested within the area of Strategic Planning notably in respect of regeneration schemes including those at Clifton Street and Cowbridge Road East. £1.2 million was spent to cover Cardiff Council's contribution toward the new Glamorgan Record Office and £1.5 million was spent within Economic Development, mainly in relation to Cardiff Business Technology Centre (CBTC) Phase 2.
- The capital programme is funded from a number of sources including borrowing, which must ultimately be repaid via the revenue account. The following table shows how the capital spent during the year was financed:-

	£m
Borrowing	26.4
Grants and Contributions	49.4
Direct Revenue Financing	10.5
Capital Receipts	26.8
Total	113.1

A number of major projects are undertaken by the Council which are both complex in their accounting requirements and also in the financial risks they represent. These risks are monitored regularly. These projects will continue into 2009/10 and future years along with a significant level of capital expenditure in new and existing assets approved in the Council budget of February 2009. This includes investment in schools as part of the Schools Organisational Plan; food waste processing facilities; completion of the Glamorgan Records Office for which the Council will be the host authority from April 2009; significant investment in Transportation and Highway Infrastructure as part of the Sustainable Travel City Scheme;

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provision of an Olympic Canoe Slalom Course and an ongoing programme to upgrade kitchens and bathrooms in Council Housing Stock.

Capital Receipts

The sale of surplus assets including council dwellings and the recoupment of house renovation grants during the year generated receipts of £8.015 million.

Fixed Assets Revaluation

Operational Land and Buildings were revalued during 2008/09 as part of a rolling programme, resulting in any downward revaluations being shown as impairments. The significant amount of impairment in relation to Council Dwellings relates to the use of an alternative valuation technique, which is Existing Use Value - Social Housing. This does not have any impact on the Council Tax as all such adjustments to fixed assets are required to be neutralised from capital reserves.

Financial Instruments

The Council can raise funding from many sources including the Public Works Loan Board (PWLB) and the Market. Long term borrowing is £399.2 million at the end of the year which includes £5.3 million accrued interest. During the year loans totalling £10.0 million were repaid to the PWLB. Investments are predominantly represented by temporary cash balances deposited for various maturities with Financial Institutions. In a year of extreme financial turbulence, the significant risks continue to be monitored. The notes to the accounts provide information on the Council's Financial Assets and Liabilities and the nature and extent of risks involved.

Equal Pay

During 2007/08, the Council made and capitalised payments in respect of its Equal Pay liability totalling £9.2 million. Of this figure, £5.4 million was funded through the temporary use of finance in relation to slipped capital schemes. This arrangement necessitated the generation of additional capital receipts during 2008/09 in order to cover existing commitments. Whilst the £5.5 million was not made good via capital receipts during the year, the Council secured a VAT refund of £5.6 million, net of fees, in respect of cultural services income between 1990-1996. This has been used to finance capital expenditure during 2008/09, in effect ensuring that the financing of the Equal Pay liability has no additional impact on the Council Tax.

Pensions Assets and Liabilities

As a result of Financial Reporting Standard 17 "Retirement Benefits", local authorities are required to account for the costs of pension entitlements earned in the year rather than the costs of contributions paid to the fund.

Further details are given in Note 21 to the Core Financial Statements.

The Council's actuary has estimated the Council's pension liability to be £477.99 million at 31 March 2009.

The effect of FRS17 upon the reserves of the Council is as follows

	£000
Net Worth excluding Pensions Reserve	1,593,939
Net Worth as per Balance Sheet	1,115,949

FOREWORD

Accounting Policies

The accounting policies are set out on pages 30 to 37

Acknowledgements

Finally, I wish to thank all Financial Services staff, and their colleagues throughout the Council, who have worked on the preparation of these statements and enabled this year's deadline to be successfully met. I also wish to thank Corporate Directors and Chief Officers for their assistance and co-operation throughout this process.

Christine Salter
City and County Treasurer

Date: 24 September 2009

GUIDE TO THE FINANCIAL STATEMENTS

The Core Single Entity Financial Statements comprise:

Income and Expenditure Account (Page 38)

The Income and Expenditure Account brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. Both income and expenditure are measured in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

Statement of Movement on the Council Fund Balance (Page 39)

This statement reconciles the net expenditure in the Income and Expenditure Account with the income and expenditure that is required to be taken into account in determining the Council's Budget Requirement and its Council Tax demand, which are determined in accordance with statute and non-statutory proper practices rather than in accordance with UK GAAP.

Statement of Total Recognised Gains and Losses (STRGL) (Page 40)

This statement brings together all of the Council's gains and losses in the year to show the total movement in the net worth. The gains and losses include the outturn on the Income and Expenditure Account and other gains and losses which are recognised on the Balance Sheet but have not been debited or credited to the Income and Expenditure Account.

Balance Sheet (Page 41)

The Balance Sheet summarises the Council's financial position as at 31 March 2009. It includes assets and liabilities of Direct Service Units and the functions transferred from the former Cardiff Bay Development Corporation (CBDC). Pension Fund and Trust Fund balances are not included as these represent assets held in trust for third parties rather than in the ownership of the Council.

Cash Flow Statement (Page 43)

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

The Supplementary Single Entity Financial Statements comprise:

Housing Revenue Account Income & Expenditure Account (Page 93)

The Housing Revenue Account (HRA) shows income and expenditure on council housing.

Pension Fund Accounts (Page 98)

The accounts include a Fund Account and Net Assets Statement for the Cardiff and Vale of Glamorgan Pension Fund, which the Council administers. The Cardiff & Vale of Glamorgan Pension Fund also publishes a separate, more detailed report.

The Group Accounts (Page 111)

The 2008 SORP requires local authorities with material interests in subsidiary and associated companies and joint ventures to prepare group accounts in addition to their single entity accounts.

The Group Accounts comprise:

Group Income and Expenditure Account

GUIDE TO THE FINANCIAL STATEMENTS

Reconciliation of the Single Entity Surplus/Deficit for the year to Group Surplus/Deficit

Group Statement of Total Recognised Gains and Losses

Group Balance Sheet

Group Cash Flow Statement

Trust Funds' Summary (Page 132)

Various bequests and donations are held in Trust Funds. Income generated from the investments is available for grants and awards in appropriate cases.

THE STATEMENT ON INTERNAL CONTROL

This section outlines the main features of the Council's system of internal control and internal audit arrangements. The Statement on Internal Control is a requirement of the Accounts and Audit (Wales) Regulations 2005 (as amended)

Scope of Responsibility

1. Cardiff Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Cardiff Council also has a duty under the Local Government Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, Cardiff Council is also accountable for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and includes arrangements for the management of risk.

The Purpose of the System of Internal Control

3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The aim is, therefore, to provide reasonable, rather than absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Cardiff Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Internal Control Environment

4. The internal control environment supports the Council in establishing, implementing and monitoring policies and objectives.
5. The key elements of the Council's internal control environment are described below. Documents referred to are available from the Council or may be viewed on the Council's public website (www.cardiff.gov.uk). The key elements are:-

Establishing and Monitoring of the Authority's Objectives

6. Cardiff Council sets out its key priorities and performance measures in its Corporate Plan. This provides a direction for more detailed service area plans which set out the key objectives and risks associated with service delivery. Service area business objectives and risks are reviewed through a series of monthly Business Improvement meetings, where performance information is monitored.

Performance Management and the Reporting of Performance Management

7. The Council has a performance management framework in place based around National Strategic, Core Set Performance indicators that are set as part of the National Performance Measurement Framework in Wales. The annual outturns against these indicators are submitted to the Local Government Data Unit on behalf of the Welsh Assembly Government to be audited as part of the Wales Programme for Improvement. These data sets are supplemented by local performance measures as part of the overall Cardiff Performance Management Framework. This Framework ensures that there is alignment between the

THE STATEMENT ON INTERNAL CONTROL

Community Strategy for Cardiff, the Corporate Plan, individual Service Area Business Plans, and individual Performance Assessments.

8. The Corporate Plan and individual Service Area Business Plans include key performance targets and these are monitored on a regular basis. Every quarter, each service area provides monitoring reports to the Corporate Management Board, and every six months to the Council's Scrutiny Committees and Executive. This enables these bodies to track progress against the key objectives, monitor performance against targets and inform remedial action where required.
9. An annual Improvement Plan sets out the progress over the previous financial year in terms of:-
 - a review against the key objectives
 - progress and comparative information regarding the National Strategic Indicators and a balanced set of Core and Local indicators
 - an assessment of the key risks
 - sets out the challenges for the future
10. The Draft Improvement Plan is discussed at Scrutiny, Executive and agreed by full Council prior to its publication and subsequently is audited by the Wales Audit Office and provides the Council with a view regarding the corporate management, performance management, financial management, financial standing, financial statements and legal matters in the Annual Letter (AL). The AL is reported to the Audit Panel and the Policy Review and Performance Scrutiny Committee and Executive Business Meeting with the proposed actions that the Council will make to improve its performance.

The Facilitation of Policy and Decision Making

11. Responsibility for decision making in relation to the functions of the Council is clearly set out in the Council's Constitution. This describes the roles and relationships for decision making, between the full Council, the Executive and Scrutiny and other Non-Executive Committees. It also details decisions delegated to officers i.e. the Chief Executive, Corporate Directors, Chief Officers and Operational Managers.
12. Five Scrutiny Committees operate to review various aspects of policy and have the facility to "call in" matters for Scrutiny and report back to Council.
13. The Council's Constitution is reviewed regularly by the Constitution Committee and recommendations made to Council.
14. During 2008/09 the review of the Council's Scheme of Delegation and associated Financial, Contract and Land Procedure Rules was completed. During the financial year workshops were held to raise awareness and help in understanding the changes made.

Compliance with Established Policies, Procedures, Laws and Regulations

15. Procedures are covered by the Council's Constitution, the Wales Programme for Improvement (circular 28/2005) together with associated guidance including Financial Procedure Rules, Contract Procedures Rules, subject to specific guidance issued corporately, and service specific guidance held in departments.

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16. Exceptions or breaches of policies, procedures, regulations or the law are dealt with through disciplinary procedures and/or management actions and monitored by the appropriate statutory officers.
17. All staff are subject to induction training which provides information on a range of policies, procedures and regulations including those relating to financial control, Health & Safety, Equalities and IT security.
18. All Members and Officers are expected to comply fully with Codes of Conduct as set out in the Constitution.
19. The City & County Treasurer, who is also the Authority's Section 151 Officer, has overall responsibility for the financial administration of the Council. Finance staff provide advice and guidance to all services areas, where appropriate. All reports to the Council, the Executive and Committees are required to be considered from a financial perspective.
20. The Monitoring Officer has overall responsibility for legal issues and legal staff work closely with service areas to provide advice where appropriate. All reports to the Council, the Executive, and Committees are considered from a legal perspective.
21. The Council's Audit Panel receive regular reports from the Wales Audit Office, Relationship Manager, and the Internal Audit & Risk Manager which would address any major concerns of non compliance. During 2008/09 a thorough review was undertaken of the effectiveness of the audit panel and a report proposing a change to the format and terms of reference of the panel was approved by the Constitution Committee on 13 February 2009 and ratified by Council on 26 February 2009. The new arrangements took effect in May 2009.
22. The Standards and Ethics Committee also have responsibility for monitoring governance matters, e.g. Codes of Conduct, Ethical Standards.

Identifying, Assessing and Managing the Risks to the Council's Objectives

23. The Council has updated its Risk Management Policy, Strategy and Methodology document during 2008/09 and has introduced a standard approach to assessing and recording risks within the Authority. Following this update a number of presentations and workshops have been facilitated to raise awareness and encourage a consistent approach to identifying, assessing and controlling risks. In consultation with the Council's insurers Zurich, work is continually ongoing to review the extent to which risk management is becoming embedded within the Council.
24. The Council has a Risk Management Steering Group which is made up of Chief Officers, a Member Risk Champion and dedicated officers from Internal Audit, Insurance and Risk Management, Scrutiny, Change and Efficiency, Health and Safety and the Emergency Management Unit. The Group oversees the development of risk management throughout the Council and a network of Service Area Risk Champions, representing service areas assist with identifying, assessing and managing risks.
25. A Strategic Corporate risk register is maintained which links with the Corporate Plan which incorporates strategic objectives. During 2008/09 extensive work to refresh the register was undertaken working closely with the risk owners who are all members of the Corporate Management Team. This register links closely with the joint risk assessment undertaken by the authority and Wales Audit Office which is used to review these documents on an annual basis. This forms the focus for Corporate Directors and Chief Officers, in identifying their

THE STATEMENT ON INTERNAL CONTROL

business risks, as detailed in their Service Area Business Plans. The Joint Risk Assessment 2008/09 was approved at Executive Business Meeting on 1st April 2009.

26. The annual Improvement Plan reports on progress made against the assessment of the key risks and is informed by the Joint Risk Assessment and the Council's internal risk process.
27. All major projects and programmes are required to develop and maintain a Risk Register as an integral part of the project management process.
28. Risk assessment has also become a key strand to the Budget Strategy where risks are considered as a factor in allocating resources.

The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised

29. There is alignment between the Community Strategy, Corporate Plan, Improvement Plan, Service Area Business Plans, Risk Assessment and the Medium Term Financial Plan in order to direct resources to priority areas. The Budget, where possible, provides dedicated funds for service improvements. The Council has in place an efficiency programme to undertake targeted reviews to drive further efficiencies.
30. Formal project and programme management methodologies are in place together with a comprehensive approvals process to ensure capital investments are soundly based.
31. The Council's corporate procurement arrangements seek to obtain value for money through procurement processes.

The Financial Management of the Council

32. The system of financial management is based on a framework of regular management information, Financial Procedure Rules within the Council's Constitution and a system of delegation and accountability.
33. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:-
 - Forecasting and monitoring budgets on a periodic basis with regular financial reports which indicate actual and projected expenditure against the budget;
 - Setting targets to measure financial and other performance;
 - Clearly defined capital expenditure guidelines;
 - Formal project and programme management disciplines;
 - Managers are expected to consult with Internal Audit in relation to any system changes or developments where the internal control environment may be affected.
34. Financial Procedure Rules set out the structure for financial management in the Council.

Group Accounts

35. The CIPFA 2008 Statement of Recommended Practice (SORP) established criteria whereby the SIC should embrace controls over group activities where an authority undertakes 'significant' activities through a group.
36. In terms of the amount of turnover, liabilities and share capital, the following entity has been determined as requiring inclusion within this years SIC.

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37. Cardiff City Transport Services Ltd is a private limited company with a share capital of £4,618,000, which is wholly owned by Cardiff Council.
38. During the year, the company became involved in a legal dispute and this dispute remains unresolved. On 18 November 2008 the Office of Fair Trading concluded that certain conduct of Cardiff Bus between April 2004 and February 2005 infringed the prohibition in Chapter II of the Competition Act 1998. The Company is in receipt of a letter dated 26 March 2009 from solicitors confirming their instructions from 2 Travel Group Plc (in liquidation) to bring a claim for damages under section 47A of the Competition Act 1998 that such conduct led to losses which caused the failure of that company. The directors, having obtained legal advice, strenuously reject any grounds for such a claim which has been fully responded to by the company. As required by law, the board has had regard to the claim in settling the level of provisions required in the accounts but the level provided (if any) in respect of this claim is not disclosed as it relates to a current strenuously disputed legal claim.
39. For the year ended 31st March 2009 the accounts were audited by Deloitte & Touche and an unqualified audit opinion was issued.

Review of Effectiveness

40. Under the Accounts and Audit (Wales) 2005 Regulations, the Council now has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control.

The review of the effectiveness of the system of internal control is informed by:-

- the senior managers within the Authority who have responsibility for the development and maintenance of the internal control environment;
- the external auditors and other review agencies and inspectorates;
- the work of Internal Audit;
- comment by the Council's Independent Audit Panel;
- comments made by the public in the form of complaints or ombudsman matters;
- the outcome of any Scrutiny reviews;
- views or comments from the Standards & Ethics Committee.

The approach adopted to inform the review of effectiveness includes:-

An Internal Control Self Assessment

41. Building on previous work on the Statement on Internal Control, Internal Audit facilitated an update of the Issues log from the 2007/08 statement and through annual assurance statements sought the views of Chief Officers of any "new" significant issues.

Chief Officers' Assurance Statements

42. Chief Officers completed an assurance statement on internal control arrangements in their Service Areas. They are responsible for monitoring and reviewing internal controls as an integral part of the risk management process. They were asked to consider any outstanding "significant" issues in the 2007/08 Statement and either close these, where action had been taken, or update them, where the issues were still ongoing. For most, the issues were still "live" and thus the emphasis was on capturing developments and actions taken to progress the issue. Chief Officers were also encouraged to identify any "new" issues for inclusion in the significant internal control issues 2008/09.

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External Audit and Inspection

43. The Annual Letter reports on audit and inspection work, including the arrangements for corporate management, performance management, financial management, financial standing, financial statements and legal matters. This is reviewed by the Audit Panel and presented to Scrutiny Committee and the Executive Business Meeting.
44. It is considered there are no matters of significance arising from this to merit inclusion in the Statement.

Internal Audit

45. The Council operates an independent internal audit function whose role is to review internal control arrangements. This function operates under the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the UK.
46. The Audit & Risk Manager is responsible for providing an independent opinion on the adequacy and effectiveness of the systems of internal control. He is responsible to the City & County Treasurer but has the authority, as appropriate, to report in his own name and has direct access to all Council Officers and Members.
47. Each year the Audit and Risk Manager prepares an Annual Audit report which is presented to the Section 151 Officer and to Audit Panel, normally during May. This will outline any internal control issues highlighted over the past 12 months. Each audit assignment provides management with assurance on controls and / or identifies areas where there is scope to improve the internal control environment.
48. It is considered there are no matters of significance arising from this that are not already referred to in the significant internal control issues 2008/09.

Other Sources of Assurance

49. The minutes of the Scrutiny and Standards & Ethics Committees were reviewed and any significant control issues were identified.
50. An annual report on complaints is presented to the Executive and then to Scrutiny. The corporate complaints database and complaints dealt with by the Local Government Ombudsman were examined to identify any significant control issues.
51. Any significant issues identified have been incorporated into the significant internal control issues 2008/09 of this Statement.

Significant Internal Control Issues 2008/09

52. The following table highlights the significant issues arising from the review of internal controls and details the action being taken to deal with them.

CARDIFF CONNECTIONS			
No.	Issue	Action	Responsible Officer
1	The Strategic Transformational Change (STC) Programme	The STC Programme has now been initiated and brings together a	City & County Treasurer

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	<p>aims to secure savings that will enable the Council to address future budgetary issues through realignment mechanisms, resource switching and cash releasing savings.</p> <p>The importance of succession planning needs to be recognised through workforce planning.</p> <p>The Council is planning to engage on a range of long term (15 years) strategic partnerships with the private sector which will require a new approach to contract management to minimise the risk to the Council.</p> <p>With a period of major change such as STC, it is vital to continue to maintain robust systems of financial control.</p> <p>Ensure that effective communication systems are in place.</p> <p>The Council's Capital Programme relies heavily on capital receipts' targets being achieved. There is a risk this will not be done.</p> <p><i>(CCR/2Eco – Major Projects CRR/15Mgt – Change CRR/13Mgt – Asset Management CRR/19Mgt – Workforce Planning)</i></p>	<p>range of strategic projects that will aim to achieve service improvements and efficiencies through effective partnership working, new models of service delivery and innovative use of ICT.</p> <p>Realignment Mechanisms as part of the Strategic Transformational Change programme e.g. reskilling / retraining / redeployment. A Benefit Realisation Plan is being prepared to ensure the benefits identified through the STC are delivered.</p> <p>As each partner is procured a named officer will be designated as the Contract Manager and the Corporate Management Board will oversee the effectiveness of governance arrangements.</p> <p>Reminders to chief officers of the need to be aware of potential issues together with increased monitoring activities.</p> <p>Communication Strategy and Plans are being prepared for STC.</p> <p>Every effort shall be made to realise capital receipts and the position monitored and reported on a regular basis. Best value must then be sought from the capital assets. The STC programme may in the future deal with this under the land and property option.</p>	<p>Chief People & Organisational Development Officer</p> <p>Corporate Management Board</p> <p>City & County Treasurer</p> <p>Chief People & Organisational Development Officer</p> <p>City & County Treasurer</p>
2	<p>Budgets need to be managed to avoid any major overspend and savings that are approved as part of the council's budget must be realised.</p>	<p>Service areas are provided with budgetary information to enable them to monitor their position, in conjunction with Service Accountants. Meetings are held</p>	<p>City & County Treasurer</p>

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	<p>There are significant revenue budget challenges in most service areas</p> <p><i>(CRR/10Mgt – Budget prioritisation)</i></p>	<p>where considered necessary to assist effective budget monitoring.</p> <p>Effective monitoring of spend and prioritisation of budget to meet objectives and service delivery.</p>	<p>All Chief Officers</p>
3	<p>Evidence that there is still some non-compliance with Contract Procedure Rules and Financial Procedure Rules within service areas.</p> <p><i>(CRR/9Mgt – Procurement Legislation)</i></p>	<p>Production of handbooks imminent that will aid awareness together with increased levels of monitoring. Training workshops to be concluded.</p> <p>Raise awareness within senior management team briefings on implications of compliance.</p>	<p>City & County Treasurer</p> <p>All Chief Officers</p>
4	<p>Repair and maintenance and asset renewal budget are insufficient for the needs of the Council in terms of reducing backlogs.</p> <p>Fire risk assessment works are logged and carried out as funding is available.</p> <p><i>(CRR/13Mgt – Asset Management)</i></p>	<p>Planned maintenance programmes in place in major buildings. Review of facility provision to be undertaken as part of Asset Management Plan.</p> <p>Property condition surveys need to be kept up to date & adjusted as works are carried out.</p>	<p>City & County Treasurer</p>
5	<p>Resources require SMART prioritisation across the Council to avoid issues which could have health and safety, reputation, financial and/or service delivery implications.</p>	<p>Continuous review of work priorities primarily on H&S criteria, client vulnerability etc. Review of contract arrangements.</p>	<p>All Chief Officers</p>
6	<p>There is an increased emphasis among public service providers in Wales upon greater partnership working and collaboration to respond to WAG's Making the Connections agenda and the Beecham Review of local service delivery. Whilst the potential for pooled resources and shared accountability in joint projects can ease financial and other pressures upon the Council, there are</p>	<p>Annual review of progress against Community Strategy commitments being prepared for the Proud Capital Vision Forum – will include an audit of partner business plans to see if partners are embedding priorities within organisations.</p> <p>Revised Local Delivery Agreement being prepared with partners to reflect the 'Results Based Accountability' approach to performance management. Quarterly performance reports on</p>	<p>City & County Treasurer</p>

THE STATEMENT ON INTERNAL CONTROL

	<p>also risks associated with placing too heavy a reliance on partners/contractors; objectives of external partnerships not aligning with the Council's objectives; and partners failing to prioritise or deliver on key corporate objectives and performance indicators.</p> <p><i>(CRR/1Eco – Partnerships)</i></p>	<p>progress of priority projects are considered by the LSB Executive and LSB Scrutiny Panel.</p> <p>Ongoing delivery of the Proud Capital Partnership Review Action Plan to address partnership integration; sharing partnership resources and information; and commissioning processes – progress is monitored by the Vision Forum and LSB Executive.</p>	
7	<p>The Council is engaged in introducing a job evaluation scheme involving an assessment of approximately 3,000 jobs, covering 12,000 employees. A key Corporate priority is to complete the Job Evaluation process and propose a new, equality proofed pay and grading structure, with effect from April 2010. It is anticipated there will be a number of issues arising from this. The Council continues to be part of a Welsh Consortium for dealing with potential major legal claims or risks of a high pay bill.</p> <p><i>(CRR/7Mgt – Job Evaluation)</i></p>	<p>The Job Evaluation Workshop approach is proceeding with approximately 75-80% posts completed and it is anticipated that this will be completed by the Autumn of 2009.</p> <p>Resources within P&OD have been redirected towards developing new pay and grading arrangements which will also include terms and conditions of employment. Use of specialist Pay Modeller software will enable various pay scenarios to be examined with a view to achieving an affordable and sustainable new pay structure from April 2010. A Senior Negotiating Group (comprising senior officers from P&OD, Legal Services and Financial Services and Regional and local Trade Union representatives) will be established to take forward these issues.</p> <p>Geldards continue to provide the Council with legal advice as regards equal pay claims lodged by individuals /or Trade Unions. Following discussion at an all Wales CMD, equal pay claims are now to be dealt with on an equal value basis rather than rated as equivalent which will significantly extend the timescale for their resolution.</p>	Chief People & Organisational Development Officer
8	<p>Following agreement of a revised Data Protection Policy and Information Management Strategy in February the need</p>	<p>Information Risk assessment will be mainstreamed into the business planning process from 2010 onwards and a formal incident</p>	Information Manager

THE STATEMENT ON INTERNAL CONTROL

	to monitor Information Governance and Risk was identified, to include a formal mechanism for reporting and managing information risk incidents.	reporting procedure will be introduced via the Information Management Group	
ECONOMIC WELLBEING			
No.	Issue	Action	Responsible Officer
9	If the proposed sale of books does not proceed or University interventions are significant there will be a significant capital funding shortfall.	Negotiations will continue with interested parties. Some capital projects may be deferred e.g. Cathays Library, Library Services in North Cardiff.	Chief Culture Leisure & Parks Officer
SOCIAL WELLBEING			
No.	Issue	Action	Responsible Officer
10	<p>The Executive has undertaken a detailed study of pupil numbers across the Council to address up to 8,000 spare places in schools. The initial proposed 'City Wide' action plan was rejected by Council and was not authorised for consultation. The Council has now adopted a 'phased' approach to address the issue in respect of surplus pupil places and investment in schools.</p> <p><i>(CRR/5Soc – Education: Schools)</i></p>	<p>WAG has now determined the proposal of the closure of St Anne's Infant School.</p> <p>The Fast Track proposals are all being implemented. A range of proposals around the establishment of four new Welsh-medium primary schools are either being implemented or referred to WAG. The Executive has agreed the establishment of 4 ICCs across the City.</p> <p>The consultation in Canton is now complete and a report has gone to the Executive. A Statutory Notice to move forward on this proposal will be published shortly.</p> <p>The Executive has given approval for the publication of statutory notices for the proposed closure of Llanedeyrn High School and the establishment of a new Welsh-medium high school subject to the prior publication by the Governing Body of St Teilo's Church in Wales High School of a notice to increase the schools admission number on the site of Llanedeyrn High School. This is</p>	Chief Schools & Lifelong Learning Officer

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	<p>In 2009-2010 the Service expects more than 20 schools to make a request to set a deficit budget.</p> <p><i>(CRR/5Soc – Education: Schools)</i></p>	<p>still outstanding.</p> <p>The statutory notice for the closure of Rumney and Llanrumney High schools and the establishment of a new build 11-16 high school in September 2012 on the Eastern Leisure Centre site has been published.</p> <p>The Executive has given approval for a statutory notice for the proposed closure of Cefn Onn primary school. This notice has expired and objections have been responded to and forwarded to WAG.</p> <p>S&LL has recruited two part time Headteachers to provide advice, support and challenge schools with deficit budgets on aspects of school management.</p>	
11	<p>The balance between workforce and workload in key case management services in Children's Services.</p> <p><i>(CRR/4Soc – Children's)</i></p>	<p>Project has been initiated to examine the balance and provide recommendations – to form basis for business planning proposals by early Autumn 2009. This issue needs to be understood within context of national policy initiatives and priorities.</p>	Chief Children's Services Officer
12	<p>Need to ensure that potential for unanticipated increase in need/demand for social care (Children's and Adult) services, to meet the needs of vulnerable people, to outstrip resource allocation is recognised and addressed.</p> <p>Consideration of scope for review of priorities and redistribution of allocated resources and/or increased tightening of prioritising should be based on what is reasonable and to avoid compromising essential</p>	<p>Monthly monitoring between the service areas and service accountants.</p> <p>Bimonthly monitoring by Executive Member Social Care and Health and Executive Member Finance and Service Delivery</p> <p>This issue will need to be understood and addressed in the context of national developments and pressures, policy initiatives and priorities.</p>	<p>Chief Children's Services Officer</p> <p>and</p> <p>Chief Adult Services Officer</p>

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	standards and/or exposing service decisions to challenge or criticism. (CRR/4Soc – Children’s) (CRR/6Soc – Adults)		
ENVIROMENTAL WELLBEING			
No.	Issue	Action	Responsible Officer
13	<p>The Council faces significant financial penalties if they fail to meet Government Landfill Targets. To achieve this a Waste Management Strategy has been adopted to reduce material to landfill and increase levels of recycling and composting. This major project has been presented to the Project Management Board and a number of initiatives are on-going to implement the programme targets. The programme of improvement in waste management has continued at pace, including the delivery of further expansion and improvement to the materials reclamation facility and expansion of the kerbside collection service to capture additional compostable material in the form of food waste from every household.</p> <p>(CRR/3Env – Waste Management)</p>	<p>On-going. Food Waste Collections from all households commenced 13 October 2008. New Technology: Expansion and improvement of Materials Recycling Facility planned under current programme completed; Waste Transfer Station constructed and opened 13 October 2008; Procurement of In-Vessel Composting facility underway for commissioning late 2009. Contractual arrangements in place to provide contingency for closure of landfill site, and for temporary provision of treatment of compostable materials Opening of new Household Waste Recycling Centre, and search for further site to north of City. Partnership with 4 neighbouring local authorities in place to secure alternative residual waste treatment solution. (Prosiect Gwrydd)</p>	Chief Highways & Waste Management Officer
14	<p>An audit carried out in 2008 identified areas in Waste Management and Cleaner Cardiff where staff were not applying financial rules consistently and in some cases were not familiar with rules and policies. There have been issues of non-compliance in the areas of overtime authorisation, approval of payments, application of standby payments, and operation of policy for Senior</p>	<p>Specific Service Area guidance has been produced and issued to all managers to ensure consistency and understanding. Disciplinary investigations have been initiated as a result of non-compliance with instructions and will continue if further matters are identified. Audit team are carrying out review of actions identified following recommendations of 2008 report.</p>	Chief Highways & Waste Management Officer

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	Manager overtime.		
15	<p>The Council faces significant financial penalties if they fail to meet the local authority error threshold for benefits processing as set by the DWP. To meet this target the service needs to keep the benefit workload up to date.</p> <p>The current economic climate has increased benefit claimants by 25%, particularly private benefit claimants whose claims are more complex to assess.</p> <p>There is a need to ensure that sufficient, trained resources are available to deal with the increase in workload and meet the accuracy targets.</p>	<p>The number of benefit officers is to be increased to deal with the increase in workload. Funding for this has been provided by the DWP and recruitment is currently underway.</p> <p>The incoming and outstanding workload will be monitored carefully, and plans are in place to deal with any backlog of work that may arise.</p>	Chief Housing & Neighbourhood Renewal Officer
16	<p>There is a need to undertake a risk assessment of the potential implications of a major incident and its impact on service delivery within the Council.</p> <p><i>(CRR/16Mgt – Business Continuity)</i></p>	<p>Draft Business Continuity Management (BCM) Policy has been developed and is currently being reviewed but has yet to be adopted.</p> <p>BCM Guidance & Template has been revised and is on CIS.</p> <p>BCM software has been developed to improve awareness and implementation of BCM; this includes the development of service plans and corporate arrangements to support significant business interruptions. A BCM corporate 'champion' needs to be identified.</p>	Chief Strategic Planning & Environment Officer

THE STATEMENT ON INTERNAL CONTROL

Monitoring

All the above Actions have been assigned to Lead Officers, and will be regularly monitored and considered further as part of the annual assessment of the Statement on Internal Control.

Statement on Internal Control 2008/09

Certification by Leader of the Council and the Chief Executive

The Council's Section 151 and Monitoring Officers are content that the process followed has been robust and has ensured the engagement of the Council's Corporate Directors and Chief Officers.

We have been advised, by the Council's Section 151 and Monitoring Officers, on the implications of the result of the review of effectiveness of the system of internal control by the Council and the plans to provide improvements in review processes, address weaknesses to ensure continuous improvement of the system of internal control are in place.

On the basis of this process, the legal and financial advice of the statutory officers, and the Council's policies and working arrangements we certify that we approve the Statement on Internal Control 2008/09.

Councillor Rodney Berman
Leader of the Council

Date: 24 September 2009

Byron Davies
Chief Executive

Date: 24 September 2009

STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council for 2008/09 that officer was Christine Salter, City and County Treasurer who holds the statutory post of Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts

Councillor Brian Griffiths
Lord Mayor

Date: 24 September 2009

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2008 ('the 2008 SORP')

In preparing these financial statements, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the 2008 SORP.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Finance Officer's Certificate

The financial statements for Cardiff Council present fairly the financial position of the authority at 31 March 2009 and its income and expenditure for the year ended 31 March 2009.

Christine Salter
City and County Treasurer

Date: 24 September 2009

AUDITOR'S REPORT

Independent auditor's report to the Members of the County Council of the City and County of Cardiff

I have audited the accounting statements and related notes of:

- the County Council of the City and County of Cardiff;
- the County Council of the City and County of Cardiff Group;
- Cardiff and Vale of Glamorgan Pension Fund

for the year ended 31 March 2009 under the Public Audit (Wales) Act 2004.

The County Council of the City and County of Cardiff's accounting statements comprise the Income and Expenditure Account, Statement of Movement on Council Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, Housing Revenue Account Income and Expenditure Account and Statement of Movement on Housing Revenue Account Balance. The County Council of the City and County of Cardiff's Group accounting statements comprise Group Income and Expenditure Account, Reconciliation of the Single Entity Income and Expenditure Account Surplus or Deficit to the Group Income and Expenditure Account Surplus or Deficit, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Group Cash Flow Statement. Cardiff and Vale of Glamorgan Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to The County Council of the City and County of Cardiff accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose, as set out in paragraph 46 of the *Statement of the responsibilities of the auditors appointed by the Auditor General for Wales and his inspectors, and of the bodies that they audit and inspect (2008)* prepared by the Auditor General for Wales.

Respective responsibilities of the responsible financial officer and the independent auditor

The responsible financial officer's responsibilities for preparing the statement of accounts, including the group and the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice':

- the financial position of the Council and its income and expenditure for the year;
- the financial position of the Council's group and its income and expenditure for the year; and
- the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

I review whether the Statement on Internal Control reflects compliance with 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit

AUDITOR'S REPORT

Regulations 2003' published by CIPFA in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider, nor have I considered, whether the Statement on Internal Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and related notes and consider whether it is consistent with the audited accounting statements and related notes. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Audit (Wales) Act 2004, the Code of Audit and Inspection Practice issued by the Auditor General for Wales, and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the local government body in the preparation of the accounting statements and of whether the accounting policies are appropriate to the Council, group and pension fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion on the accounting statements of the County Council of the City and County of Cardiff

In my opinion the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice, the financial position of County Council of the City and County of Cardiff as at 31 March 2009 and its income and expenditure for the year then ended.

Opinion on the accounting statements of County Council of the City and County of Cardiff Group

In my opinion the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice, the financial position of County Council of the City and County of Cardiff Group as at 31 March 2009 and its income and expenditure for the year then ended.

Opinion on the accounting statements of Cardiff and Vale of Glamorgan Pension Fund

In my opinion the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice, the financial transactions of Cardiff and Vale of Glamorgan Pension Fund during the year ended 31 March 2009 and the amount and

AUDITOR'S REPORT

disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

My conclusion on the County Council of the City and County of Cardiff arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009 will be reported separately in the published Relationship Manager's Annual Letter.

Certificate of completion

I certify that I have completed the audit of the accounts of the County Council of the City and County of Cardiff in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice issued by the Auditor General for Wales.

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Date: 30 September 2009

Electronic publication of financial statements

The maintenance and integrity of the County Council of the City and County of Cardiff website is the responsibility of the Council. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the statement of accounts since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.'

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

1. **General**

The general policies adopted in compiling the financial statements are those recommended by the CIPFA/LASAAC Joint Committee in The Code of Practice on Local Authority Accounting in the United Kingdom 2008 'A Statement of Recommended Practice' (the 2008 SORP). Unless otherwise indicated the financial statements take into account the fundamental concepts as stated in FRS18.

The Income and Expenditure Account has been prepared in accordance with the CIPFA Best Value Accounting Code of Practice 2008 (BVACOP).

2. **Intangible Fixed Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised. In the case of computer software this will be capitalised where it relates to the enhancement or development of corporate systems, expenditure on which is deemed to generate long-term economic benefits to the authority in the form of savings and improvements in service delivery. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Intangible assets are included in the balance sheet at historic cost net of amortisation and are re-valued only where they have a readily ascertainable market value.

3. **Tangible Fixed Assets**

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition or enhancement of fixed assets is capitalised on an accruals basis provided that the fixed asset yields benefit to the Council and the services it provides, for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the assets into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Operational land and properties are included in the balance sheet at depreciated replacement cost if there is no established market for that type of property; otherwise they are valued at open market value for existing use.
- Council dwellings are included on the balance sheet at Existing Use Value for Social Housing (EUV-SH). This is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller on the assumption that the property will continue to be let and used for social housing. This is a change in valuation basis compared to previous years.
- Investment properties and assets that are surplus to requirements are included in the balance sheet at market value.

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

- Community assets, such as parks and open spaces, are included in the balance sheet at historic cost and depreciated replacement cost for other assets.
- Infrastructure assets and vehicles, plant, furniture and equipment are included in the balance sheet at depreciated historic cost.
- Assets under Construction are valued at historic cost.

Operational assets of the Council were re-valued during 2008/09 with reference to a valuation date of 1 April 2008, by Cooke and Arkwright, Chartered Surveyors. Future revaluations are to be based on a rolling programme with non-operational assets due for revaluation during 2009/10.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. The revaluation reserve contains revaluation gains recognised since 1 April 2007 only (the date of its formal implementation). Gains arising before that date were consolidated into the Capital Adjustment Account in 2007/08. Decreases in value arising from a revaluation are treated as impairment, as set out below.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a revaluation exercise:

- where attributable to the clear consumption of economic benefits, the loss is charged to the relevant service revenue account.
- otherwise – written off against any revaluation gains attributable to the relevant assets in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the revaluation reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Depreciation: depreciation is provided for on all assets with a determinable finite life except for investment properties and properties surplus to requirements, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use as identified below:

Asset category	Initial Useful Life
	Years
Intangible Assets	3-5
Council Dwellings	50

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

Land	N/a
Buildings	5-125
Vehicles, Plant, Furniture and Equipment	5-14
Infrastructure*	10-120
Community Assets	N/a
Non-operational Assets	N/a

* Included within Infrastructure is the Cardiff Bay Barrage which is being depreciated over the design life of 120 years

The Council charges a full year's depreciation on capital expenditure incurred in the year.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation has a neutral impact on the amount to be met by government grant and local taxpayers in the Income and Expenditure Account. A contribution from the Capital Adjustment Account is made to the Income and Expenditure Account to ensure that only the prudent revenue provision for repayment of external loans is charged in accordance with regulation.

Grants and contributions: where the acquisition of a fixed asset is financed either wholly or in part by a government grant or contribution, the amount of the grant or contribution is credited initially to the Government Grants and Contributions - Deferred Account. Amounts are released to revenue over the useful life of the asset to match the depreciation charge on the asset to which it relates. Government grants and other contributions are accounted for on an accruals basis only when there is reasonable certainty of their receipt.

4. **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but which does not result in the creation of fixed assets, has been charged as expenditure to the relevant service revenue accounts in the year which are also credited with any grants or contributions received. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the Council Fund Balance so that there is no impact on the Council Tax. This expenditure was formerly known as deferred charges.

5. **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. As the Council doesn't have any variable rate loans or loans at stepped interest rates, the amount presented in the Balance Sheet is the outstanding principal repayable plus any interest accrued at year-end. Interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Premiums or Discounts incurred on the extinguishment of debt are charged immediately to the Income and Expenditure Account, with Regulation being used to

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

mitigate the financial impact on the council taxpayer by an adjustment from the Financial Instruments Adjustment Account.

Where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and amortised to the Statement of Movement on the Council Fund Balance in accordance with statutory regulation.

- Premiums are amortised to the Statement of Movement on the Council Fund Balance over the life of the replaced loan, replacement borrowing or other prudent period.
- Discounts are amortised to the Statement of Movement on the Council Fund Balance over the life of the replaced loan or 10 years (whichever is the shorter period).

Transaction costs such as brokers' fees and commission in relation to managing the authority's Financial Instruments, which are not considered material, are charged immediately to the Income and Expenditure account.

6. Financial Assets

Financial assets are classified into three types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- investments at fair value – assets that have a quoted market price and/or do not have fixed or determinable payments.
- fair value through profit and loss – assets that are held for trading (surplus funds invested by an external cash manager on the Council's behalf).

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest at year-end and the interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Income and Expenditure Account.

Investments at Fair Value

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

Assets are maintained in the Balance Sheet at fair value. Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred - these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on de-recognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

7. Stocks

Balances at the major Council stores are valued at the lower of cost or net realisable value.

8. Debtors and Creditors

The revenue and capital transactions of the Council are recorded on an accruals basis. Where there was insufficient information available to provide actual figures, estimates have been included although this element is not significant.

9. Capital Receipts

Receipts from the disposal of assets are held in the usable capital receipts reserve until such time as they are used as a prudent provision for the repayment of loans or to finance capital expenditure.

10. Provisions

Provisions are made when the Council has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation but the timing of the settlement is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made they are charged to the provision which is held on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, and provisions that are no longer required are credited back to the relevant service revenue account.

The Council has made a provision for the costs of settling outstanding claims in respect of Equal Pay back pay. Statutory arrangements allow settlements to be financed from the Council Fund in the year that payments actually take place, not when the provision is established. The provision is therefore matched by an Equal Pay Back Pay Account that will be debited to the Statement of Movement on the Council Fund Balance in future financial years as payments are made.

11. Earmarked Reserves

Sums set aside by the Council for future policy purposes or to cover contingencies and which do not fall within the definition of a provision are classified as earmarked

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

reserves. Reserves are created by appropriating amounts in the Statement of Movement on the Council Fund Balance. When the expenditure to be financed by the reserve is incurred, it is charged to the appropriate revenue account in that year and the reserve is then appropriated back, either in full or in part, into the Council Fund Balance statement so that there is no net charge against Council Tax in respect of the expenditure.

12. Leasing

Rentals payable under operating leases are charged to the relevant service revenue account on an accruals basis. The charges are made evenly throughout the period of the lease in accordance with SSAP21.

13. Overheads and Support Services Costs

The costs of overheads and support services are charged to the services that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Code of Accounting Practice 2008. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non distributed costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are accounted for separately in the Income and Expenditure Account under Net Cost of Services.

14. Interest and Investment Income

During the year, surplus money was invested in order to earn interest. A proportion of the cash balances invested belongs to others or is legally required to be kept separate and therefore interest based on these balances has been paid over accordingly. The remaining interest has been credited to the Income and Expenditure Account.

15. Pensions

The Council participates in two different pension schemes:

- The Teachers Pension Scheme – an unfunded scheme administered by the Teachers Pension Agency.
- The Local Government Pension Scheme which non-teachers can join subject to certain qualifying criteria.

The Council accounts for pensions costs in the main accounting statements in accordance with Financial Reporting Standard 17 (FRS17). FRS17 requires recognition in the employer's accounts of the fact that although retirement benefits are not actually payable until an employee retires, the authority's commitment to make those payments arises at the time that employees earn their future entitlements. The treatment of pension costs in the accounts depends on whether they are in respect of a defined benefit scheme or a defined contribution scheme.

Defined Benefit Schemes

In defined benefit schemes the retirement benefits payable are based on pay and service and the assets and liabilities of the scheme can be readily identified between the participating bodies in the scheme. The Local Government Pension Scheme is a defined benefit scheme.

Under FRS17 the cost which is charged to net cost of services is the cost of pension entitlements earned in the year rather than the cost of contributions paid into the Fund.

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

This cost is known as the *current service cost* and is determined by the actuary. The *Net Pension Liability* which represents the authority's attributable share of the Pension Fund's assets and liabilities, is shown in the Balance Sheet.

The following accounting policies have been applied in determining the figures to be included in the Income and Expenditure Account and Balance Sheet in respect of pensions costs for the Local Government Scheme:

- the attributable assets of the scheme have been valued at bid price
- the attributable liabilities have been measured on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value
- the surplus/deficit in the scheme has been calculated as the excess/shortfall in the value of the assets in the scheme over/below the present value of the scheme liabilities
- the current service cost has been based on the assumptions at the start of the year and the estimated pensionable pay over that year.
- the interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period; discount rates are based on the annualised yields on the iBoxx over 15 year AA rated corporate bond index.
- the expected return on assets is based on the long-term expectations at the beginning of the period
- actuarial gains/losses have been calculated by updating values from the last actuarial valuation to reflect conditions at the balance sheet date
- past service costs cover items such as the provision of enhanced or discretionary benefits on retirement. The costs included in the accounts for 2008/09 are the full costs relating to early retirements granted in the year which have been calculated as the special contributions payable into the fund adjusted for the financial assumptions used under FRS17 to represent the approximate cost of the increase in benefits granted to members under FRS17

Change in Accounting Policy

Under the 2008 SORP the Council has adopted the amendment to FRS17, *Retirement Benefits*. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The prior year comparatives for the Income and Expenditure Account, Statement of Movement on Council Fund Balance, STRGL, Balance Sheet and Pensions notes, in both the Core Financial Statements and the Group Accounts, have been restated to reflect this change in policy.

Defined Contribution Schemes

These are schemes where the employer pays fixed amounts into the scheme and has no obligation to contribute further amounts if the scheme does not have sufficient assets to pay employee benefits. Under FRS17, defined contribution schemes are accounted for by charging employer contributions to revenue as they become payable. The Teachers Pension Scheme is a defined benefit scheme but as the authority cannot identify its share of the underlying assets and liabilities in the scheme on a consistent basis, this scheme is to be accounted for as if it were a defined contribution scheme under FRS17.

16. **Value Added Tax**

Apart from VAT incurred in connection with the acquisition of certain motor vehicles, and cases where the Council funds supplies of goods or services to other persons or organisations, the Council is reimbursed for VAT. The revenue accounts have, therefore been prepared exclusive of this tax in accordance with Statement of Standard Accounting Practice (SSAP) 5.

STATEMENT OF MAIN POLICIES ADOPTED IN COMPILING THE FINANCIAL STATEMENTS

17. Insurance

Cardiff Council operates a system of self insurance which provides cover either in part or in total for a considerable number of the Council's insured risks. Major risks including property, liability and motor vehicle are partially self funded whereas full cover is provided for secondary risks such as 'All Risks'. In total, insurance is provided for 32 different types of risk which have the potential to have a serious affect on the financial position of individual establishments and service areas. These risks have been selected for insurance after consultation with the Council's insurance brokers.

Charges are made to service areas on the basis of the assets insured for vehicle and property related insurances and on the basis of claims' experience for public and employers' liability insurances.

18. Interests in Companies and Other Entities

The Council has material interests in companies and other entities such that it is required to produce group accounts. In the Council's own single entity accounts, the interests in companies are recorded as investments.

19. Contingent assets and liabilities

Contingent assets and liabilities are not accrued in the accounting statements. Contingent liabilities in respect of any legal claims for which there is no insurance cover are recognised in a note to the accounts, as are any other material contingent assets and liabilities.

20. Exceptional Items

Exceptional items are ones that are material in terms of the authority's overall expenditure and not expected to recur frequently or regularly. When they occur they are included in the Income and Expenditure Account in the cost of service to which they relate or as a separate line if that degree of prominence is necessary to give a fair presentation of the accounts.

21. Joint Committees

Councils who are members of joint committees are required to include within their Income and Expenditure Account and Balance Sheet the relevant proportion of the transactions and balances of the Joint Committee. Cardiff Council has complied with this requirement in respect of one of its Joint Committees, however for the other two it has instead incorporated the net contribution made to the Joint Committee within the relevant expenditure line of the Income and Expenditure account. This treatment does not create a significant difference.

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2009**

2007/08 Net Expenditure <i>Restated</i> £000		Note	Expenditure £000	Income £000	2008/09 Net Expenditure £000
5,512	Central Services		39,485	(34,371)	5,114
96,152	Cultural, Environmental, Regulatory & Planning Services (CER&P)		199,874	(55,800)	144,074
240,976	Children's & Education Services		374,917	(74,516)	300,401
36,725	Highways & Transport Services (H&T)		70,485	(29,634)	40,851
27,329	Local Authority Housing		428,876	(54,658)	374,218
10,367	Other Housing Services		129,109	(120,512)	8,597
79,040	Adult Social Care		120,142	(39,254)	80,888
10,203	Corporate & Democratic Core		10,921	(549)	10,372
9,538	Non Distributed Costs		1,700	0	1,700
17,693	Exceptional Items	6	0	(5,641)	(5,641)
533,535	Net Cost of Services	2	1,375,509	(414,935)	960,574
0	(Gain)/loss on sale of fixed assets				(760)
0	(Gain)/loss on sale of investments				(30)
193	Community Council Precepts	4			200
13,985	Levies & Contributions	4			15,892
21,784	Interest Payable & similar charges				22,129
(9,440)	Interest & Investment Income				(9,603)
6,920	Pensions Interest cost & expected return on pensions assets	21			19,350
566,977	Net Operating Expenditure				1,007,752
(274,885)	Revenue Support Grant				(280,721)
(77,339)	Non-Domestic Rates	8			(84,030)
(13,812)	Other Central Grants				(13,269)
(107,925)	Council Tax Income	7			(112,661)
93,016	(Surplus) / Deficit for the Year				517,071

STATEMENT OF MOVEMENT ON THE COUNCIL FUND BALANCE

Statement of Movement on the Council Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different basis, the main differences being:

- Capital investment is accounted for as it is financed rather than when the assets are consumed
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned

The Council Fund Balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The Statement of Movement on the Council Fund Balance summarises the differences between the outturn on the Income and Expenditure Account and the Council Fund Balance.

2007/08 <i>Restated</i> £000		Note	2008/09 £000
93,016	(Surplus)/Deficit for the year on the Income & Expenditure Account		517,071
(93,962)	Net additional amount required by statute and non-statutory proper practices to be debited or (credited) to the Council Fund Balance for the year	1	(518,348)
(946)	(Increase)/Decrease in Council Fund Balance for the year		(1,277)
(9,092)	Council Fund Balance brought forward		(10,038)
(10,038)	Council Fund Balance carried forward		(11,315)

Schools Balances

The Council Fund Balance does not include balances held by schools under local management schemes. Schools balances totalling £6.797m at 31 March 2009 (£7.077m at 31 March 2008) are included in schools' earmarked reserves (note 31.5).

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all of the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and available-for-sale financial assets and the re-measurement (in accordance with FRS17) of the net liability to cover the cost of retirement benefits. Further details are given in Note 31 to the Core Financial Statements.

2007/08 <i>Restated</i> £000		2008/09 £000
93,016	(Surplus)/deficit on the Income and Expenditure Account for the year	517,071
(39,761)	(Surplus)/Deficit arising on the revaluation of fixed assets	(114,893)
(20,406)	(Surplus)/Deficit arising on revaluation of available-for-sale financial assets	0
(25,720)	Actuarial (gains)/losses on pension fund assets and liabilities	154,010
5,111	De-recognition of Premiums/discounts at 1 April 2007	0
0	Other gains and losses required to be included in the STRGL	184
12,240	Total recognised (gains)/losses for the year	556,372

BALANCE SHEET AS AT 31st MARCH 2009

31 March 2008 <i>Restated</i> £000		Note	31 March 2009	
			£000	£000
70	Fixed Assets	22		
	Intangible Fixed Assets		118	
	Tangible Fixed Assets			
	Operational Assets:			
1,091,615	Council Dwellings		725,291	
742,496	Other Land and Buildings		801,092	
9,766	Vehicles, Plant, Furniture & Equipment		7,693	
348,790	Infrastructure		343,889	
33,186	Community Assets		35,623	
	Non-Operational Assets:			
81,912	Investment Properties		84,177	
27,724	Assets under construction		28,151	
101,655	Surplus assets		74,823	
2,437,214	Total Fixed Assets			2,100,857
56,762	Long-term Investments	23	57,446	
1,817	Deferred Debtors		3,817	
58,579				61,263
2,495,793	Total Long Term Assets			2,162,120
	Current Assets			
2,714	Stocks		2,830	
64,673	Debtors	24	63,669	
119,141	Investments	23	63,078	
2,060	Cash and Bank	25	12,045	
188,588	Total Current Assets			141,622
	Current Liabilities			
(11,211)	Loans due within one year	23	(8,255)	
(83,381)	Creditors	26	(76,253)	
(1,540)	Bank overdraft	25	0	
(96,132)	Total Current Liabilities			(84,508)
2,588,249	Total Assets less Current Liabilities			2,219,234
(399,286)	Long Term Borrowing	23	(399,183)	
(24,860)	Provisions and Deferred Liabilities	28	(26,124)	
(153,283)	Government Grants – Deferred Account	29	(183,273)	
(21,249)	Contributions/Capital Balances Unapplied	30	(16,715)	
(317,250)	Net Pensions Liability		(477,990)	
(915,928)				(1,103,285)
1,672,321	Total Assets less Liabilities			1,115,949
	Financed by:	31		
1,894,594	Capital Adjustment Account		1,408,881	
(4,762)	Financial Instruments Adjustment Account		(4,420)	
2,500	Revaluation Reserve		110,764	
26,024	Available-for- Sale Financial Instruments Reserve		25,000	
22,372	Usable Capital Receipts Reserve		3,767	
424	Deferred Capital Receipts		285	
(317,250)	Pensions Reserve		(477,990)	
10,038	Council Fund Balance		11,315	
5,335	Housing Revenue Account Balance		4,931	

BALANCE SHEET AS AT 31st MARCH 2009

31 March 2008 <i>Restated</i> £000		Note	31 March 2009	
			£000	£000
35,393	Earmarked Reserves		35,763	
(2,347)	Equal Pay Back Pay Reserve		(2,347)	
1,672,321	Total Net Worth			1,115,949

Change of accounting policy in 2008/09:

Under the amendment to FRS17, Retirement Benefits the Council introduced a change in accounting policy in 2008/09 in respect of the valuation of pension scheme assets. As a result the pensions liability and pensions reserve balances as at 31 March 2008 have been restated. Further details are contained in note 21.

CASH FLOW STATEMENT

2007/08 £000		2008/09	
		£000	£000
	REVENUE ACTIVITIES		
	Cash Outflows		
400,904	Cash Paid to and on Behalf of Employees	418,249	
57,074	Housing Benefits paid out	64,290	
33,540	Precepts paid	34,636	
12,380	HRA Subsidy paid	12,684	
139,597	NDR Payments to National Pool	150,452	
315,838	Other Operating Costs	341,381	
959,333			1,021,692
	Cash inflows		
(274,885)	Revenue Support Grant	(280,721)	
(104,126)	Council Tax Receipts	(109,434)	
(12,126)	Council House Rents (after rebates)	(13,458)	
(140,205)	NDR Receipts	(151,344)	
(77,339)	NDR Receipts from National Pool	(84,030)	
(90,563)	Housing Benefit Subsidy	(98,981)	
(112,370)	Other Government Grants	(129,826)	
(184,841)	Cash Received for Goods and Services	(189,216)	
(996,455)			(1,057,010)
(37,122)	NET REVENUE ACTIVITIES CASH FLOW		(35,318)
	RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
	Cash outflows		
21,895	Interest Paid	22,131	
	Cash inflows		
(7,824)	Interest Received	(9,880)	
0	Dividends Received	(250)	
14,071			12,001
	CAPITAL ACTIVITIES		
	Cash outflows		
87,184	Purchase of Fixed Assets	82,849	
31,564	REFCUS	31,530	
4,000	Purchase of Long Term Investments	0	
122,748			114,379
	Cash inflows		
(60,179)	Sale of Fixed Assets	(7,818)	
(28,530)	Capital Grants Received	(38,293)	
(9,974)	Other Capital Contributions Received	(3,468)	
(98,683)			(49,579)
	ACQUISITIONS & DISPOSALS		
	Cash inflows		
0	Sales of investments in subsidiary undertakings	(1,000)	
			(1,000)
1,014	NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING		40,483
	MANAGEMENT OF LIQUID RESOURCES		
19,444	Net Increase/(Decrease) in Short Term Deposits	(54,956)	
0	Net Increase/(Decrease) in Other Liquid Resources	(184)	
19,444			(55,140)

CASH FLOW STATEMENT

	FINANCING		
	Cash outflows		
81,191	Repayments of Amounts Borrowed	10,132	
	Cash inflows		
(96,602)	New Loans Raised	0	
(85)	New Short Term Loans	(7,000)	
(15,496)			3,132
4,962	(INCREASE)/DECREASE IN CASH		(11,525)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Net additional amount required by statute and non-statutory proper practices to be debited or credited to the Council Fund Balance for the year

2007/08 Restated £000		2008/09 £000
	Amounts in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on Council Fund Balance for the year:	
(87,917)	Depreciation, amortisation and impairment of fixed assets	(524,570)
8,898	Government Grants deferred amortisation matching depreciation and impairments	10,060
(26,569)	Revenue expenditure funded from capital under statute	(22,538)
0	Net gain/(loss) on sale of fixed assets	760
(43,490)	Net FRS 17 based pension costs included in the Income and Expenditure Account	(42,750)
(149,078)		(579,038)
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the Council Fund Balance for the year:	
12,793	Prudent provision for repayment of external loans (MRP)	14,358
5,430	Capital expenditure charged to Council Fund Balance	10,487
34,720	Employers contributions to the Pension Fund and benefits paid direct to pensioners	36,020
349	Amortisation of premiums/discounts	342
53,292		61,207
	Transfers to/(from) the Council Fund Balance that are required to be taken into account when determining the Movement on the Council Fund Balance for the year:	
317	Transfer to/(from) the HRA balance	(404)
8,912	Net transfer to /(from) earmarked reserves	632
(891)	Net transfer to /(from) HRA earmarked reserves	(262)
301	Net transfer to /(from) Transport Reserve	0
(4,468)	Net transfer to/(from) Capital Reserves	517
(2,347)	Transfer (to)/from Equal Pay Reserve	0
0	Transfer to/(from) Available-for-Sale Reserve	(1,000)
1,824		(517)
(93,962)	Total to be debited/(credited) to Council Fund Balance	(518,348)

NOTES TO THE CORE FINANCIAL STATEMENTS

2. Net Cost of Services based on the Council's Own Service Structure

The Net Cost of Services as reported in the Income and Expenditure Account has been provided in the Service Expenditure Analysis as defined in BVACOP, in order to comply with the requirements of the 2008 SORP.

The table below shows an analysis of Net Cost of Services based on the Council's own service structure. This table complies with the requirements of the SORP and with the BVACOP concept of 'total cost'.

There were minor restructurings between certain Council Services in 2008/09. The 2007/08 comparative figures have not been restated.

2007/08 Net Expenditure £000		Expenditure £000	Income £000	2008/09 Net Expenditure £000
78,839	Adult Services & Health	113,526	(33,663)	79,863
37,444	Children's Services	45,673	(7,478)	38,195
3,440	Clerk to Council	3,897	(13)	3,884
33,749	Corporate	59,274	(1,975)	57,299
31,356	Culture, Leisure & Parks	54,819	(17,819)	37,000
(2,438)	Finance, Property & ICT	15,924	(7,278)	8,646
3,361	Harbour & Associated Activities	14,657	(11,370)	3,287
12,037	Housing & Neighbourhood Renewal	161,920	(151,979)	9,941
27,329	Housing Revenue Account	428,876	(54,658)	374,218
(266)	Legal & Democratic Services	552	(660)	(108)
185	People & Organisational Development	354	(146)	208
238	Projects, Design & Development	4,069	(4,067)	2
199,273	Schools & Lifelong Learning	326,286	(68,861)	257,425
1,226	Scrutiny	1,247	(89)	1,158
10,709	Strategy & Enterprise	27,326	(12,823)	14,503
10,946	Strategic Planning & Environment	19,108	(7,682)	11,426
58,876	Traffic, Infrastructure & Waste	96,301	(28,733)	67,568
9,538	Non Distributed Costs (FRS17)	1,700	0	1,700
17,693	Exceptional Item	0	(5,641)	(5,641)
533,535	Net Cost of Services	1,375,509	(414,935)	960,574

NOTES TO THE CORE FINANCIAL STATEMENTS

3. Harbour Authority & Associated Activities

The following accounts are extracted from the Council's accounts and relate to functions transferred to Cardiff Council following the winding up of Cardiff Bay Development Corporation (CBDC) on 31 March 2000. These accounts are required by the Welsh Assembly Government (WAG) and comprise an Income and Expenditure Account and Balance Sheet. They are consolidated into the accounts of Cardiff Council but are shown separately for information purposes.

2007/08 £000	Harbour Authority Income & Expenditure Account	2008/09 £000
	Income	
(8,632)	Government Grants	(9,392)
(429)	Fees and Charges	(490)
(1,497)	Credit for Deferred Grants/Contributions	(1,488)
(10,558)	Total Income	(11,370)
	Expenditure	
3,405	Employees	3,271
1,651	Premises	1,883
211	Transport	210
3,163	Supplies and Services	3,764
590	Support Services	616
4,899	Depreciation	4,913
13,919	Total Expenditure	14,657
3,361	Net Expenditure for the year	3,287
	Appropriations from reserves:	
	Contributions to/(from) Capital Financing Reserve in respect of	
(4,899)	- Depreciation charged to income & expenditure	(4,913)
1,497	- Release of Government Grants re depreciation	1,488
41	Contributions to/(from) Pensions Reserve	138
0	(Surplus)/Deficit for the year	0

NOTES TO THE CORE FINANCIAL STATEMENTS

31 March 2008 £000	Harbour Balance Sheet	31 March 2009	
		£000	£000
	Fixed Assets		
2,927	Land and Buildings	4,044	
393	Vehicles, Plant, Furniture & Equipment	289	
193,498	Infrastructure	188,768	
1,159	Community Assets	1,159	
783	Non Operational Assets	6,504	
198,760	Total Fixed Assets		200,764
	Current Assets		
948	Stocks and Work in Progress	982	
0	Investments	0	
0	Debtors	17	
294	Cash	192	
1,242	Total Current Assets		1,191
	Current Liabilities		
(548)	Creditors	(173)	
(694)	Grant Account	(1,384)	
(1,242)			(1,557)
198,760	Total Assets less Current Liabilities		200,398
(23,421)	Government Grants – Deferred Account	(27,283)	
0	Provisions & Deferred Liabilities	0	
			(27,283)
175,339	Total Assets less Liabilities		173,115
175,339	Capital Adjustment Account	171,948	
0	Revaluation Reserve	1,167	
175,339	Total Net Worth		173,115

4. Precepts and Levies

	2007/08 £000	2008/09 £000
Precepts		
Community Councils:		
Lisvane	23	24
Pentyrch	65	67
Radyr	58	62
St Fagans	15	15
Old St Mellons	20	20
Tongwynlais	12	12
	193	200
Levies & Contributions		
South Wales Fire Service	13,432	15,577

NOTES TO THE CORE FINANCIAL STATEMENTS

Caldicot & Wentlooge Drainage Board	151	157
Cardiff Port Health Authority	128	134
Newport Health Authority	4	4
South Wales Sea Fisheries Committee	18	20
Glamorgan Archives Service *	252	0
	13,985	15,892

In addition, the Council collected precepts of £18,544,389 on behalf of the South Wales Police Authority (£17,423,320 in 2007/08).

* With effect from 2008/09 the contribution to Glamorgan Archives Joint Committee has been included in Net Cost of Services (CER&P). The contribution in 2008/09 was £257,645.

5. Participation in Joint Committees

Sections 101 and 102 of the Local Government Act 1972 provide local government bodies with powers to discharge many of their functions through committees. Two or more local government bodies may establish a Joint Committee to discharge such functions. Cardiff Council are members of three Joint Committees and for 2008/09 the amount of the contributions made to these are as follows; Glamorgan Archives £257,645, which has been included in Net Cost of Service (CER&P), Wales Purchasing Consortium £14,892, which has been included in Net Cost of Services but re-allocated as part of central support and for South East Wales Transport Alliance (SEWTA) no contribution was payable for 2008/09.

6. Exceptional Item

During 2008/09 the Council secured a VAT refund of £5.64 million, net of fees, in respect of cultural services income received between 1990 -1996. The opportunity to claim this arose as a result of inconsistencies between European and UK tax legislation during that period, which only recently became known. Given the technical nature of the claim, it was made on the Council's behalf by one of its VAT advisors.

7. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the council and the police authority for the forthcoming year and dividing this amount by the council tax base. The council tax base is the number of properties in each band adjusted to a proportion to convert the number to a band D equivalent, totalled across all bands and adjusted for discounts. Cardiff's council tax base for 2008/09 was 133,052 (131,259 for 2007/08).

The amounts for a band D property in Cardiff during 2008/09 were as follows:

Band D Council Tax:	2007/08 £	2008/09 £
Cardiff Council	814.42	843.20
South Wales Police Authority	132.74	139.38
TOTAL	947.16	982.58

NOTES TO THE CORE FINANCIAL STATEMENTS

The above amount (£982.58) is multiplied by the proportion specified for the particular band (see table below) to give the individual amount due. Community Council precepts are then added in each of the six Community Council areas.

Band	A	B	C	D	E	F	G	H	I
Multiplier	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9

Analysis of the net proceeds from council tax:

	2007/08 £000	2008/09 £000
Council tax collectable	126,709	133,247
Less payable to the police authority	(17,423)	(18,544)
Provision for non-payment of council tax	(1,361)	(2,042)
	107,925	112,661

8. Non-Domestic Rates

NDR is organised on a national basis. The Welsh Assembly Government specifies an amount for the rate (46.6p in 2008/09 and 44.8p in 2007/08) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The council is responsible for collecting rates due from ratepayers in its areas but pays the proceeds into the NDR pool administered by the WAG. The sums collected are redistributed back to local authorities on the basis of a fixed amount per head of population.

The NDR income, after relief and provision, of £153,527,036 for 2008/09, (£140,990,084 for 2007/08) was based on a total rateable value of £373,139,699 for the year (£369,650,194 for 2007/08).

Analysis of the net proceeds from non-domestic rates:

	2007/08 £000	2008/09 £000
Non-Domestic Rates collectable	140,990	153,527
Cost of collection allowance	(767)	(751)
Provision for non payment of NDR	(616)	(1,515)
Payment into national pool	139,607	151,261
Redistribution from national pool	(77,339)	(84,030)

9. Building Regulations Charging Account 2008/09

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. Cardiff Council sets charges for work carried out in relation to building regulations, with the aim of covering all costs incurred. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non chargeable activities.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Fee Earning 2008/09 £000	Non Fee Earning 2008/09 £000	Building Regulations Total 2008/09 £000
Expenditure			
Employees	822	298	1,120
Premises	1	1	2
Transport	43	14	57
Supplies & Services	58	21	79
Central and Support Service charges	159	68	227
Total Expenditure	1,083	402	1,485
Income			
Building Regulation Charges	(920)	(5)	(925)
Other Income	(1)	0	(1)
Total Income	(921)	(5)	(926)
(Surplus)/Deficit for the year	162	397	559

Comparatives for 2007/08			
Expenditure	1,113	434	1,547
Income	(980)	(12)	(992)
(Surplus)/Deficit for the year	133	422	555

10. Section 137 Expenditure

The Local Government Act 2000 granted new powers to Local Authorities in England and Wales to promote well being in their area, and as a consequence the majority of the provisions of Section 137 of the Local Government Act 1972 (as amended) have been repealed. Councils can still incur expenditure under section 137(3). The Council's expenditure for 2008/09 under this power was £306,019 (£309,549 in 2007/08).

11. Communication with Council Taxpayers

Section 5 of the Local Government Act 1986 requires that expenditure on publicity should be recorded in a separate account and disclosed as a note to the accounts. During 2008/09 expenditure amounted to £775,955 (£863,943 in 2007/08).

12. Agency Income & Expenditure

During 2008/09, the Council carried out work on behalf of the South Wales Trunk Road Agency under an agency agreement. The Council is fully reimbursed for this work, including a contribution towards administrative costs. The total reimbursement received in 2008/09 was £1,157,863 (£1,212,829 in 2007/08).

NOTES TO THE CORE FINANCIAL STATEMENTS

13. Local Government (Goods and Services) Act 1970

The following income was generated from bodies under the Act:

	2007/08 £000	2008/09 £000
Administrative & Professional Services	(81)	(108)
ICT Technical Services – for Office of Fair Trading	(915)	(904)
– Single Non-Emergency Number	(1,489)	(1,420)
– for other clients	(669)	(581)
Other Technical Services	(629)	(902)
	(3,783)	(3,915)

14. Remuneration

(a) Regulation 7 of the Accounts and Audit (Wales) Regulations 2005 requires that the number of employees, whose remuneration is over £60,000 per annum be disclosed within bands of £10,000. The Regulation is applicable to all Council employees including teaching staff.

It should be noted that the figures below include all remuneration received in the year, including in some cases, severance payments.

Remuneration band £000	Number of Employees	
	2007/08	2008/09
200 – 210	0	1 *
160 - 200	0	0
150 – 160	1	0
140 – 150	0	0
130 – 140	0	0
120 – 130	0	3
110 – 120	4	0
100 – 110	0	2
90 – 100	3	5
80 – 90	17	18
70 – 80	6	7
60 – 70	41	69

The figures for 2008/09 can be further analysed as follows:

Remuneration Band £000	
200-210	1 Chief Executive *
120-130	3 Corporate Directors
100-110	2 Statutory Officers
90-100	2 Chief Officers 3 Headteachers
80-90	9 Chief Officers

NOTES TO THE CORE FINANCIAL STATEMENTS

	8 Headteachers/Principals 1 Operational Manager
70-80	6 Headteachers 1 Deputy Headteacher
60-70	19 Headteachers 6 Deputy Headteachers 1 Chief Officer 4 Heads of Function 38 Operational Managers 1 Officer (incl. severance payment)

* The figures for the Chief Executive for 2008/09 reflect the implementation of the decision of the National Joint Secretaries of the Joint Negotiating Committee for Chief Executives of Local Authorities arising from a mediation of the Chief Executive's salary. The Chief Executive's remuneration for 2008/09 is made up of the following components and there is no other remuneration:

Salary	£179,526
A one-off back-payment to reflect the mediation above	£15,702
Travel	£559
Accommodation	£217
Subsistence	£721
Returning Officer Fees (Council Election)	£11,790

It should be noted that the figures for travel, accommodation and subsistence above relate only to amounts reclaimed via expenses claims. Most accommodation and travel for Council employees, including the Chief Executive, is administered via the Council's central booking procedures.

(b) The total amount of Members' Allowances (including basic and special responsibility) paid in 2008/09 was £1,144,379 (£1,088,077 in 2007/08). As required by the SORP this figure includes all remuneration paid to members including basic and special allowances, care allowances, and expenses which are directly reimbursed.

15. Health Act 1999 Pooled Funds and Similar Arrangements

The Council has not entered into any formal arrangements under Section 31 of the above Act. However, in 2008/09 it received and spent £0.929 million (£1.023 million in 2007/08) from WAG in respect of a Joint Working (Flexibilities) Special Grant, to support and encourage flexible care and joint working between the NHS and Local Government. The partner bodies to these arrangements are Cardiff LHB, Age Concern (Cardiff and Vale), Cardiff and the Vale National Health Service Trust, and the Vale of Glamorgan Council.

16. Related Party Transactions

The Council is required to disclose material transactions with related parties. As defined by Financial Reporting Standard 8 (FRS 8), related parties are those bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

Central Government has effective control over the general operations of the Council. It sets the statutory framework within which the Council operates, provides the majority of its funding and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with Government departments are set out in the Cash Flow Statement and note 33 to the Core Financial Statements.

Subsidiary Companies - Cardiff Council has three subsidiary companies, Cardiff City Transport Services Ltd. (Cardiff Bus), Cardiff Business Technology Centre (CBTC) and Cardiff & Co. Details of transactions with these companies are shown in note 27 to the Core Financial Statements.

Cardiff Medicentre is a joint venture between Cardiff Council, Cardiff University, the Welsh Assembly Government and Cardiff and Vale NHS Trust. Details of transactions with Medicentre are shown in note 27 to the Core Financial Statements.

Pension Fund – details of pension contributions paid over to the Pension Fund are shown in note 21 to the Core Financial Statements.

Precepts and Levies – details of precepts collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in note 4 to the Core Financial Statements.

South Wales Police Authority (SWPA) – the precept paid to SWPA during 2008/09 is detailed in note 4 to the Core Financial Statements. In addition to this the Council paid £0.895 million to SWPA during 2008/09 (£0.411 million in 2007/08).

Glamorgan County Cricket Club (GCCC) – during 2006/07 the Council entered into an agreement with Glamorgan Cricket Club to provide a loan of £4 million to be repaid over 20 years. The loan is to be used for the construction of new stands and facilities. Accrued interest of £210,059 was also added to the loan in 2008/09. In addition during 2008/09 the Council made payments to the Club of £12,689 and received income of £34,240. A Youth Cricket Development grant was paid to GCCC during 2008/09 amounting to £100,000.

Members of the Council have direct control over the Council's financial and operating policies. Members' interests in other organisations have been identified by an inspection of the Members' and Officers' Declaration of Interest Register. During 2008/09, goods and services to the value of £67,000 were commissioned from companies in which members had an interest (£3.931 million in 2007/08). Details of members' allowances are shown in note 14(b) to the Core Financial Statements.

Officers - during 2008/09, the Council received income of £8,866 from Chief Officers relating to the repayment of loans taken out under the Assisted Car Purchase Scheme (£7,000 in 2007/08). Details of Officers' emoluments are shown in note 14(a) to the Core Financial Statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

Related Party Balances

As at 31 March 2009 the following balances were held in respect of related parties:

31 March 2008 £000		31 March 2009	
		Debtors £000	Creditors £000
4,955	Central Government Grants	19,784	(10,602)
(277)	Cardiff City Transport Services Ltd	37	(333)
158	Cardiff Medicentre/CBTC	409	(13)
11	Chief Officers and above – outstanding car loan balances	17	0
(40)	Precepting Bodies	0	(187)
4,046	Glamorgan County Cricket Club	4,210	0
(365)	Companies in which members interests declared/other	0	(3)

17. External Audit Costs

In 2008/09 the Council incurred the following fees relating to external audit and inspection:

	2007/08 £000	2008/09 £000
Fees payable to Wales Audit Office for external audit services carried out by the appointed auditor	447	463
Fees payable to Wales Audit Office in respect of statutory inspection	48	49
Fees payable to Wales Audit Office for the certification of grant claims and returns	107	118
Fees payable in respect of other services provided by the appointed auditor	0	0

NOTES TO THE CORE FINANCIAL STATEMENTS

18. Trading Accounts Summary

The Council has a number of trading units where service managers are required to balance their budget by generating income from other parts of the Authority or from third parties. The following figures have been compiled in accordance with the requirements of the 2008 SORP and BVACOP. Net capital charges, which include depreciation and impairment, are shown separately.

2007/08 Trading (Surplus) /Deficit £000		2008/09			
		Income £000	Net Capital Charges £000	Other Expenditure £000	Trading (Surplus) /Deficit £000
2,771	St. David's Hall	(4,273)	442	6,196	2,365
1,348	New Theatre	(4,278)	141	5,622	1,485
658	Cardiff Castle	(1,702)	2,963	2,273	3,534
151	Highways Operations DSU	(7,804)		7,970	166
189	Parks DSU	(6,434)		6,868	434
(24)	Venues Catering DSU	(2,670)		2,629	(41)
59	Street Cleansing DSU	(7,052)		7,001	(51)
(101)	Refuse Collection DSU	(10,543)		10,420	(123)
276	Recreation DSU	(7,121)		7,490	369
(130)	Council Cleaning DSU	(5,389)		5,229	(160)
(435)	Schools Building DSU	(10,622)		10,469	(153)
(67)	Schools & Staff Catering	(7,382)		6,849	(533)
(200)	Cardiff Maintenance Service	(10,121)		9,830	(291)
(1,943)	Car Parking	(3,928)	239	1,289	(2,400)
847	Materials Recycling Facility	(3,142)		4,215	1,073
(2,913)	Other trading accounts *	(27,246)	1,499	25,393	(354)

* Other trading accounts totalled 21 in 2008/09 (14 in 2007/08).

19. Leasing

(a) Operating leases

Operating leases exist in respect of properties, vehicles and other items of equipment. The following sums were charged to revenue in 2008/09:

	2007/08 £000	2008/09 £000
Property leases	2,583	2,607
Other leases	2,940	2,611

The Council has two properties whose leases commenced in 2004/05 (Global Link) and 2005/06 (Lambourne Crescent) which were subject to an initial rent free period. The SORP requires that rental charges be made evenly throughout the period of the lease (up to the point of review). An amount equal to the equivalent of the rent free period is therefore held on the balance sheet as a deferred liability to be used to offset revenue rental payments until the period of review. An amount totalling £133,583 was paid out of the balance in 2008/09 in respect of rent free period

NOTES TO THE CORE FINANCIAL STATEMENTS

apportionments (Global Link £117,899, Lambourne Crescent £15,684). The final payments are due to be made out of the balance in 2009/10.

The Council was committed at 31 March 2009 to making payments of £4.169 million under operating leases in 2009/10 (£4.105 million at 31 March 2008 for 2008/09) comprising the following elements:

	Property Leases £000	Other Leases £000
Leases expiring in 2009/10	18	245
Leases expiring between 2010/11 and 2013/14	958	1,623
Leases expiring after 2013/14	1,325	0

(b) Finance Leases

The Council has no finance leases.

20. Prudent Revenue Provision

The Council is required to set aside from its revenue budget each year a prudent amount for the repayment of external loans undertaken to pay for capital expenditure.

The depreciation and impairment charges included in the Income & Expenditure Account are replaced by the prudent revenue provision via an appropriation to/from the Capital Adjustment Account in the Statement of Movement on Council Fund Balance. The calculation of this provision is set out below. The figure for non housing revenue provision includes voluntary provision of £1.501m (£2.290 m in 2007/08).

	2007/08 £000	2008/09 £000
Non Housing Revenue Provision	11,192	12,806
HRA Provision	1,601	1,552
Prudent Minimum Revenue Provision	12,793	14,358

21. Pensions

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments and this commitment needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two different pension schemes both of which provide members with benefits related to pay and service:

- **The Local Government Pension Scheme**
The Council's non-teaching employees have the option to join the Cardiff and Vale of Glamorgan Pension Fund, for which Cardiff Council acts as Administering Authority. This is a defined benefit scheme based on final pensionable salary. Both the authority and the employees pay contributions into the fund, calculated at a level intended to balance the pensions' liabilities with the pensions' assets.

NOTES TO THE CORE FINANCIAL STATEMENTS

The Local Government Pension Scheme is a funded scheme i.e. it has assets as well as liabilities. In addition, the Council has unfunded pension liabilities in respect of its commitment to make payments directly to certain pensioners arising from arrangements made in earlier years to award enhanced benefits.

- **Teachers' Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme, which is administered by the Teachers' Pensions Agency (TPA), unless they opt out. The scheme provides teachers with defined benefits upon their retirement and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. Although the scheme is unfunded the TPA uses a notional fund as the basis for calculating the employers' contribution rate which is paid by local education authorities to the Teachers Pension Scheme.

21.1 The Local Government Pension Scheme

The disclosures below relate to the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund ('the Fund').

Change of accounting policy

Under the 2008 SORP the Council has adopted the amendment to FRS17, *Retirement Benefits*. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £546.21million to £544.79 million, a decrease of £1.42 million, resulting in an increase in the pension deficit of £1.42 million (31 March 2007: increase of £1.63 million). This change does not impact upon the Council Fund Balance.

Transactions relating to retirement benefits

The main accounting statements have been compiled in accordance with FRS17 and for the Local Government Pension Scheme include the cost to the authority of pension entitlements earned in the year rather than the cost of contributions paid into the Fund.

This cost, which is known as the current service cost has been recognised in the Net Cost of Services both in the Income and Expenditure Account and in the Council's own service structure revenue account (note 2).

However, the charge that is required to be made against Council Tax, in respect of pensions, is to be based on the cash payable in the year, so that the real cost of retirement benefits is reversed out in the Statement of Movement on the Council Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on the Council Fund Balance during the year:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2007/08 £000	2008/09 £000
Income and Expenditure Account		
<i>Net Cost of Services:</i>		
Current Service Cost	27,820	21,700
Past Service Costs *	7,990	300
<i>Net operating Expenditure:</i>		
Interest Cost	46,050	56,150
Expected return on scheme assets	(41,240)	(39,300)
<i>Net charge to the Income and Expenditure Account</i>	40,620	38,850
Statement of Movement on Council Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS17	(40,620)	(38,850)
Actual amount charged against Council Tax in respect of pensions for the year:		
Employers contributions payable to the scheme	31,950	32,650
	31,950	32,650

* The past service costs are the costs calculated in accordance with FRS17, of any added years or other enhanced benefits such as early retirements, which have been awarded in the year and which will be paid out of the Scheme.
Employer's regular contributions to the Fund for the accounting period ending 31 March 2010 are estimated to be £33.33 million. In addition Strain on Fund Contributions will be required.

Basis for estimating assets and liabilities

The latest actuarial valuation of Cardiff Council's liabilities took place as at 31 March 2007. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS17 purposes were:

(a) Principal financial assumptions (% per annum)

	31 March 2008 % pa	31 March 2009 % pa
Rate of inflation	3.7	3.5
Rate of general long-term increase in salaries *	5.2	5.0
Rate of increase in pensions in payment	3.7	3.5
Rate of increase in deferred pensions	3.7	3.5
Discount rate for scheme liabilities	6.8	6.6

In addition, allowance has been made for the same age related promotional salary scale as used at the actuarial valuation of the Fund as at 31 March 2007.

(b) Mortality assumptions

	31 March 2008	31 March 2009
Longevity at 65 for current (currently aged 65) pensioners:		
Men	20.3	21.1

NOTES TO THE CORE FINANCIAL STATEMENTS

Women	24.1	25.0
Longevity at 65 for future (currently aged 45) pensioners:		
Men	22.2	23.4
Women	25.3	27.3

Expected return on assets

Cardiff Council employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out below. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2009.

	Long-term expected rate of return at 31 March 2008 % pa	Long-term expected rate of return at 31 March 2009 % pa
Equities	7.6	7.0
Property	6.6	6.0
Government Bonds	4.6	4.0
Corporate Bonds	6.8	5.8
Other	6.0	1.6
Average long-term expected rate of return	7.2	6.2

The approximate split of assets for the Fund as a whole is shown in the table below.

	31 March 2008 %	31 March 2009 %
Equities	71.1	67.2
Property	5.6	4.9
Government Bonds	4.9	7.4
Corporate Bonds	13.6	13.4
Other	4.8	7.1
Total	100	100

Reconciliation of funded status to balance sheet

	31 March 2008 £000	31 March 2009 £000
Notional value of assets	544,790	466,250
Present value of liabilities	(824,280)	(904,360)
Net pension asset/(liability)	(279,490)	(438,110)

NOTES TO THE CORE FINANCIAL STATEMENTS

Assets and Liabilities in relation to Retirement Benefits

Changes to the present value of liabilities during the accounting period:

	31 March 2008 £000	31 March 2009 £000
Opening present value of liabilities	(864,520)	(824,280)
Current service cost	(27,820)	(21,700)
Interest cost	(46,050)	(56,150)
Contributions by participants	(8,730)	(9,700)
Actuarial gains/(losses) on liabilities	102,580	(21,100)
Net benefits paid out *	28,250	28,870
Past service cost	(7,990)	(300)
Closing present value of liabilities	(824,280)	(904,360)

Changes to the fair value of assets during the accounting period:

	31 March 2008 £000	31 March 2009 £000
Opening fair value of assets	571,090	544,790
Expected return on assets	41,240	39,300
Actuarial gains/(losses) on assets	(79,970)	(131,320)
Contributions by employer	31,950	32,650
Contributions by participants	8,730	9,700
Net benefits paid out *	(28,250)	(28,870)
Closing fair value of assets	544,790	466,250

* The figures for net benefits paid out consist of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums of £0.63 million for the period ending 31 March 2009.

Actual return on assets

	31 March 2008 £000	31 March 2009 £000
Expected return on assets	41,240	39,300
Actuarial gain/(loss) on assets	(79,970)	(131,320)
Actual return on assets	(38,730)	(92,020)

Analysis of amount recognised in the STRGL

	31 March 2008 £000	31 March 2009 £000
Total actuarial gains/(losses)	22,610	(152,420)
Total gain/(loss) in STRGL	22,610	(152,420)

NOTES TO THE CORE FINANCIAL STATEMENTS

History of total gains and losses recognised in the STRGL

	2004/05 £m	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 £m
Total gain/(loss)	(110.49)	23.14	9.39	22.61	(152.42)
Cumulative gain/(loss)	(176.69)	(153.55)	(144.16)	(121.55)	(273.97)

In accordance with Paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods on or after 1 April 2007. The history of total gain/(loss) shown has not been restated for periods prior to this date and includes the experience relating to unfunded liabilities.

History of asset values, present value of liabilities and surplus/(deficit)

	31 March 2005	31 March 2006	31 March 2007	31 March 2008	31 March 2009
	£000	£000	£000	£000	£000
Fair value of assets	396,780	514,660	571,090	544,790	466,250
Present value of liabilities	(709,360)	(813,370)	(864,520)	(824,280)	(904,360)
Surplus/(deficit)	(312,580)	(298,710)	(293,430)	(279,490)	(438,110)

In accordance with Paragraph 77(o) of FRS17 (as revised), the assets for the current period and previous two periods are measured at current bid price. Asset values previously measured at mid-market value for periods ending 2008 and 2007 have been re-measured for this purpose. Asset values for periods ending 2006 and 2005 are shown at mid-market value and have not been re-measured as permitted by FRS17 (as revised).

History of experience gains and losses

	Year ending 31 March 2005	Year ending 31 March 2006	Year ending 31 March 2007	Year ending 31 March 2008	Year ending 31 March 2009
	£m	£m	£m	£m	£m
Experience gains/(losses) on assets	17.31	80.01	9.27	(131.32)	(79.97)
Experience gains/(losses) on liabilities *	(4.57)	1.01	(1.68)	(19.46)	(3.47)

Experience gains and losses expressed as a percentage of assets/liabilities

	Year ending 31 March 2008 %	Year ending 31 March 2009 %
Experience gains on assets expressed as a percentage of assets	(14.7)	(28.2)
Experience gains on liabilities expressed as a percentage of liabilities *	(2.4)	(0.4)

In accordance with paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6 April 2007. The history of

NOTES TO THE CORE FINANCIAL STATEMENTS

experience gain/(loss) on liabilities shown has not been re-stated for periods ending 31 March 2007, 2006, and 2005 and includes the experience relating to unfunded liabilities.

*This item consists of gains/(losses) in respect of liability experience only – and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

21.2 Cardiff Council unfunded pension liabilities

The disclosures below relate to unfunded pension arrangements established by Cardiff Council. These are defined benefit arrangements based on members' final pensionable salary.

Analysis of charge to income & expenditure account

	2007/08 £000	2008/09 £000
Income and Expenditure Account		
<i>Net Cost of Services:</i>		
Past Service Cost *	760	1,400
<i>Net operating Expenditure:</i>		
Interest Cost	2,110	2,500
<i>Net charge to the Income and Expenditure Account</i>	2,870	3,900
Statement of Movement on Council Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS17	(2,870)	(3,900)
Actual amount charged against Council Tax in respect of pensions for the year:		
Payments in respect of unfunded benefits **	2,770	3,370
	2,770	3,370

* The past service costs are the costs calculated in accordance with FRS17, of any added years or other enhanced benefits such as early retirements, which have been awarded in the year.

** Included in this figure are enhanced benefits awarded to teachers for which the Council is responsible and some unfunded liabilities which are administered by Rhondda Cynon Taff (RCT) Council on behalf of Cardiff Council.

Contributions for year ending 31 March 2010

In the year ending 31 March 2010 the Council expects to pay £3.49 million directly to beneficiaries.

Basis for estimating assets and liabilities

The latest actuarial valuation of unfunded benefits took place as at 31 March 2008. The principal assumptions used by the independent qualified actuaries in updating the latest valuation results for FRS17 purposes were:

NOTES TO THE CORE FINANCIAL STATEMENTS

(a) Principal financial assumptions (% per annum)

	31 March 2008 % pa	31 March 2009 % pa
Rate of inflation	3.7	3.5
Rate of increase to pensions in payment	3.7	3.5
Discount rate for scheme liabilities	6.8	6.6

(b) Mortality assumptions

The mortality assumptions are the same as those for funded liabilities, as detailed in note 21.1 (b).

Reconciliation of funded status to balance sheet

	31 March 2008 £000	31 March 2009 £000
Present value of liabilities	(37,760)	(39,880)
Net pension asset/(liability)	(37,760)	(39,880)

Changes to the present value of unfunded liabilities during the accounting period

	31 March 2008 £000	31 March 2009 £000
Opening present value of liabilities	(40,770)	(37,760)
Interest cost	(2,110)	(2,500)
Actuarial gains/(losses) on liabilities *	3,110	(1,590)
Net benefits paid out	2,770	3,370
Past service cost	(760)	(1,400)
Closing present value of unfunded liabilities	(37,760)	(39,880)

* Includes changes to the actuarial assumptions

Analysis of amount recognised in the STRGL

	31 March 2008 £000	31 March 2009 £000
Total actuarial gains/(losses)	3,110	(1,590)
Total gain/(loss) in STRGL	3,110	(1,590)

History of present value of liabilities and surplus/(deficit)

	31 March 2005 £000	31 March 2006 £000	31 March 2007 £000	31 March 2008 £000	31 March 2009 £000
Present value of liabilities	(38,390)	(38,800)	(40,770)	(37,760)	(39,880)
Surplus/(deficit)	(38,390)	(38,800)	(40,770)	(37,760)	(39,880)

NOTES TO THE CORE FINANCIAL STATEMENTS

History of experience gains and losses

	Year ending 31 March 2008 £m	Year ending 31 March 2009 £m
Experience gains/(losses) on liabilities *	1.93	(0.48)
Experience gains/(losses) expressed as a percentage of liabilities	(5.1)%	(1.2)%

In accordance with paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for years beginning on or after 6 April 2007. This disclosure presents the history of liabilities, and experience gains/(losses) on liabilities, for years ending 31 March 2008 and 2009. For years ending 31 March 2007 and earlier unfunded liabilities are included in the disclosure for funded benefits.

*This item consists of gains/(losses) in respect of liability experience only – and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

(a) The Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Department for Children, Schools and Families. The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as a basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the authority to identify a share of the underlying liabilities of the scheme attributable to its own employees so for the purposes of the Statement of Accounts it is accounted for on the same basis as a defined contribution scheme i.e. the cost charged to Net Cost of Services in the year is the cost of the employer's contributions to the scheme.

In 2008/09 the Council paid £15.286 million in respect of teachers' pension costs, which represents 14.1% of teachers' pensionable pay (£14.904 million representing 14.1% of teachers' pensionable pay in 2007/08).

In addition the authority is responsible for the costs of any additional benefits awarded on early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pensions liability for unfunded liabilities.

22. Fixed Assets

22.1 Fixed Asset Valuation

Fixed assets are valued as per the accounting policies shown on Page 30.

Operational Land and Buildings were revalued during 2008/09 as part of a rolling programme, resulting in any downward revaluations being shown as impairments. The significant amount of impairment in relation to Council Dwellings relates to the use of an alternative valuation technique, which is Existing Use Value - Social Housing.

NOTES TO THE CORE FINANCIAL STATEMENTS

22.2 Movements in fixed assets during the year are summarised as follows:

ASSETS	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructu re £000	Community Assets £000
Gross Book Value at 31 March 2008	1,154,983	774,058	20,505	446,818	33,246
Additions	16,923	22,218	1,400	15,646	2,049
Impairment	(431,274)	(75,403)			
Disposals	(632)	(142)			
Reclassifications	85	12,263			390
Revaluations		93,536			
Gross Book Value at 31 March 2009	740,085	826,530	21,905	462,464	35,685
DEPRECIATION & AMORTISATION					
Balance at 31 March 2008	63,368	31,562	10,739	98,028	60
Depreciation & Amortisation	14,794	13,136	3,473	20,547	2
Released on impairment	(63,368)	(5,758)			
Written back to I&E		(441)			
Reclassification		234			
Released on Revaluation		(13,295)			
Balance at 31 March 2009	14,794	25,438	14,212	118,575	62
NET BOOK VALUE at 31 March 2009	725,291	801,092	7,693	343,889	35,623
NET BOOK VALUE at 31 March 2008	1,091,615	742,496	9,766	348,790	33,186

NOTES TO THE CORE FINANCIAL STATEMENTS

ASSETS	Investment Properties	Surplus Assets held for disposal	Assets Under Construction	Intangibles	TOTAL
	£000	£000	£000	£000	£000
Gross Book Value at 31 March 2008	81,912	101,655	27,958	182	2,641,317
Additions	2,197		20,758	104	81,295
Impairment	(6,664)	(28,626)	(162)		(542,129)
Disposals	(3,501)	(2,608)			(6,883)
Reclassifications	6,495	78	(20,403)		(1,092)
Revaluations	3,738	4,324			101,598
Gross Book Value at 31 March 2009	84,177	74,823	28,151	286	2,274,106
DEPRECIATION & AMORTISATION					
Balance at 31 March 2008	0	0	234	112	204,103
Depreciation & Amortisation				56	52,008
Released on Impairment					(69,126)
Written back to I&E					(441)
Reclassification			(234)		0
Released on Revaluation					(13,295)
Balance at 31 March 2009	0	0	0	168	173,249
NET BOOK VALUE at 31 March 2009	84,177	74,823	28,151	118	2,100,857
NET BOOK VALUE at 31 March 2008	81,912	101,655	27,724	70	2,437,214

The Council's interest in the Medicentre Joint Venture of £1.092 million was reclassified during 2008/09 from fixed assets to investments.

NOTES TO CORE FINANCIAL STATEMENTS

22.3 The fixed assets of the Council include the following:

Allotment Gardens (26)	Play Centres (7)
Caravan Park	Residential Establishments (14)
Cardiff Bay Barrage	Resource Centres (15)
Cardiff Castle	Road Safety Centre
Cemeteries (7)	Roads - Non-Principal (994 km)
Central Bus Station	Roads - Principal (86 km)
City Hall	Schools - Nursery (4)
Civic Residence	Schools - Infants, Junior & Primary (77)
Community Halls (7)	Schools - Secondary (15)
Council Dwellings	Schools - Special (7)
County Hall	Schools – Cardiff Further Education Trust (1)
Crematorium	Schools – Grant Maintained (29)
Day Centres and Clubs (12)	Sports and Leisure Centres (7)
Depots (6) and Workshops (10)	St David's Hall
Family Centres (2)	Surface Car Parks (13)
Heliport	Swimming Pools (3)
Horse Riding School	Training Centre
Maindy Cycle Track	Traveller Sites (2)
Libraries (20)	Various Administrative Buildings
Indoor Market	Various Property & Land Holdings
Mental Health Day Centres (2)	Vehicles, Plant, Furniture & Equipment
New Theatre	Works of Art & Civic Regalia
Parks & Public Open Spaces (Approx 1510 ha)	Youth, Community & Adult Centres (35)
Physically Disabled Centre	

Under the terms of development agreements, a new library constructed by the developer of the St. David's II Development was completed and transferred to the Council in 2008/09. The Council was responsible for the costs of the fit-out of the building.

22.4 Capital Expenditure and Financing

Expenditure as per Financial Statements	2007/08 £000	2008/09 £000
Opening Capital Financing Requirement	351,872	390,864
Expenditure on Operational Assets	50,690	58,339
Expenditure on Non-Operational Assets	38,646	22,955
Expenditure on Loans	3,470	0
Expenditure on REFCUS:		
- Equal Pay settlement	9,141	0
- REFCUS - Other	25,555	31,757
Sources of Finance:-		
Grants and Contributions	(35,807)	(49,398)
Revenue and Reserves	(5,430)	(10,487)
Capital Receipts	(32,309)	(26,776)
Prudent Revenue and Capital provision for loan repayment	(14,964)	(14,358)
Closing Capital Financing Requirement	390,864	402,896

NOTES TO CORE FINANCIAL STATEMENTS

22.5 Revenue Expenditure funded from Capital under Statute (Deferred Charges) Movement

	2007/08 £000	2008/09 £000
Balance as at 31 March b/f	0	0
Equal Pay	9,140	0
St. Donats Remediation	2,640	144
Leckwith Development	10,784	18,448
Disabled Facility and Renovation Grants	10,022	9,634
Other expenditure	2,110	3,531
	34,696	31,757
Amortisation to Income and Expenditure Account	(34,696)	(31,757)
Balance as at 31 March c/f	0	0
Funded by:		
Grants and contributions	8,127	9,219
Borrowing, receipts and other capital resources	26,569	22,538

22.6 The main asset disposals during the year were:

Sale of Council Dwellings
Beacon Centre – Land to South
Thompson House (Lease Restructure)
Land at Dunster Road
Land at Newlands Road
Bishopston Road/ Heol Pennar
Land at Ball Close
Land at Wellington Street
83 Gabalfa Avenue
29 Abergele Road

22.7 Significant capital expenditure contractual commitments as at 31 March 2009 include the following:

	£000
Park and Ride - Pentwyn	4,512
Olympic Standard Canoe Slalom	2,900
Ty Gwyn Respite Centre	1,574
New Glamorgan Record Office	1,335
Thornhill Cemetery Extension	920
ISV Roads and Infrastructure	895
SAP Upgrades and enhancement	558

NOTES TO CORE FINANCIAL STATEMENTS

23. Financial Instruments

23.1 Compliance

The Council has adopted the Treasury Management Code of Practice and sets Treasury Prudential Indicators to control key financial instrument risks in accordance with the Prudential Code of Capital Finance in Local Authorities. A Borrowing and Investment Strategy is prepared at the start of each financial year, with a Treasury Management outturn report prepared at the end of the financial year.

23.2 Financial Instrument Balances

The following table discloses the Council's Financial Instruments at their carrying value and analyses them into the categories defined by the SORP:-

	31 March 2008			31 March 2009		
	Long Term £000	Short Term £000	Total £000	Long Term £000	Short Term £000	Total £000
Investments/Financial Assets						
Loans & Receivables at amortised cost	17,636	110,911	128,547	20,052	61,881	81,933
Investments at Fair Value	25,000	184	25,184	26,092	0	26,092
Fair value through Profit and Loss	26,498	0	26,498	26,894	0	26,894
Total	69,134	111,095	180,229	73,038	61,881	134,919
Borrowings/Financial Liabilities						
Financial Liabilities at Amortised Cost	(399,286)	(12,751)	(412,037)	(399,183)	(8,255)	(407,438)

The Council's interest in the Medicentre Joint Venture of £1.092 million was reclassified during 2008/09 from fixed assets to investments.

23.3 Financial Instrument Gains/Losses

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to Financial Instruments comprised:

	Financial Liabilities		Financial Assets						Total	
	Liabilities at Amortised Cost		Loans & Receivables		Investments at Fair Value		Fair Value through P&L			
	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000
Interest Expense	21,785	22,130	0	0	0	0	0	0	21,785	22,130
Losses on De-recognition	2,884	0	0	0	0	0	0	0	2,884	0
Impairment Losses	0	0	0	0	0	0	0	0	0	0
Interest Payable and Similar Charges	24,669	22,130	0	0	0	0	0	0	24,669	22,130
Interest / Dividend Income	0	0	(8,194)	(7,168)	0	0	(1,498)	(1,894)	(9,692)	(9,062)
Gains on De-recognition	(2,885)	0	0	(30)	0	0	0	0	(2,885)	(30)
Interest and Investment Income	(2,885)	0	(8,194)	(7,198)	0	0	(1,498)	(1,894)	(12,577)	(9,092)
Gains on Revaluation	0	0	0	0	(20,406)	0	0	0	(20,406)	0
Losses on Revaluation	0	0	0	0	0	0	0	0	0	0

NOTES TO CORE FINANCIAL STATEMENTS

Surplus arising on revaluation of financial assets	0	0	0	0	(20,406)	0	0	0	(20,406)	0
Net gain / (loss) for the year	21,784	22,130	(8,194)	(7,198)	(20,406)	0	(1,498)	(1,894)	(8,314)	13,038

23.4 Investments / Financial Assets

Loans and receivables are predominately represented by the temporary cash balances deposited for various maturities with financial institutions. They also include a loan of £4 million to Glamorgan County Cricket Club which requires no cash repayments in the first five years with deferred costs recoverable over the last 15 years of the loan.

The Council operates a car loan scheme to provide assistance to eligible Council staff to purchase cars. Loans are repaid with interest, over a specified period set out in a loan agreement. Over 600 such agreements existed during 2008/09 and the value of loans outstanding total £2.349 million as at 31 March 2009.

Investments at Fair value include £25 million which represents the Council's 100% shareholding in Cardiff City Transport Services Limited. Since the council's shareholding is not listed on any quoted market, the fair value of the investment is based on comparisons with transactions of a similar nature as well as a ratio of value per pound of turnover. The balance of £1.092 million represents the Council's 44.5% interest in the Medicentre, a Joint Venture between the Council, University of Wales College of Medicine, the Welsh Assembly Government and the Cardiff and Vale NHS Trust.

Gains or losses in fair value are posted to the STRGL with a contra entry to the Available for Sale reserve, unless there is an impairment or de-recognition, when the adjustment is recognised in the Income and Expenditure account.

Investments at Fair Value through Profit and Loss comprise cash balances invested by an external fund manager. The fund is a managed portfolio of financial instruments such as Certificates of Deposit and Gilts which are traded to enhance investment returns and allow further diversification of the Council's investments. The investments held are valued at quoted bid market prices on recognised exchanges.

Interest income is recognised in the Income and Expenditure Account on an accruals basis, applying the effective rate of interest to the amortised cost of the asset. Dividends are credited to the Income and Expenditure Account when the right to receive the payment is established.

Soft Loans

The Authority has no soft loans - all loan investments are made at the cost of funds available to the authority and therefore result in no loss of interest over the life of the instruments. Accordingly no adjustment is required to either the Income and Expenditure Account or fair value of the instruments on the Balance Sheet.

23.5 Borrowings / Financial Liabilities

Financial liabilities at amortised cost comprise the borrowing undertaken to fund the long term capital expenditure requirements of the Council and the prudent management of its financial affairs e.g. to meet any short term cash flow

NOTES TO CORE FINANCIAL STATEMENTS

requirements. Such borrowing is undertaken from the Public Works Loan Board or from the Markets.

Financial Liabilities include debt instruments totalling £51 million which allow the lender to change the rate of interest at specified periods, allowing the Council to either accept the new rate or repay the loan before the contractual maturity date (Lender Option Borrower Option Loans). The maturity period for such investments is taken to be the contractual period to maturity.

The Council has not granted any financial guarantees that need to be recognised on the Balance Sheet, nor has any debt rescheduling occurred during the year.

23.6 Fair Value of Assets and Liabilities Carried at Amortised Cost

Most financial instruments (whether borrowing or investment) have to be valued on an amortised cost basis using the Effective Interest Rate (EIR) method. However, SORP disclosure requirements also require financial instruments to be shown at fair value. This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of future payments in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

Fair value of Financial Assets Carried at Amortised Cost

	31 March 2008		31 March 2009	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Cash	2,060	2,060	12,046	12,046
Deposits with banks and building societies	119,116	118,962	63,237	66,065
Assisted Car Purchase Loans	2,266	2,266	2,349	2,349
Loans to External Organisations / Subsidiary	5,105	5,105	4,301	4,301
Financial assets	128,547	128,393	81,933	84,761

The fair value is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than rates available for similar financial assets at the Balance Sheet date.

NOTES TO CORE FINANCIAL STATEMENTS

Fair Value of Financial Liabilities Carried at Amortised Cost

	31 March 2008		31 March 2009	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Public Works Loan Board Loans *	(356,649)	(425,298)	(353,727)	(423,574)
Lender Option Borrower Option Loans	(51,641)	(49,889)	(51,637)	(49,087)
Market loans, Bonds and Temporary Balances	(2,207)	(2,608)	(2,074)	(2,570)
Bank overdraft	(1,540)	(1,540)	0	0
Financial liabilities	(412,037)	(479,335)	(407,438)	(475,231)

* It should be noted that the PWLB provided a fair value of £451.030 million based on the premature repayment set of rates in force at 31 March 2009.

The fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Fair value calculations used the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing on 31 March 2009.
- For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender.
- Interpolation techniques between available rates have been used where the exact maturity period was not available.
- No early repayment or impairment is recognised.

23.7 Nature and Extent of Risks arising from Financial Instruments

Risk management is carried out in conjunction with specialist treasury advisors in accordance with the Council's Treasury Management Strategy, Treasury Management Practices and Prudential Indicators. The authority's activities in relation to financial instruments results in exposure to the risks set out in the table below. Further details in relation to each type of risk are disclosed in the three sections immediately following the table below.

Risk	Definition	Main Areas of Exposure
Credit Risk	The possibility that other parties may fail to pay amounts due to the authority	Credit risk arises from lending of temporary cash balances to banks, building societies, other local authorities, as well as credit exposures to the authority's customers and organisations to whom it may have provided a loan. Further details are supplied below.

NOTES TO CORE FINANCIAL STATEMENTS

Risk	Definition	Main Areas of Exposure
Liquidity Risk	The possibility that the authority may not have funds available to meet its commitments to make payments	The Council has ready access to funds from the Market and Public Works Loan Board in order to raise finance to meet its commitments under financial instruments and for the purposes of the prudent management of its financial affairs. The main risk is that the authority may be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The loan portfolio is regularly reviewed with any new loans carefully planned as well as taking opportunities for early repayment where economic to do so. Further details are supplied below.
Market Risk	The possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and quoted market movements	<p>Interest rate risk - movements in interest rate occur on a daily basis, subject to conditions in the financial markets. The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the effect of fluctuations in interest rates on the fair value of an instrument. Further details are supplied below.</p> <p>Price Risk - the Council's external fund manager may invest in Certificates of Deposit and Gilts which can result in gains or losses from movements in prices subject to the holding at any one point in time.</p> <p>Foreign exchange risk - The authority's exposure to loss arising from movements in exchange rates is minimal.</p>

Credit Risk – further disclosures

The following table summarises the Council's main exposures to credit risk. The current percentage likelihood of default for each of the risks is considered to be zero with the exception of customer risk which is detailed further in the table below:

Credit Risk	Likelihood of Default	31 March 2008 £000	31 March 2009 £000
Deposits – banks, buildings societies and fund manager	<p>It is Council policy to place deposits only with banks and building societies that have a Fitch minimum criteria of F1 (i.e. highest credit quality). Lending is restricted to a prudent maximum amount and duration for each financial institution and ratings are regularly reviewed.</p> <p>The agreement between the Council and the External Fund Manager stipulate guidelines and duration limits in order to control risk.</p>	145,614	90,131

NOTES TO CORE FINANCIAL STATEMENTS

	To date, the Authority has not experienced default of any institution. Given the current financial climate, credit criteria continue to be rigorously monitored.																													
Car Loans	Repayments in respect of car loans are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	2,266	2,349																											
Cricket Club Loan	Repayments are dependant on the financial and operating performance of the club. However, there is currently no reason to indicate that the sums will not be repaid.	4,046	4,256																											
Customers	<p>The authority does not generally allow credit for customers and provision is made for non-payment based on the age profile of outstanding debt, adjusted for large invoices known to have been settled after balance sheet date and any other material factors that could affect the ultimate sum collectable.</p> <p>The bad debt provision for 2008/09 was based on the adjusted age profile disclosed below.</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th style="text-align: right;">2007/08</th> <th style="text-align: right;">2008/09</th> </tr> <tr> <th></th> <th style="text-align: right;">£000</th> <th style="text-align: right;">£000</th> </tr> </thead> <tbody> <tr> <td>Less than 1 year</td> <td style="text-align: right;">8,838</td> <td style="text-align: right;">6,913</td> </tr> <tr> <td>1 – 2 years</td> <td style="text-align: right;">1,517</td> <td style="text-align: right;">1,157</td> </tr> <tr> <td>2 – 3 years</td> <td style="text-align: right;">736</td> <td style="text-align: right;">899</td> </tr> <tr> <td>3 – 4 years</td> <td style="text-align: right;">382</td> <td style="text-align: right;">535</td> </tr> <tr> <td>4 – 5 years</td> <td style="text-align: right;">451</td> <td style="text-align: right;">648</td> </tr> <tr> <td>Over 5 years</td> <td style="text-align: right;">1,058</td> <td style="text-align: right;">1,238</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">12,982</td> <td style="text-align: right;">11,390</td> </tr> </tbody> </table> <p>Other debt such as grant income due from government bodies and year-end accruals of income is considered to be 100% collectable and provision against non payment is not usually considered necessary.</p>		2007/08	2008/09		£000	£000	Less than 1 year	8,838	6,913	1 – 2 years	1,517	1,157	2 – 3 years	736	899	3 – 4 years	382	535	4 – 5 years	451	648	Over 5 years	1,058	1,238	Total	12,982	11,390	20,090	13,407
	2007/08	2008/09																												
	£000	£000																												
Less than 1 year	8,838	6,913																												
1 – 2 years	1,517	1,157																												
2 – 3 years	736	899																												
3 – 4 years	382	535																												
4 – 5 years	451	648																												
Over 5 years	1,058	1,238																												
Total	12,982	11,390																												
ADC Debenture	Redeemed during 2008/09	184	0																											
Cardiff Bus Debenture	Redeemed during 2008/09	1,000	0																											
Total		173,200	110,143																											

Liquidity Risk – further disclosures

The maturity analysis of borrowing and the amount of fixed rate debt maturing in any period are disclosed below:-

31 March 2008	Loans outstanding	31 March 2009
£000s		£000s
351,934	Public Works Loans Board	348,934
52,014	Market debt / LOBOs / Bonds	52,014
403,948	Total	400,948

NOTES TO CORE FINANCIAL STATEMENTS

10,014	Less than 1 year	7,074
60	Between 1 and 2 years	60
179	Between 2 and 5 years	119
13,302	Between 5 and 10 years	14,565
380,393	More than 10 years	379,130
403,948	Total	400,948

The total values in the above table can be reconciled to the carrying amount of all financial liabilities carried at amortised cost (note 23.6) by the addition of accrued interest of £5.438 million and short term borrowing of £1.052 million.

In respect of trade and other payables, the Council aims to make payment within 30 days as required by the Welsh Assembly Government.

Market Risk – further disclosures

The main impacts of interest rate movements are set out below:-

Variable affected by interest rate fluctuations	Impact of Variation	Actions to mitigate interest rate risk
Interest earned on variable rate investments	Interest rate rises will increase income credited to the I&E Account, while reductions may result in less income than budgeted.	<ul style="list-style-type: none"> Production and Council approval of a Treasury Management Strategy for approval at the start of each financial year.
Interest paid on variable rate borrowings	If interest rates rise, lenders may exercise options to increase rates in a Lender Option Borrower option loan potentially increasing the interest expense charged to the Income and Expenditure Account.	<ul style="list-style-type: none"> Interest rate forecasts based on advice from treasury management advisors are built into the budget and monitored regularly throughout the year.
Fair value of fixed rate financial assets	Interest rate rises will cause fair value to fall. This will not impact on the Income and expenditure account or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	<ul style="list-style-type: none"> By borrowing fixed rate, the Council aims to minimise the revenue impact of interest fluctuations to provide stability for planning purposes. Where financially beneficial, opportunities are taken to restructure borrowing to reduce the average rate paid and achieve a balanced debt portfolio.
Fair value of fixed rate financial liabilities	Fair value will increase if Interest rates rise. This will not impact on the Income and expenditure account or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	<ul style="list-style-type: none"> Diversification of investment including the placement of funds with an external fund manager

NOTES TO CORE FINANCIAL STATEMENTS

An indication of the authority's sensitivity to interest rate change is disclosed below. The table indicates the potential impact on the Income and Expenditure Account had the interest rate during 2008/09 been on average 1% higher with all other variables held constant.

	£000
Increase in interest payable on borrowings	(215)
Increase in interest receivable on variable rate investments	666
Impact on Income and Expenditure Account	451
Increase in interest transferred to other balances and accounts including HRA	(137)
Net (Income) / Expenditure	314

The impact of a 1% fall in interest rates may not have exactly the opposite effect, since financial instruments with calls may not be exercised by the lender or borrower.

Price Risk

Further details on the Council's exposure to price risk are detailed in the table below:

Exposure	Further Detail
External Fund Manager	<p>The Council's external fund manager may invest in Certificates of Deposit and Gilts which can result in gains or losses from movements in prices subject to the holding at any one point in time.</p> <p>If rises are foreseen the aim is to reduce the average duration of the fund. This would reduce any "book losses" from arising but it would not eliminate them. As a rule each 10 basis points alteration in rates will generate a (+) or (-) variation in returns equal to a multiple of 10 times the fund's duration. All book losses would evaporate if the assets were held to maturity or if interest rates subsequently fell back to the pre-hike levels.</p>
Cardiff Bus Shareholding	<p>The Council's 100% shareholding in Cardiff City Transport Services Ltd. is not quoted on a recognised exchange and thus not subject to gains or losses from market price movements. As per the SORP requirements, the shareholding is classified as 'Available for Sale', meaning that all movements in fair value will impact on gains and losses recognised in the STRGL. A general shift of 5% in the fair value (positive or negative) would result in a £1.25 million gain or loss being recognised in the STRGL. There was no change in fair value during 2008/09.</p>

NOTES TO CORE FINANCIAL STATEMENTS

24. Debtors

The broad categories are:	31 March 2008 £000	31 March 2009 £000
Government & other grants	18,653	20,431
H.M. Revenue & Customs	2,301	3,352
Car Loans/Leasing *	2,282	0
Sundry Debtors	19,790	13,407
Court Costs	1,117	1,182
HRA Rent Arrears	2,545	2,271
Housing Benefit	3,220	6,577
NDR	4,977	6,213
Council Tax	11,971	12,630
Prepayments	4,543	4,430
Other	10,356	10,442
Less Bad Debt Provisions	(17,082)	(17,266)
Total Debtors Net of Bad Debt Provisions	64,673	63,669

* With effect from 2008/09 balances outstanding on car loans have been included under deferred debtors

An analysis of the Bad Debt Provisions is shown below:

	31 March 2008 £000	31 March 2009 £000
Court Costs	1,117	1,182
HRA Rent Arrears	1,894	1,636
Housing Benefit	3,220	3,379
NDR	2,183	2,393
Council Tax	4,543	5,119
Sundry debtors	4,125	3,314
Other	0	243
Total Bad Debt Provisions	17,082	17,266

25. Cash and Bank

Cash and bank consists of two elements:

- bank balances of cheque book schools totalling £2.013 million (£2.06 million in 2007/08)
- the net balance on all of the Council's other accounts, including petty cash accounts, which form part of the formal set-off arrangement with the bank. The net cash/bank balance for 2008/09 is £10.032 million (net overdraft of £1.54 million in 2007/08)

NOTES TO CORE FINANCIAL STATEMENTS

In addition, at 31 March 2009 the Council held £0.405 million on behalf of third parties, mainly Adult Services social care clients. This amount is not included on the balance sheet as this money does not belong to the Council.

Leckwith Development Agency

The Council operates a separate bank account to administer payments in relation to the Leckwith Development. Contributions of the Council and its partners are held in this account.

26. Creditors

The broad categories are:	31 March 2008 £000	31 March 2009 £000
Deposits & Income in Advance	9,893	9,510
Extra District Education	948	742
Government & other grants	10,292	10,790
H.M. Revenue & Customs	7,595	8,043
Pay Accruals	3,891	3,443
Sundry Accruals	46,017	41,756
Teachers Pensions Agency	1,833	1,902
WAG re WWA Barrage liability	2,844	0
Agency	68	67
Total Creditors	83,381	76,253

27. Interests in companies and other organisations

The Council has interests in 3 subsidiary companies and one joint venture. The interest in Cardiff City Transport Services Ltd is consolidated into the Council's group accounts, on Pages 111 to 131. The interests in the other organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision and it is not considered that they expose the authority to a material level of commercial risk. They have therefore been excluded from the consolidation in 2008/09.

Cardiff City Transport Services Ltd. (Cardiff Bus)

Cardiff City Transport Services Limited is a private limited company with a share capital £4,618,000, which is wholly owned by Cardiff Council. The £1,000,000 debenture which the Council held was repaid by the company during 2008/09. Cardiff City Transport Services Ltd. was set up in accordance with the provisions of the Transport Act 1985 to run the Council's municipal bus operation and started operations in October 1986. The company's operating results for 2008/09 are summarised below:

	Year to 31 March 2008 £000	Year to 31 March 2009 £000
Turnover	(30,402)	(32,601)
Operating and other expenditure	28,186	31,322
Net (Profit) / Loss before Taxation	(2,216)	(1,279)

NOTES TO CORE FINANCIAL STATEMENTS

Less: Taxation	558	(546)
(Profit) / Loss after Taxation	(1,658)	(1,825)

A summary of the company's financial position is as follows:

	31 March 2008	31 March 2009
	£000	£000
Bus and other operating assets	21,765	19,407
Current Assets	10,467	11,084
Less Current Liabilities	(4,803)	(5,368)
Net Assets	27,429	25,123
Provisions & Long term liabilities	(9,347)	(7,627)
Deferred Taxation	(1,084)	(654)
Pension Liability	(7,536)	(7,075)
Total Assets less liabilities	9,462	9,767
Represented by:		
Share Capital	4,618	4,618
Profit and Loss account	8,150	8,603
FRS17 Pension Reserve	(7,536)	(7,075)
Revaluation Reserve	4,230	3,621
Net Worth	9,462	9,767

In 2008/09 the Council made payments totalling £10.781 million to Cardiff Bus (£9.282 million in 2007/08) and received income of £0.205 million which included debenture interest of £0.054 million (£0.331 million in 2007/08 which included debenture interest of £0.056 million). During 2008/09 Cardiff Bus declared and paid to the Council a dividend of £250,000 (£0 in 2007/08).

At 31 March 2009, Cardiff Bus had inter-company balances with Cardiff Council as follows: debtors £0.333 million (£0.342 million in 2007/08); creditors £0.037 million (£0.065 million in 2007/08).

For the year ended 31 March 2009 Deloitte LLP have audited the accounts and an unqualified audit opinion has been issued. A full copy of the most recently filed accounts can be obtained from Companies House, Cardiff.

Cardiff Business Technology Centre Ltd. (CBTC Ltd.)

CBTC is a company limited by guarantee, which is wholly owned by the Council. The Council's guarantee to CBTC Ltd is to pay costs not exceeding £10 in the event of the company being wound up. The company's principal activity is to promote and assist in the development of new and existing high technology companies through the provision of business/incubator premises with a high level of support services. CBTC Ltd has an unsecured loan from Cardiff Council, of which £35,621 is outstanding at 31 March 2009. The most recent operating results are shown below:

	Year to 31 March 2008	Year to 31 March 2009
	£000	£000
Net (Profit)/Loss before taxation	61	(18)
Less: Taxation	0	0
(Profit)/Loss for year after taxation	61	(18)

NOTES TO CORE FINANCIAL STATEMENTS

A summary of the company's financial position is as follows:

	31 March 2008 £000	31 March 2009 £000
Total assets less current liabilities	1,147	1,124
Creditors: falling due after more than one year	(124)	(81)
Provision for taxation	0	0
Pension Liability	(36)	(110)
Total Assets less liabilities	987	933
Represented by:		
Retained Profit	5	45
Revaluation Reserve	1,018	998
FRS17 Pension Reserve	(36)	(110)
Net Worth	987	933

The accounts for the year ended 31 March 2009 have been audited by Gerald Thomas & Co., Chartered Accountants and Registered Auditors and an unqualified audit opinion has been issued. A full copy of the accounts can be obtained from Centre Administrator, Cardiff Business Technology Centre Ltd, Senghenydd Road, Cardiff CF24 4AY.

During 2008/09 the Council received income of £24,046 (£49,000 in 2007/08) from CBTC. At 31 March 2009 CBTC owed Cardiff Council £274,000 and was owed £11,000.

Cardiff & Co.

Cardiff & Co. is a new company that was set up during 2007/08 to promote and publicise the City of Cardiff and surrounding area. It is a company limited by guarantee and is a wholly owned subsidiary of Cardiff Council. The liability of its directors, who are its members, is limited to £1 per member.

The company's most recent operating results as summarised below, are provisional:

	Period to 31 March 2008 <i>(final)</i> £000	Period to 31 March 2009 <i>(provisional)</i> £000
Net (Profit)/Loss before taxation	(29)	(178)
Taxation	0	0
(Profit)/Loss for year after taxation	(29)	(178)

A summary of the company's financial position is as follows:

	31 March 2008 <i>(final)</i> £000	31 March 2009 <i>(provisional)</i> £000
Total assets less current liabilities	31	208
Creditors falling due after more than one year	(2)	(1)
Total Assets less liabilities	29	207

NOTES TO CORE FINANCIAL STATEMENTS

Represented by:		
Retained Profit	29	207

During the year Cardiff Council made payments of £0.521 million (£0.492 million in 2007/08) to Cardiff & Co., of which £0.500 million (£0.489 million in 2007/08) was core funding, and received income of £20,235 (£128,000 in 2007/08) from the company. At 31 March 2009 the Company owed the Council £97,205 and was owed £1,959 by the Council.

The company's auditors are Grant Thornton UK LLP. To date no audit opinion has been issued in respect of the accounts for year ending 31 March 2009.

Cardiff Medicentre Joint Venture

Cardiff Medicentre was established to provide facilities for small firms in the medical and health care sector and is the result of a joint collaboration between Cardiff Council, Cardiff University, Welsh Assembly Government and the Cardiff and Vale NHS Trust. The Council owns a 44.5% share which is shown in Cardiff Council's balance sheet as an investment. The joint venture had net assets of £2.45 million at 31 March 2009.

During 2008/09 the Council received a total income of £36,550 from Medicentre (£15,000 in 2007/08). In addition, profit distribution was made in respect of the 2007/08 surplus and amounted to £40,906. At 31 March 2009 Medicentre owed the Council £38,412.

A net profit of £17,124 was made in 2008/09 which has been distributed in 2009/10 in accordance with the Joint Venture Agreement. Cardiff Council's share of the distribution was £7,620.

28. Provisions and Deferred Liabilities

	Balance 31 March 2008 £000	Utilised in year £000	Transfers to Provisions £000	Balance 31 March 2009 £000
Cardiff Insurance Provisions	9,102	(3,902)	5,161	10,361
South Glamorgan Insurance Fund	123	0	3	126
Commuted Maintenance Sums	10,029	(1,162)	1,246	10,113
Deferred Liabilities	336	(134)	0	202
Equal Pay Back Pay Provision	2,347	0	0	2,347
Capital Provision	2,640	0	0	2,640
Other Provisions	283	0	52	335
	24,860	(5,198)	6,462	26,124

The Cardiff Insurance provisions represent sums set aside to meet the cost of claims received, but not yet settled, by the Council.

The balance on the South Glamorgan Insurance Fund provision represents the current surplus in the Fund. Claims are still being processed and when the fund is eventually wound up any surplus or deficit will be split between Cardiff Council and the Vale of Glamorgan Council in their respective proportions.

NOTES TO CORE FINANCIAL STATEMENTS

The commuted maintenance sums are amounts received from developers and other organisations for the future maintenance of assets adopted by the Council and include £3.390 million received from the former CBDC.

Deferred liabilities include £0.077 million in respect of the notional charges made to the revenue account on 2 operating leases which were subject to initial rent free periods in 2004/05 and 2005/06 and which have been accounted for in accordance with SSAP 21.

The Equal Pay Back Pay provision represents an estimate of the possible cost of the Council's future liability in respect of unsettled equal pay claims.

The capital provision represents monies set aside from capital resources for remediation works that environmental surveys have identified as being required on 41 properties in the St Donats Road area, Leckwith. This work, which includes replacement walls and other environmental enhancements, is included in the Council's Capital Programme with work expected to begin in 2009/10 and completed in 2010/11.

29. Government Grants and Contributions – Deferred Account

Where grants or contributions are received to pay for fixed assets, they are held on the Balance Sheet and released to the Income and Expenditure Account at the same rate as depreciation on those assets.

	2007/08 £000	2008/09 £000
Balance as at 31 March b/f	135,020	153,283
Prior year adjustment	0	6
Grants and contributions applied in the year to fixed assets	27,469	40,068
Released on disposal and impairment of assets	(309)	(24)
Amortisation to Income and Expenditure Account	(8,897)	(10,060)
Balance as at 31 March c/f	153,283	183,273

30. Developers' Contributions and Other Capital Balances Unapplied

This represents the sums received from developers, in the main, and from other external sources, which are to be used to fund capital expenditure. Schemes to be funded are specific and very often time limited. The movements are as follows:

	2007/08 £000	2008/09 £000
Balance as at 31 March b/f	16,861	21,249
Contributions received during the year	8,365	3,298
Contributions applied to expenditure during the year	(3,859)	(7,642)
Reclassification / Return of balances	(118)	(190)
Balance as at 31 March c/f	21,249	16,715

NOTES TO CORE FINANCIAL STATEMENTS

31. Summary of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	Balance 1 April 2008 <i>restated</i> £000	Gains/ (losses) in the year £000	Net amounts transferred to other reserves £000	Balance 31 March 2009 £000
Capital Adjustment Account	1,894,594	(160)	(485,553)	1,408,881
Financial Instruments Adjustment Account	(4,762)		342	(4,420)
Revaluation Reserve	2,500	114,893	(6,629)	110,764
Available for Sale Reserve	26,024	(24)	(1,000)	25,000
Usable Capital Receipts	22,372		(18,605)	3,767
Deferred Capital Receipts	424		(139)	285
Pensions Reserve	(317,250)	(154,010)	(6,730)	(477,990)
Council Fund Balance	10,038	(517,071)	518,348	11,315
HRA Balance	5,335		(404)	4,931
Council Fund Earmarked Reserves	33,262		632	33,894
HRA Earmarked Reserves	2,131		(262)	1,869
Equal Pay Back Pay Reserve	(2,347)		0	(2,347)
	1,672,321	(556,372)	0	1,115,949

31.1 Revaluation Reserve

The Revaluation Reserve represents the difference between the historic cost of assets and the current valuation as at 31 March 2009.

	2007/08 £000	2008/09 £000
Balance as at 31 March b/f	0	2,500
Movements during year:		
Revaluations	39,761	114,893
Revalued assets disposed of	(37,261)	(5,315)
Historic Cost Adjustment	0	(1,314)
Balance as at 31 March c/f	2,500	110,764

NOTES TO CORE FINANCIAL STATEMENTS

31.2 Capital Adjustment Account

The Capital Adjustment Account contains amounts set aside as provision to repay external loans, along with the amount of capital expenditure financed from revenue and usable capital receipts. It also contains the difference between the depreciation charge and the annual amount charged to revenue to repay loans and the release of deferred government grants at the same rate as depreciation and disposal of relevant assets.

	2007/08	2008/09	
	£000	£000	£000
Balance as at 31 March b/f	1,960,168		1,894,594
Prior year adjustment			(8)
Capital Financing			
- Capital Receipts	32,309	26,776	
- Direct Revenue Financing	2,564	7,397	
- Use of Reserves	2,866	3,090	
- Insurance Settlement & Other	211	111	
	37,950		37,374
Capital Receipts set aside as provision for repayment of external loans	2,170	0	
Release of Deferred Government Grant on disposals and impairment	309	24	
Depreciation, amortisation & impairment charged to Income & Expenditure a/c	(87,917)	(524,570)	
Prudent Revenue Provision	12,793	14,358	
Neutralise amortisation of Government Grants and contributions	8,897	10,060	
Historic cost of assets disposed of	(13,207)	(1,727)	
Historic cost adjustment	0	1,314	
Neutralise REFCUS made to Income & Expenditure a/c	(26,569)	(22,538)	
	(103,524)		(523,079)
Balance as at 31 March c/f	1,894,594		1,408,881

NOTES TO CORE FINANCIAL STATEMENTS

31.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account contains entries required by legislation to ensure that the impact on Council Tax, resulting from accounting for various Financial Instruments in accordance with the SORP, is neutralised.

	2007/08 £000	2008/09 £000
Balance as at 31 March b/f	5,111	4,762
Amortisation to Council Fund Balance	(349)	(342)
Balance as at 31 March c/f	4,762	4,420

31.4 Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the capital receipts available to finance existing capital commitments and future capital expenditure, after setting aside any voluntary amounts as provision to repay external loans. The movements are as follows:

	2007/08	2008/09	
	£000	£000	£000
Balance as at 31 March b/f	11,222		22,372
Received during the year from:-			
Sale of Land and Buildings	41,749	6,784	
Sale of Council Dwellings	2,680	1,072	
Private Mortgage Repayments	25	8	
Recoupments of grant	90	151	
	44,544		8,015
Interest on Earmarked Receipts	1,110	164	
			164
Applied during the year to:-			
Pay for Capital Expenditure	(32,309)	(26,776)	
Provide for Repayment of External Loans	(2,170)	0	
	(34,479)		(26,776)
Additional set aside from Private Mortgage Repayments	(25)		(8)
Balance as at 31 March c/f	22,372		3,767

NOTES TO CORE FINANCIAL STATEMENTS

31.5 Earmarked Reserves

Movements on the earmarked reserves during the year were as follows:

	Balance 31 March 2008 £000	Contributions From Revenue £000	To Revenue £000	Balance 31 March 2009 £000
SCHOOLS BALANCES				
Schools Balances inc. Nursery schools	7,077	4,168	(4,448)	6,797
Nursery Schools – General Reserve	55	0	0	55
Cathays HS – Maint. of Playing Field	3	0	0	3
Primary/Special DSU Repairs Reserve	201	505	(556)	150
	7,336	4,673	(5,004)	7,005
SCHOOLS RESERVES				
Cardiff Achievement Project	228	0	(131)	97
ICT Schools Practice Account	134	73	(80)	127
Schools Formula Funding Reserve	367	0	(60)	307
Music Service Reserve	49	0	0	49
Out-of-schools Clubs	16	0	(16)	0
Schools Cleaning DSU	167	0	0	167
Schools Organisational Plan	2,668	3,025	(1,171)	4,522
S.E.N. Unit	102	0	0	102
Special Schools Support	52	0	0	52
	3,783	3,098	(1,458)	5,423
OTHER EARMARKED RESERVES				
Approved Grants – Rev. Assistance to Industry	14	0	(7)	7
Asylum Seeker Leased Properties	1,031	0	(484)	547
Baycar Reserve	308	0	0	308
Bute Park Match Funding Reserve	141	10	(18)	133
C2C Refurbishment Reserve	100	0	(21)	79
Cardiff Dogs' Home Legacy	61	0	(27)	34
Cardiff Insurance Reserve	6,040	0	(1,022)	5,018
Cardiff Museum Project Reserve	12	0	(12)	0
Care First Reserve	315	193	0	508
Central Market Minor Works Reserve	1	0	0	1
City Hall Functions Reserve	20	0	0	20
Cleaner Cardiff Reserve	96	7	0	103
Comino Project Reserve	28	0	(28)	0
Corporate Initiatives Reserve	1,656	353	(611)	1,398
Corporate Director Pension/VSS Reserve	124	0	(60)	64
Creative Industries Reserve	5	0	(5)	0
Crematorium & Cemetery Improvement Reserve	715	205	(402)	518
Design & Construction Contracts Manager Reserve	47	0	(47)	0
Design & Construction ICT Reserve	100	0	(38)	62

NOTES TO CORE FINANCIAL STATEMENTS

	Balance	Contributions		Balance
	31 March 2008 £000	From Revenue £000	To Revenue £000	31 March 2009 £000
Design & Construction Vehicle Reserve	64	0	0	64
DSU Reserve	481	369	(550)	300
Energy Conservation	136	39	0	175
Extracare Reserve	120	0	0	120
Flatholm Reserve	34	0	(3)	31
Fraud Detection Reserve	193	0	0	193
Freedom of Information Act	10	0	0	10
Friary Projects Reserves	3	0	0	3
Grants Database Reserve	17	0	0	17
Grant Management IT Costs	56	0	0	56
Highways DSU Remedial Reserve	39	0	0	39
Highways Vehicle Renewal	113	25	0	138
House Mortgage Reserve	68	3	(8)	63
Housing Benefit Reserve	0	1,769	0	1,769
Hub Manager Salary Reserve	69	0	(20)	49
ICT Holding A/C Reserve	135	0	0	135
Job Preparation Project Reserve	35	0	(35)	0
Legal Case Management System	36	0	(31)	5
Licensed Premises Supervisors	72	0	0	72
Lifelong Learning Funding Reserve	802	0	(139)	663
Litchfield Court Refurbishment	0	250	0	250
Local Plan Reserve	268	0	(141)	127
Local Service Board Initiative Reserve	40	0	0	40
Major Projects Reserve	53	0	(6)	47
Mansion House Repairs	63	0	0	63
Members Computer Hardware	43	0	(25)	18
MRP Reserve	542	0	(42)	500
Multi Media Reserve	12	0	0	12
Municipal Election Reserve	392	0	(392)	0
Members Development	46	0	0	46
Parking Reserve	638	1,510	(374)	1,774
Parks DSU Vehicle & Plant Renewal	59	176	(157)	78
PDD Bessemer Improvements	209	102	(78)	233
PDD – Impact on Design Reserve	80	0	(14)	66
POD Initiatives Reserve	112	169	0	281
Procurement Initiatives Reserve	140	74	(12)	202
Building Control Fee Reserve	215	0	(164)	51
Scrutiny Development & Training	40	0	0	40
Scrutiny Reserve	31	0	0	31
Section 117 Mental Health Act	210	0	(111)	99
South Wales Fire Service Reserve	1,939	0	0	1,939
Specialist Advice incl. Project Gwyrdd	394	0	0	394

NOTES TO CORE FINANCIAL STATEMENTS

	Balance 31 March 2008 £000	Contributions From Revenue £000	To Revenue £000	Balance 31 March 2009 £000
Supporting Business Development Reserve	50	0	0	50
Supporting Business Reserve	1,175	492	(539)	1,128
Telephone Switchboard Reserve	560	26	(551)	35
Transformational Change Reserve	1,000	357	(334)	1,023
Valuers Reserve	221	0	(52)	169
Vehicle Reserve – Bereavement Services	34	0	0	34
Waste Management Recycling Reserve	255	0	(255)	0
Welsh Purchasing Consortium (Cardiff share)	0	9	0	9
Workshops Asset Maintenance	25	0	0	25
	22,143	6,138	(6,815)	21,466
HRA RESERVES				
Leased Houses	927	0	(262)	665
HRA / Housing IT Reserve	1,129	0	0	1,129
HRA Tree Maintenance Reserve	25	0	0	25
HRA Vacants Clearance Team Depot	50	0	0	50
	2,131	0	(262)	1,869
TOTAL EARMARKED RESERVES	35,393	13,909	(13,539)	35,763

Details are given below of the Council's main earmarked reserves:

The Schools Balances comprise two elements. Under Local Management of Schools regulations, schools are able to carry forward surpluses and deficits. These are committed to be spent on schools and are not available to the Council for general use. As at 31 March 2009 schools' own balances, including the balances of nursery schools, amounted to £6,796,920 (£7,076,490 in 2007/08). In addition, the Council has established reserves to allow for contingencies affecting schools.

The Schools Organisational Plan Reserve has been set up to fund the capital charges resulting from investment in the Schools Organisation Plan.

The Corporate Initiatives Reserve has been set up to take advantage of various opportunities that will positively impact on the economic prosperity of Cardiff and its standing as a capital city.

The Cardiff Insurance Reserve has been set up to protect the Council from potential future liabilities based on current insurance policies.

The Housing Benefit Reserve will be used to fund home working and landlord liaison schemes and the training of new Benefits and Customer Services Assistants through to 2012/13. It will also be used to fund software development and office accommodation refurbishment costs.

NOTES TO CORE FINANCIAL STATEMENTS

The Parking Reserve represents surpluses on street parking charges which are re-invested in parking, public transport and road traffic schemes.

South Wales Fire Service Reserve –the anticipated reimbursement in respect of the South Wales Fire Service (SWFS) levy is being held in an earmarked reserve pending confirmation from the Fire Authority of its intentions regarding this sum.

The Supporting Business Reserve is to be used to assist in the planned funding of the Supporting Business Project.

The Transformational Change Reserve has been set up to support the process of strategic transformational change arising from the outcomes of the Fundamental Operational Review and the Council's Stakeholder Consultation Process.

The Housing IT Reserve has been created to cover exceptional IT purchases including software.

32. Contingent Assets & Liabilities

Assets

In accordance with the Section 165 Agreement and the Deed of Variation signed in March 2007 in respect of the functions transferred from the former CBDC, any savings on the fixed costs revenue budgets accrue to the Council. These savings along with any income generated are to be added to the Enhancement Fund (previously known as the 'Savings Budget') which is held by WAG to the credit of the Council. At the end of 2008/09, the Enhancement Fund amounted to an estimated £4.7 million. This is considered to be a contingent asset because future use of the funds is dependant upon WAG approval of projects submitted by the Council.

Liabilities

As at 31 March 2009 there existed six claims against the Council for which there is no insurance cover. The claims are in respect of, inter alia, unfair dismissal, racial and disability discrimination and breach of contract. One claim has already been heard and dismissed and is currently being appealed by the claimant. The maximum liability in respect of five of the claims is estimated to be £719,290. There is no reliable estimate currently available in respect of the sixth claim. The Council is resisting liability in all cases.

Other outstanding issues, which could affect the Council are:

The former authorities of South Glamorgan County Council and Cardiff City Council are creditors of Municipal Mutual Insurance (MMI) Ltd and are legally bound by the Scheme of Arrangement. MMI ceased taking new business on 30 September 1992. The scheme allows new claims to be made against MMI and outstanding claims with MMI to be settled. It is currently anticipated that MMI's financial position will allow for all claims to be settled however if this is not the case the Council will become liable to repay to MMI all payments of claims under the Scheme, less £50,000 per authority, plus any further outstanding claims. As at 31 March 2009 this liability amounted to £2.62 million for the former South Glamorgan County Council and £0.103 million for the former Cardiff City Council. No provision has been made in the Balance Sheet for these amounts.

The Council has worked in partnership with the Wales European Funding Office concerning European Commission monies that have been paid to the Council in respect of certain grant funded projects. This matter is currently being dealt with at a

NOTES TO CORE FINANCIAL STATEMENTS

member state level and is part of a wider audit review of the management of the 1997-1999 Industrial South Wales ERDF Programme. An estimate of the potential maximum liability for the Council and partner organizations involved with the programme is £2.4 million. However, it is unclear at this stage how this matter will be resolved and the extent of Council liability, if any. The Council has worked closely with the Wales European Funding Office to assist with national representations on this issue.

In 1993 the former South Glamorgan County Council and the then Secretary of State for Wales (now WAG) entered into an agreement which required the Council to pay for the costs of widening the M4 motorway which only became necessary due to the construction of junction 30. This could result in funding of circa £1 million -£3 million being claimed by WAG, subject to negotiations between WAG and the authority.

During 2007/08 the Council made payments in relation to equal pay claims and, in addition, has made a provision to cover claims that remain unsettled. A number of claims have been lodged with solicitors and the authority is unable to fully establish and quantify any possible additional liability.

33. Notes to Cash Flow Statement

33.1 Reconciliation of Deficit on Income & Expenditure Account to Net Cash Flow

	2007/08 £000	2008/09 £000
(Surplus)/Deficit for the year on I&E account	92,896	517,071
Non-cash transactions		
Depreciation and impairment	(87,917)	(524,570)
Asset transfer	(6,134)	0
Amortisation of deferred grants & contributions	8,898	10,060
Charges made for retirement benefits (FRS17)	(43,370)	(42,750)
Add back cash item		
Employer's contributions to pension fund	34,720	36,020
Items on an accruals basis		
Increase/(decrease) in stock	63	116
Increase/(decrease) in debtors	3,306	(2,248)
(Increase)/decrease in creditors	(74)	6,521
Contributions (to)/from provisions	1,130	(1,264)
Items included in another classification		
REFCUS financed by borrowing	(26,569)	(22,538)
Net gain/(loss) on sale of fixed assets	0	760
Net gain/(loss) on sale of investments	0	30
Interest paid	(21,895)	(22,129)
Interest and dividends received	7,824	9,603
Net Cash Flow from Revenue Activities	(37,122)	(35,318)

NOTES TO CORE FINANCIAL STATEMENTS

33.2 (Increase)/ Decrease in Cash

	Balance 31 March 2008 £000	Balance 31 March 2009 £000	Movement in year £000
Cash at bank and in hand	520	12,045	(11,525)

33.3 Net Increase/ (Decrease) in Liquid Resources

	31 March 2008 £000	March 2009 £000	Movement in year £000
Short term deposits & other liquid resources	115,668	60,528	(55,140)

33.4 Other Government Grants:

	2007/08 £000	2008/09 £000
Revenue Grants		
Education & Lifelong Learning Grants	31,769	39,761
Social Services Grants	17,969	19,136
Council Tax Benefit Subsidy	21,077	20,795
Grant for Harbour Authority	9,216	10,083
Improvement Agreement Grant	3,124	3,142
Deprivation Grant	1,511	1,511
Concessionary Fares	8,764	9,617
Local Authority Business Growth Incentive Grant	1,366	0
Supporting People	10,096	10,096
Other Specific Grants	7,478	15,685
	112,370	129,826
Capital Grants		
Welsh Assembly Grants	26,900	35,525
UK Government Department	125	147
European Community Structural Funds	711	1,022
Sponsored / Non Departmental Public Bodies	491	466
Lottery	303	1,115
Industry	0	18
	28,530	38,293

34 Post Balance Sheet Events

There were no material post balance sheet events.

35 Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on 24 September 2009 by Christine Salter, City and County Treasurer. Post Balance Sheet events have been considered up to this date.

**HOUSING REVENUE ACCOUNT: INCOME & EXPENDITURE
ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009**

2007/08 £000		Note	2008/09 £000
	Income		
(44,747)	Dwelling rents	2	(46,896)
(85)	Non-dwelling rents		(71)
(5,017)	Charges for services and facilities		(5,740)
(845)	Credits in respect of deferred grants & contributions		(760)
0	Credits in respect of REFCUS		(1,190)
(50,694)	Total Income		(54,657)
	Expenditure		
27,225	Management and maintenance		28,212
2,147	Rents, rates, taxes and other charges		2,157
13,097	Housing Revenue Account subsidy payable		13,585
468	Provision for bad and doubtful debts		484
33,794	Depreciation and impairment of fixed assets	10	16,950
1,242	Revenue expenditure funded from capital under statute (REFCUS)	12	1,210
50	Debt management costs		40
0	Exceptional item	11	366,237
78,023	Total Expenditure		428,875
27,329	Net Cost of HRA Services as included in the whole authority Income & Expenditure Account		374,218
53	HRA Services share of Corporate & Democratic Core		57
27,382	Net Cost of HRA Services		374,275
	HRA share of the operating Income & Expenditure included in the whole authority Income & Expenditure Account		
0	(Gain)/loss on sale of HRA assets		507
4,381	Interest payable		4,225
2	Amortisation of premiums and discounts		2
(780)	HRA investment income	4	(505)
30,985	(Surplus)/Deficit for year on HRA services		378,504

STATEMENT OF MOVEMENT ON HRA BALANCE

STATEMENT OF MOVEMENT ON HRA BALANCE

2007/08 £000		note	2008/09 £000
30,985	(Surplus)/Deficit for the year on the HRA Income & Expenditure Account		378,504
(31,302)	Net additional amount required by statute to be debited or credited to the HRA balance for the year, as detailed below	1	(378,100)
(317)	(Increase)/Decrease in HRA balance for the year		404
(5,018)	HRA Balance brought forward		(5,335)
(5,335)	HRA Balance carried forward		(4,931)

1. NOTE TO THE STATEMENT OF MOVEMENT ON HRA BALANCE

2007/08 £000		2008/09 £000
	Amounts in the HRA Income & Expenditure Account but excluded from movement on HRA Balance for the year:	
(33,794)	Depreciation and impairment of fixed assets	(383,187)
845	Government Grants deferred amortisation matching depreciation and impairments	760
(1,242)	Revenue expenditure funded from capital under statute and financed from capital resources	(20)
0	Net gain/(loss) on sale of fixed assets	(507)
(1,569)	Net charges for retirement benefits in accordance with FRS17	(852)
(35,760)		(383,806)
	Amounts not included in the HRA Income and Expenditure Account but included in the movement on the HRA Balance for the year:	
1,601	HRA prudent provision for repayment of external loans (MRP)	1,552
1,936	Capital expenditure funded by the HRA	3,149
1,921	Employers contributions to the Pension Fund and benefits paid direct to pensioners	1,371
(891)	Net transfer to /(from) HRA earmarked reserves	(263)
(109)	Transfer from Usable Capital Receipts Reserve	(103)
4,458		5,706
(31,302)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the HRA Balance for the year	(378,100)

NOTES TO THE HOUSING REVENUE ACCOUNT

2. **Rental Income**

This is the total rent income due for the year after allowance is made for voids etc. Vacancies accounted for 2.23% of rental income (2.4% in 2007/08). Average rents were £66.24 per week (£64.47 in 2007/08) based on a 52 week year.

3. **Rent Arrears and Bad Debt Provision**

	As at 31 March 2008		As at 31 March 2009	
	Rent arrears £000	Bad debt provision £000	Rent arrears £000	Bad debt provision £000
HRA properties	1,963	1,314	2,008	1,374
Leasehold properties	390	388	155	154
Hostels	192	192	108	108
Total	2,545	1,894	2,271	1,636

In addition the following sums were also due from tenants:

	As at 31 March 2008		As at 31 March 2009	
	Arrears £000	Bad debt provision £000	Arrears £000	Bad debt provision £000
Service Charges	87	39	102	46
Tenants recoverables	145	145	190	190
Total	232	184	292	236

During 2008/09 a number of old debts (former tenants' rents) totalling £690,513 were written off as irrecoverable (£744,520 in 2007/08).

4. **Investment Income**

The figure for HRA investment income includes mortgage interest and interest earned on notional cash balances.

5. **Pension Costs**

In accordance with FRS17 the amount included within Management and Maintenance in respect of employee costs includes the current service cost for pensions. In order that the bottom line pension cost borne by the HRA equals the total employer's contributions paid to the Pension Fund in the year plus any discretionary benefits payable to ex-housing staff, a transfer has been made to the Pensions Reserve as follows:

	2007/08 £000	2008/09 £000
Cost of employer's contributions plus discretionary benefits	1,921	1,371
Current service cost	(1,569)	(852)
Net transfer to Pensions Reserve	352	519

No attempt has been made to apportion a share of the pensions interest cost and expected return on pensions assets to the HRA as there is no valid basis of apportionment.

6. **Mortgages on Sold Council Houses**

Mortgage arrears amounted to £49,036 (£56,556 in 2007/08) and prepayments were £90,104 (£117,443 in 2007/08).

NOTES TO THE HOUSING REVENUE ACCOUNT

7. Housing Stock

The Council's housing stock is shown below:

	31 March 2008	31 March 2009
Houses	7,336	7,322
Bungalows	622	623
Flats/Bedsits	5,184	5,171
Maisonettes	297	288
Retirement complexes	363	358
Total	13,802	13,762

The Council also had:

	31 March 2008	31 March 2009
Bed spaces in hostels	24	24
Flats in hostels	23	23
Leased properties	220	170
Total	267	217

8. Capital Expenditure and Financing

Expenditure as per Financial Statements	2007/08 £000	2008/09 £000
Opening Capital Financing Requirement	80,028	77,600
Expenditure on Fixed Assets	18,181	16,873
Expenditure on REFCUS	1,242	1,210
Sources of Finance:		
Grants and Contributions *	(9,598)	(11,547)
Revenue and Reserves	(1,936)	(3,149)
Capital Receipts	(6,636)	(2,792)
Prudent revenue and capital provision for loan repayment	(3,681)	(1,552)
Closing Capital Financing Requirement	77,600	76,643

* £9.5 million (£9.4 million in 2007/08) of Major Repairs Allowance was received and applied in the year.

9. Capital Receipts

Proceeds from the disposal of HRA Assets during 2008/09 were as follows:

- Council Dwellings, Repayment of Discount & Home Purchase Contributions £1.072 million (£2.68 million in 2007/08)
- Land £0.694 million (£0.896 million in 2007/08)

10. Depreciation and Impairment charged

Depreciation and impairment was charged on HRA assets as follows:

	2007/08 £000	2008/09 £000
Council dwellings	33,676	16,462
Land and buildings	93	464
Vehicles, plant & equipment	25	24
Sub-total	33,794	16,950

NOTES TO THE HOUSING REVENUE ACCOUNT

Exceptional item -additional impairment to Council dwellings	0	366,237
Total depreciation and impairment	32,085	383,187

11 **Exceptional Item**

The significant amount of impairment in relation to Council Dwellings relates to the use of an alternative valuation technique, which is Existing Use Value - Social Housing. This does not have any impact on the amount required to be collected from rents as all such adjustments to fixed assets are required to be neutralised from capital reserves.

12. **Revenue Expenditure Funded from Capital under Statute**

Revenue expenditure funded from capital under statute totalling £1.210 million was charged to the Housing Revenue Account in 2008/09 (this compares to deferred charges of £1.242 million which were charged in 2007/08).

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

Foreword

Cardiff Council is the administering authority for the Cardiff & Vale of Glamorgan Pension Fund which is itself part of the national Local Government Pension Scheme (LGPS). The fall in equity markets during 2008/09 has reduced total Fund assets from £907 million to £760 million at the end of the year. The decline in gilt yields (i.e. interest rates) has also increased the value of the Fund's liabilities. This double impact on the Fund has not led to any changes in the contributions paid by employers as the next actuarial valuation is not until 31 March 2010.

The Pension Fund's investment strategy remains focussed on the long-term nature of its pension obligations, some of which may not need to be paid for 50 years. Equities remain a core long-term investment for both dividend income and capital growth over such periods despite the markets falls in 2008. However, the diverse range of other assets held by the Fund, such as government bonds, mean that it was not exposed to the full impact of equity market falls in 2008.

The LGPS has been undergoing continuous change this decade but the economic events of 2008 mean that the benefit structure which was successfully implemented on 1 April 2008 will not be the last change. Central government are preparing details of how the rising cost of the scheme will be shared between employers and employees. This cost-sharing mechanism will be reflected in the contributions that will be calculated as part of the 2010 valuation. Other changes to the scheme may also be required to ensure that the pension scheme remains affordable.

Christine Salter
City & County Treasurer

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

Actuarial Statement

Cardiff and Vale of Glamorgan Pension Fund

Statement of the Actuary for the year ended 31 March 2009

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Cardiff and Vale of Glamorgan Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2007, in accordance with Regulation 77(1) of the Local Government Pension Scheme Regulations 1997.

Actuarial Position

1. Rates of contributions paid by the participating Employers during 2008/09 were based on the actuarial valuation carried out as at 31 March 2007.
2. The valuation as at 31 March 2007 showed that the funding ratio of the Fund had improved since the previous valuation with the market value of the Fund's assets at that date (of £903.4m) covering 71% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable remuneration. The main reasons for the improvement in the funding ratio since 31 March 2004 were higher than expected investment returns on the Fund's assets and additional employer contributions paid to reduce the deficit revealed at the 2004 valuation. These were partially offset by the impact of changes in the actuarial assumptions used, including changes to reflect higher price inflation expectations and longevity improvements, and the removal of a smoothing adjustment to the asset value used at the previous valuation.
3. The valuation also showed that the required level of contributions to be paid to the Fund by participating Employers (in aggregate) with effect from 1 April 2008 was as set out below:
 - 15.5% of pensionable pay to meet the liabilities arising in respect of service after the valuation date.

Plus

- 8.6% of pensionable pay to restore the assets to 100% of the liabilities in respect of service prior to the valuation date, over a recovery period of 22 years from 1 April 2008.

Less

- 2.7% of pensionable pay in respect of assumed additional investment returns over the period to 1 April 2011.

These figures are based on the Regulations in force, or enacted by Parliament and due to come into force, at the time of signing the valuation report and, in particular, allowed for the following changes to the Fund benefits since the previous valuation:

- The Rule of 85 retirement provisions were reinstated, and subsequently removed again. Transitional protections for some categories of member were extended to widen their coverage.
 - Changes were made consistent with the Finance Act 2004.
 - A new scheme has been put in place which came into effect as at 1 April 2008. All existing members transferred to the new scheme as at that date.
4. The majority of Employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority.

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

The rates of contributions payable by each participating Employer over the period 1 April 2008 to 31 March 2011 are set out in a certificate dated 27 March 2008 which is appended to our report of the same date on the actuarial valuation.

If the assumptions are borne out in practice, the rate of contribution for each employer would increase as at 1 April 2011 due to the cessation of the allowance for assumed additional short term investment returns. It would then continue at the resultant level for the balance of the recovery period used for that employer, before reverting to the relevant long term rate. In practice contribution rates will be reviewed at the next actuarial valuation which is due to be carried out as at 31 March 2010.

5. For the majority of employers, the contribution rates were calculated using the projected unit actuarial method and the rates for all employers take account of the Fund's funding strategy as described in the Funding Strategy Statement.
6. The main actuarial assumptions were as follows:

Discount rate for periods

In service

Scheduled Bodies: 6.2% a year

Admitted Bodies: 6.2% a year

Left service

Scheduled Bodies: 6.2% a year

Admitted Bodies: 5.2% a year

Short term investment returns until 1 April 2011

Equity/property assets 7.2% a year

Other investments 5.2% a year

Rate of general pay increases 4.7% a year

Rate of increases to pensions in payment 3.2% a year

Valuation of assets market value.

7. This statement has been prepared by the Actuary to the Fund, Hewitt Associates Limited (previously Hewitt Bacon & Woodrow Limited), for inclusion in the accounts of City and County of Cardiff. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2007. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This statement must not be considered without reference to the formal valuation report which details fully the context and limitations of the actuarial valuation.

Hewitt Associates Limited does not accept any responsibility or liability to any party other than our client, City and County of Cardiff, in respect of this statement.

Hewitt Associates Limited

9 June 2009

**CARDIFF AND VALE OF GLAMORGAN
PENSION FUND ACCOUNTS**

FUND ACCOUNT FOR YEAR ENDED 31 MARCH 2009

2007/08 £000		2008/09	
		£000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable		
47,787	from employers (Note 5)	49,224	
13,726	from employees (Note 5)	15,403	
4,526	Transfers in	4,348	
2,978	Deficit Funding	753	
2,223	Other Income (Capitalised Payments)	2,370	
71,240			72,098
	Benefits Payable		
(34,890)	Pensions (Note 6)	(37,075)	
(8,345)	Lump Sums (Note 6)	(8,952)	
	Payments to and on account of leavers		
(100)	Refunds of contributions	(40)	
(4,366)	Transfers out	(4,398)	
(1,202)	Admin. & other expenses (Note 8)	(799)	
(48,903)			(51,264)
22,337	Net Additions/(Withdrawals) from dealings with Members of the Fund		20,834
	RETURNS ON INVESTMENT		
12,969	Investment Income (Note 9)	15,806	
(25,521)	Change in market value of investments (Note 10)	(181,200)	
(2,501)	Investment management expenses (Note 8)	(2,651)	
(15,053)	Net Returns on Investments		(168,045)
7,284	Net Increase/(Decrease) in the Fund during Year		(147,211)
899,548	Opening Net Assets of the Scheme		906,832
906,832	Closing Net Assets of the Scheme		759,621

Deficit funding is now disclosed separately – previously included in contributions receivable from employers. There is no overall change in the figures.

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

31 March 2008 £000	NET ASSETS STATEMENT	31 March 2009	
		£000	£000
858,327	Investments at market value (Note 10)	739,027	757,008
47,396	Cash & investment proceeds due (Note 10)	17,981	
905,723	Current assets		
302	UK & Overseas Tax	313	
1,840	Contributions due from Employers	2,357	
158	Investment Income accrued due	1,081	
6	Sundry Debtors (Note 12)	422	
2,306	Less		4,173
	Current liabilities		
(674)	Unpaid Benefits	(591)	
(523)	Sundry Creditors (Note 12)	(969)	
(1,197)			(1,560)
906,832	Net Assets of the Scheme		759,621

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the Administering Authority, They do not take account of obligations to pay pensions and benefits which fall due after the year end.

NOTES TO THE ACCOUNTS

1. The accounts summarise the transactions and net assets of the Pension Fund, and comply in all material respects with the Statement of Recommended Practice, "Financial Reports of Pension Schemes", and the 2008 Local Authority SORP which also refers to pension funds. The accounts do not take account of future liabilities to pay pensions and other benefits. The actuarial position, which does take account of such liabilities, is summarised in the Actuarial Statement which is included in the annual report. This shows that the overall funding level as at 31 March 2007 is 71%.

2. Accounting Policies

(a) Basis of Preparation

Bond and dividend income has been taken into account on the contractual payment date. Property and private equity income is credited on receipt. As required by the SORP, the Fund does not account for any benefits payable or receivable in respect of members wishing to transfer from one scheme to another until assets (either cash investments or other form) have been received by the receiving scheme. All other income and expenditure has been accounted for on an accruals basis, except the liability to pay pensions and other benefits in the future.

(b) Valuation of Investments

Quoted bond and equity investments are valued at bid market value at close of business on the last working day in March 2009. (Market value is the price at which an investment can be sold at a given date.) Private Equity Fund

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

investments are valued at fair value, as determined by the administrators of the Fund, based on valuations provided by the general partners of the underlying investments. Where this is a publicly traded investment the valuation is based upon the closing market prices at the balance sheet date of the Fund. If the investment is not publicly traded, the general partner will consider the operational results of the company or any recent transactions in the company. If the company's year end does not coincide with the Pension Fund's year end, the valuation is updated with regard to the calls and distributions made between the Equity Fund's audited account date and the Pension Fund's year end. Pooled vehicles are normally valued at mid prices. Overseas investments have been converted at WM/Reuters closing spot rates of exchange. Official SETS prices have been used for FTSE100 securities (plus the reserve list).

(c) **Acquisition costs of Investments**

Acquisition costs are included with the original book cost at the time of purchase. At the year end, however, investments on the balance sheet are valued at market value. The difference is recorded in the Accounts as "Change in Market Value of Investments".

3. Taxation

(a) **UK Income, Capital Gains Taxes.**

The Fund is an exempt approved fund able to recover UK income tax. No Capital Gains Tax is chargeable.

(b) **Value Added Tax.**

The accounts are shown exclusive of VAT. As the County Council is the administering authority, VAT is recoverable on all Fund activities.

(c) **Overseas Withholding Tax.**

Foreign investment income usually suffers withholding tax in the country of origin, some of which may be recoverable. Irrecoverable tax is netted off against income.

4. Titles of Ownership

Evidences of ownership for the property unit trusts, private equity holdings and the F&C Stewardship Fund are held at County Hall. All other evidences of ownership were held at 31 March 2009 by The Northern Trust Co in the account of the Council. Statements of holdings have been provided by Northern Trust.

5. Employing Bodies - Contributions

EMPLOYER	No of Contributors at 31.3.09	Contribution Rates (% of pensionable pay)	Employees £	Employers £	Total £
SCHEME					
Barry College	155	17.9	140	403	543
Barry Town Council	18	22.2	26	93	119
Cardiff City Transport	92	12.0*	122	260	382
Cardiff Council	9,033	20.9	9,733	31,707	41,440
Coleg Glan Hafren	158	17.9	165	469	634
Cowbridge Town Council	4	22.2	12	35	47
Dinas Powys Comm. Council	2	18.1	4	13	17

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

EMPLOYER	No of Contrib- utors at 31.3.09	Contribution Rates (% of pensionable pay)	Employees £	Employers £	Total £
Llantwit Major Town Council	2	22.2	2	7	9
Penarth Town Council	10	22.2	3	9	12
Public Services Ombudsman for Wales	4	21.0	12	43	55
Radyr & Morganstown Community Council	1	18.1	1	2	3
St Cyres Comp GM	37	18.6	32	95	127
St David's Sixth Form Coll	22	18.6	28	83	111
Stanwell Comp GM	52	18.6	34	107	141
Univ of Wales Inst, Cardiff	614	17.9	953	2,596	3,549
Vale of Glamorgan Council	2,881	21.5	3,082	10,257	13,339
Sub-total	13,085		14,349	46,179	60,528
NON-SCHEME EMPLOYERS					
Cardiff & Co	4	15.0	10	22	32
Cardiff Business Technology	6	19.8	6	18	24
Cardiff Gypsy & Traveller Project	1	19.3	1	3	4
Cardiff Institute for Blind	10	24.6	12	36	48
Cardiff University	100	30.6	135	657	792
Career Wales (Cardiff & Vale)	144	14.3	215	470	685
Children in Wales	23	19.3	32	95	127
Citizens Advice Bureau (Cardiff)	8	13.9	10	21	31
Civic Trust For Wales	1	19.3	2	7	9
Design Commission for Wales	5	13.9	2	6	8
Dimensions (UK)	2	20.1	13	22	35
Fforwm	8	15.2	2	5	7
Glamorgan Holiday Hotel	1	24.6	20	43	63
Housing for Wales	2	22.1*	4	13	17
One Voice Wales	1	13.2	32	113	145
Opportunity Housing Trust	8	19.3	1	3	4
Play Wales	11	15.2	19	50	69
Race Equality First	1	24.6	21	48	69
Royal National Eisteddfod	9	24.5	2	8	10
Sports Council for Wales	159	20.1	333	987	1320
Wales & West Housing Assoc	1	24.6	8	27	35
Welsh Council for Voluntary Action	88	15.1	143	324	467
Workers Education Assoc	21	14.2	31	67	98
Sub-total	614		1,054	3,045	4,099
Total	13,699		15,403	49,224	64,627

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

*In addition to this rate, Cardiff Bus are required to pay an additional £681,000 and Housing for Wales an additional £271,600 in each year.
Additional payments of £280,000 and £11,850 were also made by Careers Wales and CBAT.

6. Employing Bodies - Benefits Paid

EMPLOYERS	Retirement Pensions £	Lump Sums on Retirement £	Death Grants £	Commutation Payments £
SCHEME:				
Barry College	173	108	58	0
Barry Town Council	54	15	0	0
Cardiff City Transport	1,653	108	21	0
Cardiff Council	23,908	4,675	348	3
Coleg Glan Hafren	125	151	50	0
Cowbridge Town Council	4	0	0	0
Dinas Powys Town Council	0	13	0	0
Llantwit Major Town Council	13	3	0	0
Mary Immaculate High School	12	0	0	0
Penarth Town Council	35	67	0	0
Probation Service	213	5	0	0
Public Services Ombudsman for Wales	131	0	0	0
Royal Welsh College of Music & Drama	47	0	0	0
S Wales Magistrates Courts	100	389	0	0
St Cyres Comprehensive GM	19	(9)	4	0
St David's Sixth Form Coll	38	0	0	0
Stanwell Comprehensive GM	13	16	0	0
Univ of Wales Inst, Cardiff	544	210	0	0
Vale of Glamorgan Council	7,393	1,752	103	4
Sub-total	34,475	7,503	584	7
NON-SCHEME EMPLOYERS:				
Cardiff Bay Devt Corp	387	22	0	0
Cardiff Business Technology	1	7	0	0
Citizens Advice Bureau (Cardiff)	1	0	0	0
Cardiff Gypsy Sites	1	0	0	0
Cardiff Institute for Blind	68	3	0	0
Cardiff University	810	165	0	0
Catholic Children's Soc	1	0	0	0
Careers Service	86	117	62	0
Children in Wales	10	2	0	0
Citizens Advice Bureau (Vale)	1	0	0	0

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

EMPLOYERS	Retirement Pensions £	Lump Sums on Retirement £	Death Grants £	Commutation Payments £
Civic Trust for Wales	3	0	0	0
Fforwm	1	0	0	0
Glam & Gwent Hsg Assoc	49	0	0	0
Glamorgan Holiday Hotel	51	0	0	0
Housing for Wales	94	0	0	0
Intervol	16	90	0	0
Land Authority for Wales	248	0	0	0
Opportunity Housing Trust	17	0	0	0
Play Wales	10	0	0	0
Royal National Eisteddfod	20	20	0	0
S E Wales Com Trust	6	0	0	0
Sports Council for Wales	504	220	58	0
STAR	9	0	0	0
Wales & West Housing Assoc.	124	0	0	0
Wales Youth Agency	47	0	0	0
Welsh Council for Voluntary Action	30	71	0	0
Workers Education Authority	5	21	0	0
Sub-total	2,600	738	120	0
TOTAL	37,075	8,241	704	7

7. Membership of the Fund

Fund membership at 31 March 2009 is as follows:

	2008	2009
Contributing Employers	<u>39</u>	39
Contributors	13,221	13,699
Pensioners	8,189	8,387
Deferred Pensioners	7,450	8,231
Total Membership	28,860	30,317

8. Investment and Administration Expenses

Investment Management and Administration Expenses fully charged to the Fund are:

	2007/08 £000	2008/09 £000
Management Fees	(2,370)	(2,515)
Custody Fees	(131)	(136)
	(2,501)	(2,651)
Support Service Charges	(172)	(186)
Other Administration Expenses	(1,030)	(613)
	(1,202)	(799)

Investment fees have increased slightly with the addition of two new managers.

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

9. Investment Income

	2007/08 £000	2008/09 £000
UK Fixed Interest Securities	3,641	5,991
Overseas Fixed Interest Securities	1,769	2,560
UK Equities & Private Equity Funds	2,621	2,870
Overseas Equities (net of irrecoverable tax)	1,648	1,660
Property Unit Trust Income	1,510	1,460
Interest on UK cash	1,780	1,265
	12,969	15,806

10. Investments at Market Value

	31 March 2008		31 March 2009	
	£000	£000	£000	£000
UK Fixed Interest:				
Public Sector	38,647		58,439	
Other (pooled)	66,808		48,142	
		105,455		106,581
Overseas Fixed Interest				
Public Sector (Pooled)	48,235		0	
Other	11,107		47,504	
		59,342		47,504
UK Quoted Equities & Convertibles		46,677		36,353
Foreign Quoted Equities		67,205		55,092
UK Property Unit Trusts		50,759		34,748
Private Equity		48,302		59,926
Pooled Funds				
UK	320,288		278,253	
Overseas	160,299		120,570	
		480,587		398,823
		858,327		739,027
Cash:				
UK	46,956		12,006	
Overseas	539		9,177	
	47,495		21,183	
Net investment proceeds due	(99)		(3,202)	
		47,396		17,981
		905,723		757,008

The managing companies of all the Managed Funds are UK registered. Private Equity Funds are not quoted on recognised stock exchanges and may not be realisable as readily as quoted investments. Private Equity valuations are based on December 2008 accounts, adjusted for drawdowns and distributions since this date. Other than pooled funds, no single investment accounted for more than 5% of the Fund's assets.

**CARDIFF AND VALE OF GLAMORGAN
PENSION FUND ACCOUNTS**

	Value at 31/3/08 £000	Purchase at Cost £000	Sale Proceeds £000	Change in Mkt Value £000	Value at 31/3/09 £000
Fixed Interest Securities	164,797	75,575	(89,972)	3,685	154,085
Equities	113,882	44,754	(41,576)	(25,615)	91,445
Pooled Funds	480,587	50,494	0	(132,258)	398,823
Property unit trusts	50,759	0	0	(16,011)	34,748
Private equity	48,302	12,603	(2,322)	1,343	59,926
Sub-total	858,327	183,426	(133,870)	(168,856)	739,027
Cash and investment proceeds due:					
Debtors	1,800				5,959
Creditors	(1,899)				(9,161)
Managers Cash	41,329			(12,344)	14,136
Internal Cash	6,166				7,047
Total	905,723			(181,200)	757,008

Changes in the SORP state that investments should now be quoted at bid value rather than mid value. As the effect on the valuation as at 31st March 2009 is immaterial, the corresponding amounts as at 31st March 2008 have not been restated.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year amounted to £279k. In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

11. Summary of Managers' Portfolio Values at 31 March 2009

	£000	% of Fund
Aberdeen Asset Management	152,535	20.1
Barclays Global Investors	96,185	12.7
F & C	5,398	0.7
Goldman Sachs	20,365	2.7
Invesco Perpetual	36,623	4.8
J P Morgan	30,754	4.1
Jupiter	6,945	0.9
Majedie	37,453	4.9
Mesirow	19,379	2.6
Nikko	26,978	3.6
Schroder Investment Managers	30,194	4.0
State Street Global Advisers	183,216	24.2
Property Unit Trusts	34,748	4.6
Private Equity Managers	59,926	7.9
Internally Managed (Cash)	16,309	2.2
	757,008	100.0

CARDIFF AND VALE OF GLAMORGAN PENSION FUND ACCOUNTS

12. Sundry Debtors & Creditors

	2007/08 £000	2008/09 £000
Debtors		
Pensions Administration	6	77
Miscellaneous	0	345
	6	422
Creditors		
Management & Custody Fees	(521)	(410)
Miscellaneous	(2)	(559)
	(523)	(969)

13. Additional Voluntary Contributions

Scheme members may elect to make additional voluntary contributions to enhance their pension benefits. Contributions are made directly from scheme members to the AVC provider and are therefore not represented in these accounts.

The amount of AVC contributions paid during the year amounted to £491k (£459k in 2007/08) and the market value of separately invested AVCs as at 31/03/2009 was £2.615m (£2.505 million at 31/03/2008).

14. Commitments

At 31 March 2009 the Fund had outstanding private equity commitments of a maximum of £75.98 million (£52.02 million at 31 March 2008).

15. Contingent Liabilities

The Fund has no contingent liabilities.

16. Related Party Transactions

The relationship between the Council and the Pension Fund is by its very nature close, therefore each participating employer is considered a related party as shown in notes 5 and 6.

Other related party transactions with Cardiff Council are:

- Cash invested internally by Cardiff Council (for working capital purposes) as shown in note 10.
- Administration expenses charged to the Fund by the Council as shown in note 8.

Details of Members and officers of the Council represented on the Investment Advisory Panel are shown on page 3 of the Pension Fund Annual Report. None of the Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

17. Post Balance Sheet Events

There are no post balance sheet events to report.

A full version of the Cardiff & Vale of Glamorgan Pension Fund Annual Report may be obtained from:

Christine Salter
City and County Treasurer

THE GROUP ACCOUNTS

INTRODUCTION

The group accounts that follow comply with the requirement of the 2008 SORP that a Local Authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Cardiff Council and its subsidiary Cardiff City Transport Services Ltd (Cardiff Bus).

The Council has interests in two other subsidiaries: Cardiff Business Technology Centre (CBTC) and Cardiff & Co., and in Cardiff Medicentre Joint Venture. The interests in these organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision and it is not considered that they expose the authority to a material level of commercial risk. Therefore they have been excluded from the consolidation in 2008/09. Details of the Council's interests in these organisations are included in note 27 to the Core Financial Statements.

ACCOUNTING POLICIES APPLICABLE TO THE GROUP ACCOUNTS

Basis of Consolidation

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and Cardiff City Transport Services Ltd. Inter-group transactions and balances between the Council and its subsidiary have been eliminated in full.

Accounting policies

The financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies on pages 30 to 37 with the following additions and exceptions:

1. **Retirement Benefits**

Cardiff City Transport Services Ltd. operates two defined benefit funded pension schemes which it accounts for in accordance with FRS17. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Accounting policies consistent with those of the Council have been adopted although the financial assumptions used may differ. Both these schemes are now closed to new members.

The company also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

2. **Value Added Tax**

VAT paid by other group entities is accounted for in the Group Income and Expenditure Account to the extent that it is irrecoverable from HM Revenue and Customs.

3. **Goodwill**

The Council's interest in its subsidiary dates back to its inception and therefore there is no goodwill to be accounted for.

4. **Charges to Income and Expenditure for Fixed Assets**

A charge is made from the revaluation reserve of the subsidiary company to the group income and expenditure reserve for the difference between depreciation charged on the current value of fixed assets held by the subsidiary and what would have been the historical cost depreciation for the year.

THE GROUP ACCOUNTS

5. **Derivatives Financial Instruments**

Cardiff Bus is exposed to price risk arising from fluctuations in oil prices and the company enters into energy hedges to fix the price of fuel. In the opinion of the Board of Directors there is no material exposure to price risk.

THE GROUP ACCOUNTS

THE GROUP INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 MARCH 2009

2007/08 Net Expenditure <i>Restated</i> £000		Note	Expenditure £000	Income £000	2008/09 Net Expenditure £000
5,512	Central Services		39,485	(34,371)	5,114
96,002	Cultural, Environmental, Regulatory & Planning Services (CER&P)		199,700	(55,800)	143,900
240,947	Children's & Education Services		374,438	(74,516)	299,922
35,084	Highways & Transport Services (H&T)		91,916	(51,958)	39,958
27,329	Local Authority Housing		428,876	(54,658)	374,218
10,367	Other Housing Services		129,109	(120,512)	8,597
79,040	Adult Social Services		120,142	(39,254)	80,888
10,203	Corporate & Democratic Core		10,921	(549)	10,372
9,538	Non Distributed Costs		1,700	0	1,700
17,693	Exceptional item		0	(5,641)	(5,641)
531,715	Net Cost of Services		1,396,287	(437,259)	959,028
(24)	(Gain)/loss on disposal of fixed assets				(771)
0	(Gain)/Loss on sale of investments				(30)
193	Community Council Precepts				200
13,985	Levies & Contributions				15,892
21,993	Interest Payable & similar charges				22,498
(9,751)	Interest & Investment Income				(9,661)
6,650	FRS17 Interest Cost/Return on Assets	5			19,567
558	Taxation of group entities				(546)
565,319	Net Expenditure				1,006,177
(288,697)	General Government Grants				(293,990)
(77,339)	Non-Domestic Rates				(84,030)
(107,925)	Precept				(112,661)
91,358	(Surplus) / Deficit for the Year				515,496

THE GROUP ACCOUNTS

RECONCILIATION OF THE SINGLE ENTITY (SURPLUS)/DEFICIT FOR THE YEAR TO THE GROUP (SURPLUS)/DEFICIT

2007/08 <i>Restated</i> £000		2008/09 £000
93,016	(Surplus)/deficit on the authority's single entity Income & Expenditure Account for the year	517,071
	Less: Dividend from subsidiary included in the single entity Income & Expenditure Account	250
(1,658)	Add: (Surplus)/deficit arising from other entities included in the group accounts: Subsidiaries	(1,825)
91,358	Group Accounts (surplus)/deficit for the year	515,496

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2007/08 <i>Restated</i> £000		2008/09 £000
91,358	Net (surplus)/deficit for year	515,496
(40,429)	(Surplus)/deficit on revaluation of fixed assets	(114,452)
(24)	(Surplus)/deficit on revaluation of available-for-sale assets	0
(26,227)	Actuarial (gains)/losses on pensions assets and liabilities	154,839
5,111	De-recognition of premiums/discounts at 1 April 2007	0
0	Other (gains)/losses recognised in the STRGL	184
29,789	Total recognised (gains)/losses for the year	556,067

THE GROUP ACCOUNTS

GROUP BALANCE SHEET AS AT 31 MARCH 2009

31 March 2008 <i>Restated</i> £000		Note	31 March 2009	
			£000	£000
	Fixed Assets	7		
	Intangible Assets:			
70	Purchased Software Licences		118	
	Tangible Assets			
	Operational Assets:			
1,091,615	Council Dwellings		725,291	
748,321	Other Land and Buildings		806,242	
25,706	Vehicles, Plant, Furniture & Equipment		21,950	
348,790	Infrastructure		343,889	
33,186	Community Assets		35,623	
211,291	Non-Operational Assets		187,151	
2,458,979	Total Fixed Assets			2,120,264
	Long-term Investments	8	32,446	
30,762	Deferred Debtors		3,817	
1,817				36,263
32,579				
	Current Assets:			
	Stocks		3,080	
2,939	Debtors	9	64,357	
66,084	Investments	10	70,870	
125,656	Cash and Bank		14,029	
3,969				152,336
198,648				
	Current Liabilities:			
(87,777)	Creditors	11	(81,251)	
(11,211)	Loans due within one year		(8,255)	
(1,540)	Bank Overdraft		0	
(100,528)				(89,506)
2,589,678	Total Assets less Current Liabilities			2,219,357
	Long Term Borrowing			(399,183)
(399,286)	Government Grants – Deferred Account			(183,273)
(153,283)	Provisions and Deferred Liabilities	12		(29,486)
(28,856)	Obligations under Finance Leases			(4,919)
(5,435)	Contributions/Capital Balances Unapplied			(16,715)
(21,249)	Net Pensions Liability			(485,065)
(324,786)				
1,656,783	Total Assets less Liabilities			1,100,716

THE GROUP ACCOUNTS

31 March 2008 <i>Restated</i> £000		Note	31 March 2009	
			£000	£000
	Financed by:	13		
1,894,594	Capital Adjustment Account		1,408,881	
(4,762)	Financial Instruments Adjustment Account		(4,420)	
2,500	Revaluation Reserve		110,764	
4,230	Revaluation Reserve of subsidiaries		3,621	
5,642	Available-for-Sale Reserve		4,618	
22,372	Usable Capital Receipts Reserve		3,767	
424	Deferred Capital Receipts		285	
(324,786)	Pensions Reserves		(485,065)	
10,038	Council Fund Balance		11,315	
5,335	Housing Revenue Account Balance		4,931	
8,150	Group Income & Expenditure Reserve in respect of subsidiaries		8,603	
35,393	Earmarked Reserves		35,763	
(2,347)	Equal Pay Back Pay Reserve		(2,347)	
1,656,783	Total Net Worth			1,100,716

Change of accounting policy in 2008/09:

Under the amendment to FRS17, Retirement Benefits the Council introduced a change in accounting policy in 2008/09 in respect of the valuation of pension scheme assets. As a result the pensions liability and pensions reserve balances as at 31 March 2008 have been restated.

THE GROUP ACCOUNTS

GROUP CASH FLOW STATEMENT

2007/08 £000		2008/09 £000	
		£000	£000
(41,782)	Net Cash (Inflow)/Outflow from Revenue Activities		(40,349)
	Returns on Investments and Servicing of Finance		
	<i>Cash outflows</i>		
21,895	Interest paid	22,144	
209	Interest element of finance lease rental payments	355	
	<i>Cash inflows</i>		
(8,135)	Interest received	(10,187)	
0	Dividends received from investments	0	
13,969			12,312
380	Taxation		1,000
	Capital Expenditure and Financial Investment		
	<i>Cash outflows</i>		
87,470	Purchase of fixed assets	82,898	
31,564	REFCUS	31,530	
4,000	Purchase of long term investments	0	
123,034	<i>Cash inflows</i>		114,428
(60,234)	Sale of fixed assets & Investments	(7,829)	
(28,530)	Capital grants received	(38,293)	
(9,974)	Other capital cash receipts	(3,468)	
(98,738)			(49,590)
(3,137)	Net cash (inflow)/outflow before financing		37,801
	Management of Liquid resources		
20,570	Net increase/(decrease) in short term deposits and other liquid resources	(53,863)	
	Financing		(53,863)
	<i>Cash outflows</i>		
81,191	Repayments of amounts borrowed	10,000	
	<i>Cash inflows</i>		
(96,687)	New loans raised	(6,868)	
	<i>Finance leases</i>		
3,204	Net capital cost of finance leases	1,330	
(12,292)			4,462
5,141	Net (increase)/decrease in cash		(11,600)

THE GROUP ACCOUNTS

NOTES TO THE GROUP ACCOUNTS

The notes to the Council's Core Financial Statements as set out on pages 45 to 92 apply also to the Group Accounts with the following additions and exceptions:

1. Remuneration

(a) The number of employees of the Council and its subsidiary whose remuneration is over £60,000 per annum is disclosed below.

Remuneration Band £000	Number of Employees	
	2007/08	2008/09
200 - 210	0	1
160 - 200	0	0
150 -160	1	0
140 -150	0	0
130 -140	0	0
120 -130	0	3
110 -120	4	0
100 -110	0	2
90 -100	3	6
80 - 90	18	18
70 - 80	6	8
60 - 70	42	70

A more detailed analysis in respect of Cardiff Council employees is contained in note 14a to the single entity financial statements.

(b) The disclosure for Members allowances is the same as for the single entity accounts.

2. Related Parties Disclosures

Related party transactions and balances of the group are as contained in note 16 to the single entity financial statements with the following addition:

PTI Cymru

During the year Cardiff City Transport Services received £8,228 (£12,439 in 2007/08) from PTI CYMRU Ltd. for the rent of a call centre in Cardiff and in turn was charged £18,851 (£26,585 in 2007/08) in respect of calls handled. At 31 March 2009 there was a net balance of £1,392 (£1,155 in 2007/08) owed by Cardiff City Transport Services Ltd. to PTI Cymru Ltd.

THE GROUP ACCOUNTS

3. External Audit Costs

In 2008/09 the following fees were paid by the Council and its subsidiary in respect of audit and inspection:

	2007/08 £000	2008/09 £000
Fees payable to the external auditor in respect of audit services carried out by the appointed auditor	447	463
Fees payable to the external auditor in respect of statutory inspection	65	67
Fees payable to the external auditor for the certification of grant claims and returns	110	122
Fees payable in respect of other services provided by the appointed auditor	12	9

4. Leasing

4.1 Operating Leases

Operating leases exist in respect of properties, vehicles and other items of equipment. Payments made during 2008/09 were as follows:

	2007/08 £000	2008/09 £000
Property Leases	2,650	2,679
Other Leases	2,940	2,611

The group was committed at 31 March 2009 to making payments of £4.173 million under operating leases in 2009/10 comprising the following elements:

	Property Leases £000	Other Leases £000
Leases expiring in 2009/10	18	245
Leases expiring between 2010/11 and 2013/14	962	1,623
Leases expiring after 2013/14	1,325	0

4.2 Finance Leases

Finance leases exist in respect of vehicles and equipment. The aggregate finance charges made during 08/09 were as follows:

	2007/08 £000	2008/09 £000
Vehicles, Plant & Equipment	209	355

THE GROUP ACCOUNTS

Details of assets held under finance leases are as follows:

	Vehicles, Plant & Equipment £000
Value at 1 April 2008	8,765
Additions	981
Disposals	(360)
Gross Book Value	9,386
Accumulated Depreciation (less release on disposals)	(714)
Value at 31 March 2009	8,672

Obligations under finance leases:

	Total £000
Obligations payable in 2009/10	1,334
Obligations payable between 2010/11 and 2013/14	4,764
Obligations payable after 2013/14	155

5. Pensions

The following sums were charged to the Group Income and Expenditure Account in the year in respect of pensions:

	2007/08 £000	2008/09 £000
<i>Net Cost of Services</i>		
Current Service Cost	29,214	22,925
Past Service Costs	8,930	1,730
<i>Net Operating Expenditure</i>		
Interest Cost	50,572	61,463
Expected Return on Scheme Assets	(44,042)	(41,896)
Net charge to group Income & Expenditure Account	44,674	44,222
Appropriation to/(from) Pension Reserve to Council Fund Balance	(8,650)	(6,730)
Appropriation to/(from) Pension Reserves to Profit & Loss Accounts of subsidiaries	571	601
Net charge to Council Fund Balance and Profit & Loss Accounts of Subsidiaries in respect of Pensions	36,595	38,093

Represented by:		
<i>Employers Contributions charged to Council Tax:</i>		
Employers Contributions Payable to the Scheme	31,950	32,650
Payments in Respect of Unfunded Pensions Liabilities	2,770	3,370
<i>Employers Superannuation Contributions Made by Subsidiaries to Defined Benefit Schemes in the Year</i>	1,875	2,073

THE GROUP ACCOUNTS

5.1 Pensions Assets and Liabilities

Statutory pensions' disclosures in respect of the pensions' arrangements of Cardiff City Transport Services Ltd. are as follows:

The company operates its own pension scheme, the Cardiff City Transport Services Limited Pension Scheme, as well as contributing to the Cardiff and Vale of Glamorgan Pension Fund on behalf of employees who were formerly employed by the Cardiff City Council Transport Department. Both schemes provide benefits based on final pensionable pay and the assets of the schemes are held separately from those of the company. Company contributions are determined by a qualified actuary on the basis of triennial valuations. Since 1 August 2001, the Cardiff City Transport Services Limited Pension Scheme has been closed to new members and a money purchase scheme has been introduced.

Cardiff City Transport Services Limited Pension Scheme

The most recent actuarial valuation of the Cardiff City Transport Services Limited Pension Scheme, as required under section 224(2) (a) of the Pensions Act 2004, was carried out as at 1 April 2006. For the purpose of the valuation of the defined benefit section, it was assumed that the investment return on assets prior to pension liabilities coming into payment will be 1.8% per annum higher than the rate of future annual wage and salary growth and 3.8% per annum higher than the rate of future price inflation. The investment return for pension liabilities once in payment was assumed to be 2.8% higher than the rate of future price inflation.

The valuation showed that the total market value of the scheme's assets, net of members' AVCs, was £16.1m and that this value represented 89% of the value of the benefits that had accrued to members at the valuation date, after allowing for expected future increases in earnings and pensions.

The basic rate of company contributions required to meet the cost of benefits accruing at the valuation date, without allowance for any recovery of deficit, was found to be 14.9% of members' pensionable pay. Employee contributions were payable in addition. For the majority of defined benefit section members, contributions were required at the rate of 5% of pensionable pay (a small number contribute at the lower rate of 4 %.)

Company and employee contributions for members of the defined contribution section are payable in accordance with the scheme rules.

An approximate actuarial valuation was carried out on the Cardiff City Transport Services Limited Pension Scheme as at 31 March 2007 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 March 2007	31 March 2008	31 March 2009
Rate of increase in salaries	4.2% per annum	4.7% per annum	3.9% per annum
Discount rate	5.3% per annum	6.3% per annum	6.6% per annum
Inflation assumption	3.0% per annum	3.5% per annum	2.7% per annum
Pension increases	3.0% per annum	3.3% per annum	2.7% per annum

The assets in the fund and expected rates of return were:

THE GROUP ACCOUNTS

	2006/07		2007/08		2008/09	
	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000
Equities	7.7% pa	14,975	7.7% pa	14,715	8.0% pa	11,702
Bonds	4.7% pa	2,126	5.7% pa	2,424	6.0% pa	2,744
Cash	5.6% pa	131	5.0% pa	100	4.0% pa	73
		17,232		17,239		14,519

The net pension liability measured under FRS17 comprised the following:

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
Total market value of assets	17,232	17,239	14,519
Present value of scheme liabilities	(20,826)	(19,965)	(17,646)
Net FRS17 Scheme Deficit	(3,594)	(2,726)	(3,127)

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
Analysis of amount charged to operating profit			
Current service cost and total operating charge	(979)	894	(775)

Analysis of amount credited to other financial income			
Expected return on pension scheme assets	1,089	1,292	1,306
Interest on pension scheme liabilities	(975)	(1,122)	(1,273)
Net Return	114	170	33

THE GROUP ACCOUNTS

Analysis of amount recognised in statement of total recognised gains and losses

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
Actual return less expected return on pension assets	404	(2,155)	(4,838)
Experience gains and losses arising on the scheme liabilities	70	40	0
Changes in financial assumptions underlying the scheme liabilities	360	2,622	4,076
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	834	507	(762)

Movements in scheme deficit during the year

At 1 April b/f	(4,602)	(3,594)	(2,726)
Movement in year:			
Total operating charge	(979)	(894)	(775)
Contributions	1,039	1,085	1,103
Net return	114	170	33
Actuarial gain/(loss) in statement of total recognised gains and losses	834	507	(762)
At 31 March c/f	(3,594)	(2,726)	(3,127)

Cardiff and Vale of Glamorgan Pension Fund

Cardiff Bus also participates in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary.

The latest complete minimum funding requirement valuation of the Cardiff and Vale of Glamorgan Pension Fund was made at 31 March 2007.

The result of this valuation revealed that the company's required contributions to this scheme in respect of its employees who are members will be 12% of pensionable pay from 1 April 2008 continuing for 2009/10. In addition to this rate, Cardiff City Transport Services Limited is required to pay £681,200 per annum.

The most recent valuation was carried out as at 31 March 2007, and has been updated by independent actuaries to the Cardiff and Vale of Glamorgan Pension Fund (the Fund) to take account of the requirements of FRS17 in order to assess the liabilities of the Fund as at 31 March 2009. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The Company's contribution rate over the accounting period was 355% of members' contributions. The contribution rates certified for Cardiff Bus at the 31 March 2007 valuation are as follows:

April 2005 to March 2006	305% of members' contributions
April 2006 to March 2007	330% of members' contributions
April 2007 to March 2008	355% of members' contributions
April 2008 to March 2009	355% of members' contributions

These figures include the past service element of the contribution rate.

THE GROUP ACCOUNTS

The Scheme is now closed to the company's employees and the company's condition of continued participation is to pay contributions as required.

The main assumptions used for the purposes of FRS17 are as follows:

	At 31 March 2007	At 31 March 2008	At 31 March 2009
Rate of increase in salaries	4.7% pa	5.2% pa	3.9% pa
Discount rate	5.3% pa	6.8% pa	6.6% pa
Rate of increase in pensions in payment	3.2% pa	3.7% pa	2.7% pa
Rate of increase in deferred pensions	3.2% pa	3.7% pa	2.7% pa
Rate of inflation	3.2% pa	3.7% pa	2.7% pa

The assets in the fund and expected rates of return were:

	2006/07		2007/08		2008/09	
	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000
Equities	7.7% pa	15,118	7.6% pa	12,762	7.0% pa	10,167
Bonds	4.7% pa	3,137	4.6% pa	878	4.0% pa	1,120
Property	6.7% pa	860	6.6% pa	1,012	6.0% pa	741
Other assets	5.6% pa	305	6.0% pa	3,308	1.6% pa	3,102
		19,420		17,960		15,130

The net pension liability measured under FRS 17 comprised the following:

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
Total market value share of assets	19,420	17,960	15,130
Present value of scheme liabilities	(24,440)	(22,770)	(21,830)
Net FRS 17 Scheme Deficit	(5,020)	(4,810)	(6,700)

Analysis of amount charged to operating profit:

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
Current service cost	580	(500)	(450)
Past service cost	0	(180)	(30)
Total Operating Charge	580	(680)	(480)

THE GROUP ACCOUNTS

Analysis of amount credited to other financial income:

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
Expected return on pension scheme assets	1,210	1,390	1,290
Interest on pension scheme liabilities	(1,140)	(1,290)	(1,540)
Net Return	70	100	(250)

Analysis of amount recognised in statement of total recognised gains and losses:

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
Actual return less expected return on pension assets	320	(2,840)	(4,300)
Experience gains and losses arising on the scheme assets/(liabilities)	(60)	-	0
Changes in financial assumptions underlying the scheme (liabilities)/assets	(50)	2,900	2,170
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	210	60	(2,130)

Movements in scheme deficit during the year:

	At 31 March 2007 £000	At 31 March 2008 £000	At 31 March 2009 £000
At 1 April	(5,540)	(5,020)	(4,810)
Movement in year:			
Total operating charge	(580)	(680)	(480)
Contributions	820	790	970
Net return	70	100	(250)
Actuarial (loss)/gain in statement of total recognised gains and losses	210	60	(2,130)
Adjustment in respect of revaluing assets at bid value	-	(60)	-
At 31 March	(5,020)	(4,810)	(6,700)

The disclosures in note 5 have been taken directly from the 2008/09 financial statements of Cardiff City Transport Services Ltd.

6. **Debenture Loan**

During 2008/09 Cardiff Bus repaid to Cardiff Council, in full, the £1 million debenture loan.

THE GROUP ACCOUNTS

7. Fixed Assets

ASSETS	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Community Assets £000
Gross Book Value at 31 March 2008	1,154,983	779,883	50,048	446,818	33,246
Additions	16,923	22,218	2,431	15,646	2,049
Impairment	(431,274)	(75,403)			
Disposals	(632)	(142)	(458)		
Reclassifications	85	12,263			390
Revaluations		92,861			
Gross Book Value at 31 March 2009	740,085	831,680	52,021	462,464	35,685
DEPRECIATION & AMORTISATION					
Balance at 31 March 2008	63,368	31,562	24,342	98,028	60
Depreciation & Amortisation	14,794	13,369	6,187	20,547	2
Released on Impairment	(63,368)	(5,758)			
Released on Disposal			(458)		
Written back to I&E		(441)			
Reclassification		234			
Released on Revaluation		(13,528)			
Balance at 31 March 2009	14,794	25,438	30,071	118,575	62
NET BOOK VALUE at 31 March 2009	725,291	806,242	21,950	343,889	35,623
NET BOOK VALUE at 31 March 2008	1,091,615	748,321	25,706	348,790	33,186

THE GROUP ACCOUNTS

ASSETS	Investment Properties £000	Surplus Assets held for disposal £000	Assets Under Construction £000	Intangibles £000	TOTAL £000
Gross Book Value at 31 March 2008	81,912	101,655	27,958	182	2,676,685
Additions	2,197		20,758	104	82,326
Impairment	(6,664)	(28,626)	(162)		(542,129)
Disposals	(3,501)	(2,608)			(7,341)
Reclassifications	6,495	78	(20,403)		(1,092)
Revaluations	3,738	4,324			100,923
Gross Book Value at 31 March 2009	84,177	74,823	28,151	286	2,309,372
DEPRECIATION & AMORTISATION					
Balance at 31 March 2008	0	0	234	112	217,706
Depreciation & Amortisation				56	54,955
Released on Impairment					(69,126)
Released on Disposal					(458)
Written back to I&E					(441)
Reclassification			(234)		0
Released on Revaluation					(13,528)
Balance at 31 March 2009	0	0	0	168	189,108
NET BOOK VALUE at 31 March 2009	84,177	74,823	28,151	118	2,120,264
NET BOOK VALUE at 31 March 2008	81,912	101,655	27,724	70	2,458,979

THE GROUP ACCOUNTS

8. Financial Instruments

In addition to the financial instrument disclosures in the single entity accounts it should be noted:

8.1 Consolidation Adjustment

On consolidation, the Council's shareholding in Cardiff Bus ceases to be a financial instrument, as the consolidated balance sheet includes the net assets of the subsidiary and their corresponding net worth. The increase to fair value is eliminated in the consolidation process.

8.2 Derivative Financial Instruments

Cardiff Bus enters into energy hedges to fix the price of fuel. At 31 March 2009 the company was contracted to buy the following:

- 4,600 metric tonnes of fuel at £604.50 per tonne from April 2009 to February 2011
- 2,200 metric tonnes of fuel at £551.25 per tonne from April 2009 to February 2010
- 2,400 metric tonnes of fuel at £561.50 per tonne from March 2010 to February 2011
- 2,400 metric tonnes of fuel at £527.50 per tonne from March 2011 to August 2011

As at 31 March 2009, the fair value is considered to be a liability of £2,058,584.

(At 31 March 2008 the company was contracted to purchase 4,199 metric tonnes of fuel at £321 per tonne up to February 2009. At 31 March 2008, the fair value was considered to be an asset of £758,895.)

The company does not hold derivatives for speculative purposes.

9. Debtors

The Broad Categories are:	31 March 2008 £000	31 March 2009 £000
Government & Other Grants	18,653	20,431
H.M. Revenue & Customs	2,479	3,472
Car Loans/Leasing *	2,282	0
Sundry Debtors	20,693	13,757
Court Costs	1,117	1,182
HRA Rent Arrears	2,545	2,271
Housing Benefit	3,220	6,577
NDR	4,977	6,213
Council Tax	11,971	12,630
Prepayments	4,684	4,565
Other	10,557	10,534
Less Bad Debt Provisions	(17,094)	(17,275)
	66,084	64,357

* With effect from 2008/09, balances outstanding on Council car loans have been included under deferred debtors

THE GROUP ACCOUNTS

An analysis of the Bad Debt Provisions is shown below:

	31 March 2008 £000	31 March 2009 £000
Court Costs	1,117	1,182
HRA Rent Arrears	1,894	1,636
Housing Benefit	3,220	3,379
NDR	2,183	2,393
Council Tax	4,543	5,119
Sundry debtors	4,137	3,323
Other	0	243
	17,094	17,275

10. Investments

This figure represents cash temporarily available for investment at balance sheet date and includes £2.792 million (£3.015 million in 2007/08) which Cardiff City Transport Services Ltd. holds in an escrow account against future insured liabilities.

11. Creditors

The Broad Categories are:	31 March 2008 £000	31 March 2009 £000
Deposits & Income in Advance	9,995	9,928
Extra District Education	948	742
Government & Other Grants	10,292	10,790
H.M. Revenue & Customs	7,595	9,106
Pay Accruals	4,606	3,713
Sundry Accruals	49,596	45,003
Teachers Pensions Agency	1,833	1,902
WAG re WWA Barrage liability	2,844	0
Agency	68	67
	87,777	81,251

THE GROUP ACCOUNTS

12. Provisions and Deferred Liabilities

	Balance 31 March 2008 £000	Transfers from Provisions in 2008/09 £000	Transfers to Provisions in 2008/09 £000	Balance 31 March 2009 £000
Cardiff Insurance Provision	9,102	(3,902)	5,161	10,361
South Glamorgan Insurance Fund	123	0	3	126
Cardiff Bus Insurance Provision	2,912	(1,693)	1,489	2,708
Commuted Maintenance Sums	10,029	(1,162)	1,246	10,113
Deferred Liability	336	(134)	0	202
Deferred Taxation	1,084	(430)	0	654
Equal Pay Back Pay Provision	2,347	0	0	2,347
Capital Provision	2,640	0	0	2,640
Other Provisions	283	0	52	335
	28,856	(7,321)	7,951	29,486

13. Group Statement of Total Movements on Reserves

	Balance at 1 April 2008 <i>Restated</i> £000	Gains / (Losses) for Year £000	Dividend Paid	Transfers Between Reserves £000	Balance at 31 March 2009 £000
Capital Adjustment Account	1,894,594	(160)		(485,553)	1,408,881
Financial Instruments Adjustment Account	(4,762)			342	(4,420)
Revaluation Reserve	2,500	114,893		(6,629)	110,764
Revaluation Reserves of subsidiary	4,230	(441)		(168)	3,621
Available-for sale reserve	5,642	(24)		(1000)	4,618
Usable Capital Receipts	22,372			(18,605)	3,767
Deferred Capital Receipts	424			(139)	285
Pension Reserve	(324,786)	(154,839)		(5,440)	(485,065)
Council Fund Reserves:					
- Council Fund Balance	10,038	(517,071)		518,348	11,315
- Earmarked Reserves	33,262			632	33,894
Housing Revenue Account Balance	5,335			(404)	4,931
Housing Revenue Account Earmarked Reserves	2,131			(262)	1,869
Profit & Loss Reserves in Respect of Subsidiary	8,150	1,825	(250)	(1,122)	8,603
Equal Pay Back Reserve	(2,347)				(2,347)
Total	1,656,783	(555,817)	(250)	0	1,100,716

THE GROUP ACCOUNTS

NOTES TO GROUP CASH FLOW STATEMENT

13.1 Reconciliation of Net Surplus on Group Income and Expenditure Account to Revenue/Operating Activities Net Cash Flow

	2007/08 £000	2008/09 £000
(Surplus)/Deficit for the year on I&E account	91,238	515,496
Non-cash transactions		
Depreciation and impairment	(90,757)	(527,517)
Asset transfer	(6,134)	0
Amortisation of deferred grants & contributions	8,898	10,060
Charges made for retirement benefits (FRS17)	(44,674)	(44,222)
Add back cash item		
Employer's contributions to pension schemes	36,595	38,093
Items on an accruals basis		
Increase/(decrease) in stock	83	141
Increase/(decrease) in debtors	4,134	(2,972)
(Increase)/decrease in creditors	258	5,661
(Increase)/decrease in provisions	(909)	(1,060)
Items included in another classification		
REFCUS financed by borrowing	(26,569)	(22,538)
Net gain/(loss) on sale of fixed assets & investments	24	801
Interest Paid incl. finance lease interest	(22,104)	(22,497)
Interest and dividends received	8,135	9,660
Taxation	0	545
Net Cash Flow from Revenue Activities	(41,782)	(40,349)

13.2. (Increase)/Decrease in Cash

	Balance 31 March 2008 £000	Balance 31 March 2009 £000	Movement in Year £000
Cash in hand and at bank	2,429	14,029	(11,600)

13.3 Net Increase/(Decrease) in Liquid Resources

	Balance 31 March 2008 £000	Balance 31 March 2009 £000	Movement in Year £000
Short term deposits & other liquid resources	122,183	68,320	(53,863)

TRUST FUNDS

During 2008/09, the City and County Treasurer had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it and separate financial statements are produced, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners.

Due to increasing financial pressures faced by the Council, it has become necessary to recharge part of the cost of providing financial and other services to the trusts. In 2008/09, the total recharge was £5,000, which was apportioned in proportion to the volume of work carried out for each trust.

The funds are managed and expenditure is approved in accordance with criteria set out in the governing document of each fund.

In the following cases, either the Council is the sole trustee or the trusts are made up wholly of Council members and/or officers. The purposes of these trusts are outlined below, in most cases, quoted directly from the relevant Trust deeds.

In 2008/09, the Council's Executive decided to rationalise these charities by amalgamating many of them to form two new charities, the Cardiff Citizens Charity and the Education Trust for Cardiff Citizens. This took effect on 1 April 2009.

Lord Mayor's Distress Fund – Necessitous cases (such as old age pensioners, widows, patients at hospital).

Lord Pontypridd Bequest Fund – For the improvement of the City and the benefit of the inhabitants.

Llandaff War Memorial Fund – For defraying the cost of upkeep of the war memorial at Llandaff.

Dr R J Smith Trust Fund – To assist persons who suffer undeserved distress. Such persons to be preferably selected from the professions of medicine, law, and the Church or from the families of masters of the mercantile marine.

The Third Marquis of Bute's Silver Wedding Dowry Fund – Income to be applied in April annually as a wedding dowry to a girl of the poorer classes who shall be domiciled in Cardiff whose marriage might be facilitated by the receipt of such a sum.

Maindy Park Foundation – Recreation or other leisure-time occupation for the benefit of the inhabitants of the City of Cardiff with the object of improving the conditions of life for those inhabitants.

Hardcastle Howells Trust – To fund maintenance grants and scholarships to students.

Millicent Street Trust – For the benefit of children living in Cardiff by (a) assisting them to attend schools other than elementary by paying fees or travelling expenses, or by maintenance allowances for those in need of financial assistance (b) in otherwise promoting the education (including social and physical training) of boys and girls of the poorer classes.

J J Neale Trust – To provide prizes for Police officers in Cardiff, Penarth or Barry who are high achievers in foreign language examinations at the University of Wales Institute Cardiff (UWIC).

TRUST FUNDS

Alderman C F Sanders Trust – To provide awards for students from Cardiff attending university.

W Sanders Trust (also known as Sanders and Rae for Exhibitions) – To provide means of higher education for deserving persons either independently or by way of supplementing any public or other funds which may be available for that purpose so that such persons may be enabled to obtain an education which would otherwise in the opinion of the trustees be difficult or impossible of attainment by them and so that preference shall be given to such persons as may be or may have been scholars of the existing intermediate schools established in Cardiff and failing such for such person or persons as may be or may have been scholars at any other secondary school in Cardiff or students at the University of Wales Cardiff.

Taff Vale Railway (West Yard) Trust – To provide a prize to the engineering apprentice at any locomotive workshops in Cardiff who distinguishes himself most.

J A Thompson Trust – To provide prizes for engineering students employed in Cardiff docks.

Cardiff Central Youth Club Trust – For the purpose of helping boys and girls resident in the City of Cardiff through their leisure time activities so to develop their physical, mental and spiritual capacities that they may grow to full maturity as individuals and as members of society and that their conditions of life may be improved.

William Robert Burnip Memorial Fund – To provide additional facilities for blind pupils or partially sighted pupils belonging to the City of Cardiff whether or not the schools being attended by such pupils are within the City of Cardiff.

Cardiff Further Education Trust Fund/Craddock Wells Trust – apart from the provision of premises for educational purposes, the Trust makes grants to students, usually through the Council, and makes a small annual payment to University of Wales, Cardiff.

Norwegian Church Preservation Trust – This trust was transferred to the County Council, under the management of the Cardiff Harbour Authority in May 2006. It is intended to continue to retain and enhance the cultural, arts programmes and the links between Wales & Norway of this important visitor's attraction on the Cardiff Bay Waterfront for future generations.

A financial summary for each fund appears overleaf. Detailed financial statements may be obtained from:

Christine Salter
City and County Treasurer
County Hall
Cardiff
CF10 4UW.

TRUST FUNDS

	Balance as at 31 March 2008 £	Income £	Asset Re- valuation £	Expenditure £	Balance as at 31 March 2009 £
General Funds					
Lord Mayor's Distress Fund (1) (3)	6,104	205	0	(35)	6,274
Cardiff Charity for Special Relief (3)	15,044	773	69	(87)	15,799
Marjorie Williams Bequest Fund (3)	32,001	1,333	(4,021)	(119)	29,194
Lord Pontypridd Bequest Fund (2) (3)	28,958	980	0	(1,761)	28,177
Llandaff War Memorial Fund (2)	1,761	60	0	(22)	1,799
Dr. R.J. Smith Trust Fund (3)	2,285	77	0	(24)	2,338
Third Marquis of Bute's Silver Wedding Dowry Fund (3)	15,416	485	0	(1,066)	14,835
Maindy Park Foundation (2)	103,197	3,478	0	(441)	106,234
Norwegian Church Preservation Trust	13,910	70,612	0	(67,922)	16,600
Educational Funds					
Hardcastle / Howells (4)	95,448	3,953	(9,277)	(172)	89,952
Millicent Street (4)	3,949	181	(2)	(51)	4,077
R. Presswood Memorial	11,835	577	(757)	(628)	11,027
R. Fice Memorial Trust	53,297	2,491	(11,538)	(2,931)	41,319
C.F. Sanders (4)	7,461	348	(8)	(52)	7,749
W. Sanders (Sanders & Rae) (2) (4)	117,562	5,030	(7,481)	(194)	114,917
Taff Vale Railway (West Yard) (2) (4)	794	34	3	(24)	807
J.A. Thompson Trust (2) (4)	1,070	36	0	(19)	1,087
J.J. Neale Trust (2) (4)	4,584	154	0	(28)	4,710
Cardiff Central Youth Club (2) (4)	14,315	652	(210)	(1,041)	13,716
W.R. Burnip (2) (4)	21,050	954	(849)	(232)	20,923
The Howardian Trust	23,450	1,096	(2,883)	(539)	21,124
Further Education					
Cardiff Further Education Trust/ Craddock Wells (2)	22,995,861	164,161	(753,146)	(295,476)	22,111,400
Total	23,569,352	257,670	(790,100)	(372,864)	22,664,058

Notes:

- (1) Balances as at 19 May 2008 and 31 March 2009.
- (2) Cardiff Council is the sole trustee of these charities.
- (3) These charities combined to form the Cardiff Citizens Charity on 1 April 2009.
- (4) These charities combined to form the Education Trust for Cardiff Citizens on 1 April 2009.

GLOSSARY OF LOCAL GOVERNMENT ACCOUNTANCY TERMS

Knowledge of basic accountancy terminology is assumed, however, there are certain specialist terms related to local government finance and other specialist areas, which are described below:

Agency Services

The provision of services or functions, which are the responsibility of one authority or public body, by another. The policy and financial resources are set by the principal authority and implemented by the agent authority.

AUC – Asset under Construction

An Asset under Construction is another term for Work in Progress.

Business Continuity Management (BCM)

Business Continuity Management encompasses the identification and risk management of the services which are relied upon by the people of Cardiff.

Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in Financial Reporting Standard 15 (FRS 15) to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in FRS 15- 'Costs directly attributable to bringing the specific asset into working condition for its intended use'

Capital Financing Requirement

The Authority's underlying need to borrow for a capital purpose and measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account

Capital Receipts

Income from the sale of capital assets that can be used to fund new capital expenditure schemes, but cannot be used to fund revenue expenditure. These receipts can also be used to repay debt, thus lowering the Capital Financing Requirement (CFR), which in turn reduces the Minimum Revenue Provision (MRP) that will be charged to revenue.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation, or even a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan.

Depreciation

A charge made to the Income and Expenditure Account to reflect an estimate of the use or consumption of fixed assets in the year as a result of provision of Council services.

Direct Revenue Funding

The amount of revenue funding used to directly fund capital expenditure incurred.

GLOSSARY OF LOCAL GOVERNMENT ACCOUNTANCY TERMS

Direct Service Units (DSUs)

A semi-independent organisation within the authority acting as a contractor, providing specific services to service areas.

Fair Value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations than to secure a fair price.

Financial Guarantee

The promise to make specified payments to the holder of a debt if the debtor fails to make payment when due in accordance with the terms of a contract.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial liabilities are borrowing and financial guarantees. Typical financial assets include bank deposits, amounts owed by customers, loans receivable and investments.

Housing Revenue Account (HRA)

The accounting statement that includes all financial transactions relating to the management and maintenance of the Council's housing stock.

Lender Option Borrower Option (LOBO) Loan

A long term loan which gives the lender the option to amend the interest rate at specified dates at which point the borrower has the option to accept the change or repay the loan.

Pension Fund

A fund built up from deductions from employees' pay and contributions from employers and investment income from which pension benefits are paid.

Precept

A demand levied by one public authority, which is collected on its behalf by another authority.

Provisions & Reserves

Amounts set aside in a year to cover expenditure in the future. Provisions are amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain. Reserves are also amounts set aside for future use but fall outside the definition of provisions. Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) which every Authority must maintain as a matter of prudence.

Prudent Revenue Provision

An amount required to be set aside as a provision each year to repay loans taken out to pay for capital expenditure. A prudent amount and any voluntary additional amounts must be set aside for this purpose in accordance with statute and professional guidance.

Public Works Loan Board (PWLB)

The Public Works Loan Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

GLOSSARY OF LOCAL GOVERNMENT ACCOUNTANCY TERMS

Recharge

An internal charge for services rendered by one Council service area or section to another.

Revenue Expenditure funded from Capital Under Statute (REFCUS)

Revenue expenditure funded from capital under statute, formerly known as deferred charges, represents expenditure that may properly be capitalised under statutory provisions but which creates no tangible asset for the authority e.g. house renovation grants to private individuals.

Revenue Support Grant

General government grant in support of local authority services. It seeks to even out the effects on the council taxpayer of differences in needs between authorities.

Soft Loans

A loan given at rates below prevailing market rates. Such loans might be made for strategic policy reasons if the authority considers that the benefits will be seen by all Cardiff residents

Trust Funds

Funds held in trust administered by the Council.

STATEMENT OF ACCOUNTS

2008/09

of

CARDIFF PORT HEALTH AUTHORITY

CARDIFF PORT HEALTH AUTHORITY

FOREWORD

1. The Cardiff Port Health Authority's accounts for the year 2008/09 are set out on page 141. They comprise a Revenue Account and Balance Sheet.
2. Port Health Authorities are constituted with the primary objective of preventing the spread of infectious diseases without creating unnecessary interference to world shipping.
3. The Cardiff Port Health Authority was constituted by a Provisional Order of 1882 and its authority covers the area, from low water mark, three miles seaward, between Sully Island and the River Rhymney, including all water, docks, harbours and vessels.
4. The Authority, through the officers of the Strategic Planning and Environment Service of Cardiff Council, inspects ships entering the area to ensure compliance with health regulations. To meet the expenditure incurred in these activities, the Authority raises a levy on Cardiff Council and The Vale of Glamorgan Council. Its other main revenue source is income arising from the granting of Ship Sanitation Control Exemption Certificates/Ship Sanitation Control Certificates (SSCEC/SSCC).

ACCOUNTING POLICIES

1. **General**

The accounting statements that follow have been prepared in accordance with proper practices as required by the Accounts and Audit (Wales) Regulations 2005 (as amended).
2. **Debtors and Creditors**

The transactions of the Port Health Authority are recorded on an accruals basis. Where there is insufficient information available to provide actual figures, estimates are used although this element is not significant.
3. **Support Services Costs**

Cardiff Council makes recharges in respect of the cost of support services to the services that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Code of Accounting Practice 2008. This applies to support service recharges from Cardiff Council service areas to the Port Health Authority.

CARDIFF PORT HEALTH AUTHORITY

REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009		
2007/08 £		2008/09 £
	Expenditure	
102,733	Employees	107,673
0	Premises	0
6,076	Transport	7,400
9,056	Supplies	9,047
31,098	Support Costs	28,551
148,963		152,671
	Income	
(2,203)	Fees and Charges	(2,739)
(128,294)	Levies : Cardiff Council	(133,693)
(13,835)	The Vale of Glamorgan Council	(16,239)
(144,332)		(152,671)
4,631	(Surplus)/Deficit for the year	0
(4,631)	Revenue Balance brought forward	0
0	Revenue Balance carried forward	0

BALANCE SHEET AS AT 31 MARCH 2009		
31 March 2008 £		31 March 2009 £
	Current Assets	
(4,611)	Cash in Hand	0
4,611	Debtors	0
0	Income in Advance	0
0	Net Assets represented by Revenue Balance	0

CARDIFF PORT HEALTH AUTHORITY

Certificate of the Chief Finance Officer

I certify that the Statement of Accounts summarised on page 141 is a true and correct record of the transactions of the Cardiff Port Health Authority for the year ended 31 March 2009.

Christine Salter
City and County Treasurer

Date: 30 September 2009

Independent auditor's report to the Cardiff Port Health Authority

I have audited the accounting statements of the Cardiff Port Health Authority for the year ended 31 March 2009 under the Public Audit (Wales) Act 2004. The accounting statements comprise the Revenue Account and Balance Sheet. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounts.

This report is made solely to Cardiff Port Health Authority in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose, as set out in paragraph 46 of the *Statement of the responsibilities of the auditors appointed by the Auditor General for Wales and his inspectors, and of the bodies that they audit and inspect (2008)* prepared by the Auditor General for Wales.

Respective responsibilities of the City and County Treasurer and the independent auditor

The City and County Treasurer is responsible for preparing the statement of accounts, in accordance with relevant legal and regulatory requirements and proper practices.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements the financial position of the Cardiff Port Health Authority and its income and expenditure for the year.

I read other information published with the accounting statements and consider whether it is consistent with the audited accounting statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Audit (Wales) Act 2004, the Code of Audit and Inspection Practice issued by the Auditor General for Wales, and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures

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in the accounting statements. It also includes an assessment of the significant estimates and judgments made by the Cardiff Port Health Authority in the preparation of the accounting statements and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements.

Opinion on the accounting statements of Cardiff Port Health Authority

In my opinion the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and proper practices the financial position of the Cardiff Port Health Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Certificate of completion

I certify that I have completed the audit of the accounts of the Cardiff Port Health Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice issued by the Auditor General for Wales.

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Date: 30 September 2009

Electronic publication of financial statements

The maintenance and integrity of the County Council of the City and County of Cardiff website is the responsibility of the Council. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the statement of accounts since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.'