

Statement of Accounts 2005 -2006

STATEMENT OF TOTAL MOVEMENTS IN RESERVES 2005/06

2004/05 £'000		Notes	2005/06 £'000	2005/06 £'000
	Surplus / (deficit) for the year			
1,188	- General fund		7,966	
5,375	- Housing Revenue Account		-2	
2,331	Add back movements on specific revenue reserves		808	
1,831	Deduct Appropriation from Pension Reserve		-2,981	
-92,300	Actuarial gains and losses relating to pensions	6	-11,900	
-81,575	Total increase in Revenue Resources	1		-6,109
-11,206	Increase / (decrease) in usable capital receipts		-100	
-2,482	Increase / (decrease) in unapplied capital grants and contributions		297	
-13,688	Total increase in realised capital resources	2		197
132,359	Gains / (losses) on revaluation of fixed assets		-63,910	
-185	Impairment losses on fixed assets due to general changes in prices		-830	
132,174	Total increase in unrealised value of fixed assets	3		-64,740
-23,934	Value of assets sold, disposed of or decommissioned	4		-25,142
23,734	Capital Receipts Set aside		11,854	
15,219	Revenue Resources set aside		21,583	
31,637	Major Repairs Reserve set aside		17,712	
-13,418	Use of Capital Financing Reserve to increase Major Repairs Reserve		-13,480	
-18,298	Movement on Major Repairs Reserve		-4,337	
-12,704	Movement on Deferred Charges		-13,451	
17,198	Movement on Government Grants Deferred		11,601	
-591	Impairment due to consumption of economic benefit		0	
42,777	Total increase in amounts set aside to finance capital investment	5		31,482
55,754	Total Recognised Gains and Losses			-64,312

This statement summarises all the recognised gains and losses of the Authority during the period and identifies those reserves which have been recognised in the consolidated revenue account. The statement separates the movements between revenue and capital reserves.

1. Movements in revenue resources

Movements in revenue resources	General Fund Balances £'000	HRA Balances £'000	Earmarked Revenue Reserves £'000	Pension Reserve £'000
Surplus / Deficit 2005/06	7,966	-2		
Appropriations to/from revenue			808	-2,981
Actuarial gains/ Losses relating to pensions				-11,900
Total movement in revenue resources	7,966	-2	808	-14,881
Balance Bfwd 1 April 2005	13,362	10,768	21,188	-176,053
Balance carried forward at 31 March 2006	21,328	10,766	21,996	-190,934

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NOTES TO THE TOTAL MOVEMENTS IN RESERVES STATEMENT

2. Movements in realised capital resources

	Usable Capital Receipts £'000	Unapplied Capital Grants & Contributions £'000
Amounts receivable in 2005/06	31,508	21,311
Amounts set aside	-5,947	0
Amounts applied to finance new capital investment	-14,432	-21,014
Amounts paid in respect of pooled Housing Capital Receipts	-11,229	0
Total increase in realised capital resources in 2005/06	-100	297
Balance brought forward as at 1 April 2005	100	4,481
Balance carried forward at 31 March 2006	0	4,778

The entries in the first column above represent movements in the Usable Capital Receipts Reserve. When a fixed asset is disposed of a capital receipt is generated. There is a requirement introduced by the Local Government and Housing Act 1989 and the Local Government Act 2003 to set aside certain proportions of these receipts to repay debt and in the case of Right-to-Buy receipts reimburse 75% of the proceeds to Central Government (£11.273m). In 2005/06 £5.947m of capital receipts were set aside voluntarily to repay debt and a further £14.432m were used to fund capital expenditure.

The entries in the second column above represent movements in unapplied capital grants and contributions. The balance on this account relates to grants and contributions in hand as at 31 March 2006, which have not yet been utilised to finance expenditure.

3. Movements in unrealised value of fixed assets

	Fixed Asset Restatement Account £'000
Losses on revaluation of fixed assets	-63,910
Impairment losses on fixed assets due to general price changes	-830
Total increase in unrealised capital resources in 2005/06	-64,740

4. Value of assets sold, disposed of or decommissioned

Amounts written off fixed asset balances for disposals	-25,142
Total movement on reserve in 2005/06	-89,882
Balance brought forward at 1 April 2005	506,791
Balance carried forward at 31 March 2006	416,909

The entries above represent movements in the Fixed Asset Restatement Account. This was created to reflect the difference brought about by the revaluation of assets under the system of capital accounting introduced in 1994. The subsequent increase in the value of the fixed assets was credited to this account. Any further acquisitions, disposals and revaluations of assets are reflected in the account, the balance of which cannot be used to fund expenditure.

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NOTES TO THE TOTAL MOVEMENTS IN RESERVES STATEMENT

5. Movements in amounts set aside to finance capital investment

	Capital Financing Account £'000	Government Grants Deferred £'000	Major Repairs Reserve £'000	Total £'000
Capital receipts set aside in 2005/06				
- reserved receipts	-2,578	0	0	-2,578
- usable receipts applied	14,432	0	0	14,432
Total capital receipts set aside in 2005/06	11,854	0	0	11,854
Revenue resources set aside in 2005/06				
- capital expenditure financed from revenue	13,487	0	0	13,487
- reconciling amount for provisions for loan repayment	8,096	0	0	8,096
Total revenue resources set aside in 2005/06	21,583	0	0	21,583
Major Repairs Reserve set aside in 2005/06				
Capital expenditure financed from Reserve	17,712	0	-17,712	0
Use of Capital Financing Account to increase Major Repairs Reserve	-13,480	0	13,480	0
Impairment due to Consumption of Economic Benefit	0	0	0	0
Write off of Deferred Charges Expenditure	-13,451	0	0	-13,451
Less Government Grants relating to Deferred Charges	6,323	-6,323	0	0
Movement on Deferred Charges	-7,128	-6,323	0	-13,451
Grants applied to capital investment in 2005/06	0	21,014	0	21,014
Amounts credited to the asset management revenue account	0	-9,413	0	-9,413
Movement on Government Grants Deferred	0	11,601	0	11,601
Charge Major Repairs Reserve with Depreciation on non-dwelling HRA assets	0	0	-105	-105
Increased amounts set aside to finance capital investment				31,482
Summary				
	Capital Financing Account £'000	Government Grants Deferred £'000	Major Repairs Reserve £'000	Total £'000
Total movement on reserve in 2005/06	30,541	5,278	-4,337	31,482
Balance brought forward at 1 April 2005	203,431	62,461	6,456	272,348
Balance carried forward at 31 March 2006	233,972	67,739	2,119	303,830

The Capital Financing Account shows the accumulated financing of capital. This includes the setting aside of capital receipts, revenue resources and HRA major repairs reserve which is used to either finance capital expenditure or repay debt. The Capital Financing Account also includes any movement on deferred charges.

The Government Grants Deferred Account relates to grants received from central government to fund capital spending. The grant is then written off to the Asset Management Revenue Account to match the depreciation of the financed asset over its useful life.

The Major Repairs Reserve is a statutory reserve which is maintained to show how the Major Repairs Allowance has been used to finance major housing repairs.

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6. Movements on Pensions Reserve

The actuarial losses identified as movements on the pension reserve in 2005/06 totalled £11.9m. This is made up of a loss on the Teachers Pension Scheme of £3.8m, following a review of unfunded benefits and a loss on the Local Government Pension Scheme of £8.1m. The losses can be analysed into the following categories, measured as absolute amounts and a percentage of assets or liabilities at 31 March 2006.

	02/03 £'000	%	03/04 £'000	%	04/05 £'000	%	05/06 £'000	%
Differences between the expected and actual return on assets	-103,800	-28.27	65,100	14.36	21,900	4.61	74,500	12.86
Differences between actuarial assumptions about liabilities and actual experience	3,800	0.86	1,000	0.21	-11,200	-1.95	-1,300	-0.19
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	-103,000	-17.95	-85,100	12.37
Total	-100,000		66,100		-92,300		-11,900	