BRISTOL CITY COUNCIL

Audit Committee

28 June 2013

Report of: **Service Director (Finance)**

Title: **Draft Statement of Accounts Year Ended 31 March 2013**

Ward: Citywide

Officer presenting report: **Peter Robinson, Service Director (Finance)**

Contact telephone number: **0117 9222419**

RECOMMENDATION

That the Committee consider and comment on the draft Statement of Accounts for the year ended 31 March 2013, as appropriate.

Summary

The draft Statement of Accounts for the financial year ending 31 March 2013 has been completed, subject to finalisation of the cash flow statement and associated notes and an adjustment for Academy schools (see below) A final draft copy will be tabled at the meeting. The main issues following the closure of the Council's accounts are set out within the Explanatory Foreword, which is included in the Statement of Accounts.

Policy

1. The preparation of the Statutory Statement of Accounts is undertaken in accordance with the Code of Practice on Local Authority Accounting (CIPFA). The Accounts and Audit Regulations 2011 require that the accounts for 2012/13 are completed and then signed by the S151 Officer by 30 June 2013.

Consultation

2. Internal - Directorate finance officers.

Context

3. The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting (CIPFA) 2013.

4. There are no new accounting standards this year or changes to accounting policies that effect Bristol City Council.

5. We have recently received guidance relating to the treatment of Academy's where these assets, funded by PFI arrangements, are currently on the Council's balance sheet. This will require a number of adjustments to the accounts, the overall effect of which will be to remove these secondary schools, valued at £130m, from the Council's balance sheet.

6. Although the Accounts and Audit Regulations no longer require Member approval of the Statement at this stage, the Committee has indicated previously that it would want the opportunity to consider and comment on the accounts, as appropriate, prior to the commencement of the audit. This is generally considered to be best practice, and presents a useful means by which Members can gain familiarity with the accounts prior to formal approval in September.

7. Following consideration by the Committee and sign-off by the S151 Officer, the draft Statement will be submitted for audit. The auditor's report will be submitted to this Committee by 30 September 2013 for acceptance and Committee approval for the accounts will be sought at this stage.

8. As in previous years, it is proposed to arrange an informal training session for Members of the Committee sometime before the accounts are due to be approved at the September meeting.

9. **Risk Assessment**

A qualified audit opinion would have a detrimental affect on the Council's standing and would lead to adverse publicity.

Equalities Impact Assessment - N/A

Legal and Resources Implications - None sought

Appendices: a. Draft Statutory Statement of Accounts for the year ended 31March 2013.

ACCESS TO INFORMATION

Background Papers: Code of Practice on Local Authority Accounting in the UK, 2013

APPENDIX (16) A

Draft Statement of Accounts

Bristol City Council

For the Year Ended 31 March 2013

The Accounts and Audit Regulations 2011 require the City Council to prepare a set of Financial Statements. The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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Explanatory Foreword

Introduction

The explanatory foreword does not form part of the statement of accounts but serves to explain the most significant aspects of the Council's financial performance regarding its cash flows and year-end financial position at 31 March 2013. This foreword presents summary account's information in a way that is useful to a wide range of users for making economic decisions. The information is helpful also for assessing the stewardship of the authority's management of revenue and capital budgets, reserves and balances and the authority's treasury management policies relative to the associated risks and uncertainties affecting the authority. The auditor reviews the content of the explanatory foreword to establish whether there are any material inconsistencies with the statement of accounts that need to be raised with the authority in the course of the audit.

The accounts are drawn up under the concept of the authority as a going concern whereby services will continue to operate in the foreseeable future. The council's chief financial officer certifies that the first draft un-audited statement of accounts presents a true and fair view of the council's financial affairs by the regulatory date of 30 June; the annual governance statement is authorised by him at the same time for inclusion with the accounts. The certified un-audited statement of accounts (including the governance statement) is delivered to the June meeting of the Audit Committee to enable members to review the statements and raise any points that may need to be addressed throughout the audit period. The chief financial officer re-certifies the accounts prior to approval by the chair of the Audit Committee in September. The external auditors, Grant Thornton UK LLP presents the annual audit report and the audit opinion on the accounts at this meeting to enable the authority to meet the statutory requirement to publish the Statement of Account Certificate and the report issued by the auditors by 30th September.

The statement of accounts is prepared in accordance with proper accounting practices and its production is governed by the Accounts and Audit (England) Regulations 2011. Proper practice is defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on International Financial Reporting Standards for measuring and reporting (a) the economic cost of service provision in the Comprehensive Income and Expenditure Statement (CI&ES) (b) the value of assets and liabilities in the balance sheet and (c) the generation and use of money through the cash flow statement.

Local authorities are governed by specific rules about how tax rates are to be set relative to income and expenses for the year whilst maintaining a prudent level of reserves as accounted for through the general fund (GFB) and similarly through the Housing Revenue Account (HRA) for rent setting purposes. Local authorities have to maintain a fourth primary Movement in Reserves statement (MIRS)to reconcile these accountability differences. A brief explanation as to the purpose of the four primary statements and how they interact is provided below.

Movement in Reserves Statement (MIRS)

The MIRS shows the movement in the year on the different reserves held by the authority analysed by "useable" reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and "unusable" reserves (i.e. those which represent difference between accounting and funding under statutory provisions). The Surplus or Deficit on the Provision of Services' line shows the true economic cost of providing the services, more detail of which is shown in the Comprehensive Income and Expenditure Statement (Page 14 of the Statement of Accounts). In certain instances these amounts can be different from the statutory amounts required to be charged to the General Fund balance and Housing Revenue Account for council tax setting and rent setting purposes respectively.

The Net Increase/Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund and Housing Revenue Account balances before any discretionary transfers to or from earmarked reserves were made. After taking account of differences between accounting and funding basis (see note 7 to the accounts) and before any discretionary transfers to or from earmarked reserves detailed in note 8 to the accounts, the net increase in usable reserves for 2012/13 was £27.5m (£41.3m in 2011/12) and the net decrease in unusable reserves was £154.7m (£171.6m in 2011/12) making the overall decrease in the total authority wide reserves £127.2m in 2012/ 13 (£130.4m in 11/12) leaving the overall balance at 31st March 2013 £745.4m (£872.6m at 31st March12).

HRA income and expenditure is included in the CI&ES but as cross subsidisation between the HRA and GF is prohibited by statute the relative movements in reserves and balances are shown separately in the MIRS. Likewise local authority regulations stipulate that capital funds can be used to fund capital expenditure or repay debt only and cannot impact on revenue fund balance; capital grants and capital receipts recognised in the CI&ES which remain unspent at year end are transferred to capital reserves through the MIRS under statutory provisions. As dedicated school grant must be used to support the schools' budget in the year to which it relates any unallocated amount carried forward in reserves (under provisions set by the secretary of state) is shown separately in the MIRS.

The make-up of useable and un-useable reserves are explained in more detail below:

The useable reserves' balance of £221.2m consists of a General Fund Balance of £7.9m which includes the prudential working balance of £6m. £86.3m is earmarked for specific projects and events planned for some time in the future (see note 8 to the accounts for detail). There is an HRA ring-fenced balance of £39.1m and ring-fenced school balances of £21.3m. Capital grants and receipts of £66.6m remain unspent at the end of the year.

Un-useable reserves amounting to £524.2m reflect both unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets were sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

Comprehensive Income and Expenditure Statement (CI&ES)

The CI&ES (Page 18) shows the true economic accounting cost of in year service provision measured in accordance with generally accepted accounting practices rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenses in accordance with regulations; this expenditure is different from the accounting cost in certain instances. The Comprehensive Income and Expenditure Statement (Page 18 of the statement of accounts) shows the economic accounting deficit of £25.6m on the provision of services for 2012/13 (£51.5m for 2011/12) an actuarial loss of £107.5m on the revaluation of the pension fund in 2012/13 (£99.9m for 2011/12) and a surplus of £5m on the revaluation of fixed assets in 2012/13 (£21m in 2011/12) making the net cost of service £129.1m for 2012/13 (£130.4m in 2011/12). These amounts are not chargeable against the General Fund (GF) and Housing Revenue Account (HRA) balances under statutory provisions for council tax and dwelling rent setting purposes and hence these balances are adjusted through the MIRS as explained above.

Balance Sheet

The Balance Sheet (Page 19) shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. Net assets of £745.4m in 2012/13 (£872.6m in 2011/12) are matched by the total reserves held by the authority.

Cash Flow Statement (to follow)

The Cash Flow Statement at Page 20 shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by analysing cash flows across operating activities (see note 28, Page 59) investing activities (see note 30, Page 60) and financing activities (see note 31, Page 60). The net inflow of cash from operating activities was £xm for 2012/13 (net inflow of £96.7m for 2011/12). Cash flows are a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities reflect the extent to which cash outflows of £xm in 2012/13 (£161.5m in 2011/12) had been invested and which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows (£85.9m) by providers of capital (i.e. borrowing) to the authority.

Annual Governance Statement

There is a statutory requirement for authorities in England and Wales to undertake an annual review of the effectiveness of their system of internal control (inclusive of group activities). In accordance with the Accounts and Audit (England) regulation 8(2) the council's chief financial officer signs and dates the (full draft) annual governance statement (AGS) as it applied during the financial year by the 30th June immediately following the end of year for inclusion within the Statement of Accounts document. The AGS reports also any significant events or developments should they arise between the year-end and the date on which the Statement of Accounts was signed. The chief financial officer, in accordance with CIPFA recommended practice, presents the duly signed statement of accounts (inclusive of the duly signed annual governance statement) to the June meeting of the Audit Committee prior to approval in September to enable members to raise any points that may need to be addressed during the course of the audit.

Overview of the financial year 2012/13

Measuring Performance against Strategic Outcomes

The council's performance measures continued to focus on improvements in key outcome areas in 2012/13 but using a smaller suite of performance indicators to manage the process. Ambitious targets were set to reflect the council's continued commitment to drive up performance. The results of the key performance indicators are summarised below:

62% of measures were found to be on or above target.

46% of the performance measures showed an improvement on the 2011/12 outcomes albeit the improvement was not as high as the level shown in previous years

96% of applicants were offered one of their three choices of primary school for September with 87% gaining their first choice. GCSE figures were raised from 30.4% in 2006/07 to 51.6% and the number of schools not meeting the threshold at Key Stage 2 had fallen from 25 in 2008/09 to 13 in 2012/13

96.6% of Council Tax was collected in the year (96.3% in 2011/12) just above the target of 96.5%

34% of the respondents to the quality of life survey showed that they were satisfied with how the council runs things (the last five years ranged between 33% and 40%)

36% of respondents agreed that the council delivers value for money (rising steadily from 23% in 2008)

83% of residents were satisfied with their local area as a place to live, a slight increase on 2011 figures and the highest level of satisfaction recorded since 2001.

A key outcome for improvement was to optimise the staffing resource was. Sickness absence increased during 2012/13 but nevertheless remained lower than the public sector average. Increased absence is to be expected during periods of large scale organisational change such as which Bristol has embarked upon however over half of total sickness absence across the organisation was due to long term sickness absence. The authority expects the downward trajectory of sickness absence of previous years to resume and be on target by mid 2013/14 with the introduction of the employee assistance programme which provides support for individual employees who experience issues that might affect their wellbeing. A new Black Minority Ethnic Leadership Development Programme was put in place against which the council can review its targets for improving the numbers of staff being recruited to senior roles from this group.

Overview of the financial year 2012/13

Revenue outturn and balances

Performance was monitored against budget on a quarterly basis throughout the year to enable resources to be re-directed toward corporate priorities in a timely manner, should the need arise, whilst remaining within budget. Overall there was an under-spend of £3.1m against budget (under 1% of the total net budget) compared to the forecast under spend of £1.8m reported to Cabinet in January and compared to the reported under spend of £1.7m (just under 0.5 % of total net budget) in the previous year. The overall cost of council services per head of population continues to fall whilst customer feedback remains positive, which is perceived as indicating value for money in the provision of council services.

The total general fund balances at 31 March 2013 amount to £9.1m. This includes the prudential working balance of £6.0m and £1.9m which has been allocated to the 2013/14 budget. This leaves an uncommitted sum of £1.2m. This has been carried forward is allocated to delivering Bristol's European Green Capital 2015 programme, including planting a tree for every primary school child in Bristol.

The council is conscientious to ensure that overall improvements in key outcome do not mask issues experienced at an individual service level and therefore the most significant variances of performance against budget are reported by directorate below.

Directorate	Revised Budget £m	Final Forecast £m	Draft Outturn £m	Variation from Budget £m	Variation from Forecast £m
Children and Young Peoples Services	69.9	70.2	70.2	0.3	0.0
Corporate Services	23.7	23.5	21.7	(2.0)	(1.8)
Health and Social Care	128.0	128.0	127.9	(0.1)	(0.1)
Neighbourhoods and City Development	116.7	116.6	116.5	(0.2)	(0.1)
Sub-total	**338.3**	**338.3**	**336.3**	**(2.0)**	**(2.0)**
Other					
Net Capital Financing Costs	19.1	18.8	18.8	(0.3)	0.0
Corporate Contingencies & Provisions	7.2	5.7	6.4	(0.8)	0.7
One-off Costs	3.4	3.4	3.4	0.0	0.0
Total	**368.0**	**366.2**	**364.9**	**(3.1)**	**(1.3)**
Add/(Less)					
Transfers from Reserves and Balances	(2.2)	(2.2)	(2.2)	0.0	0.0
Total Net Budget	**365.8**	**364.0**	**362.7**	**(3.1)**	**(1.3)**

The budget outturn position above is reconciled to the CI&ES (at Page 18 of Statement of accounts) which represents the true economic cost of service provision measured in accordance with international financial reporting standards as applicable to government accounts:

The budget requirement (calculated net of fees, charges, service specific grant and the use of reserves in the year) is funded from taxation (local council tax and general government grant).

A summary of the most significant year-end variations is provided below:

Children and Young Peoples Services

CYPS overspent its approved revenue budget by £0.3m. The major variations against budget are:

£1.4m MTFP savings deferred pending finalisation of the Children's First Programme. Care placements and associated costs including legal fees were overspent by £2.4m due to increasing number of care payments both LAC and non-LAC. The legal requirement to initiate parent and baby assessments and the complexity of children's placements has increased these costs.

The underspend on home to school transport of £1.0m is due to robust challenge and changes in practice with parents carers now receiving direct payments for transporting children to school etc

Overspends were off-set by use of reserves and one off funding of £2.1m.

Corporate Services

Corporate Services Directorate underspent its approved revenue budget by £2.0m during the 2012/13 financial year. This is a variation from the January forecast of 1.8m.

The largest underspend of £1.9m came from the Housing Benefits payment budget and there were several factors to this. A provision of £1.1m to pay for the full impact of exempt accommodation cases was not required this year but will be required in future years. Similarly a provision of £0.4m for bad debt provision was also not required at year end. The bad debt provision will continue to be reviewed on an on-going basis. A further £0.2m of additional income was achieved after the audit of the subsidy claim.

Shared Transactional Services were forecasting an outturn of £0.9m under budget but came in £1.6m under budget. This is largely due to a £0.4m underspend in training, a £0.5m saving on external advertising and redeployment costs and savings of 0.4m in R&M and Facilities.

Changing Bristol Programme one off costs of £1.4m, including work on the future Council Target Operating Model, Corporate cross cutting initiatives including Customer and Processing Programme and the introduction of Trading with Schools, have been charged to revenue and covered from underspends within the Directorate.

Health and Social Care

In 2012/2013 Health and Social Care underspent its approved revenue budget by £0.1m. However within that overall underspend there were significant variances.

The Care Management division recorded an overspent by £2.9m primarily due to increasing demand pressures on adult purchasing budgets. Care Services division underspent by £1.8m as a result of staffing vacancies. The supporting people budget underspent by £1.5m.

The pressures on the Care Management adult purchasing budget have been addressed as part of the 2013/14 budget.

The level of write-backs and the adjustment to the bad debt provision led to additional expenditure in the 2012/13 accounts of £0.5m because the overall level of aged debt for HSC services rose from £4.4m in 2011/12 to £5.8m in 2012/13.

Neighbourhoods and City Development

The Neighbourhoods & City Development Directorate underspent its approved revenue budget by £0.2m during the 2012/13 financial year.

During the year no variation was forecast however following the decision made recently by the Police & Crime Commissioner to fund the Independent Sexual Violence Advisor (ISVA) project for the next three years the £0.3m funding available for this project is not required and has been identified as a saving.

Parking income was £0.9m lower than budgeted as a result of delays to the bus lane enforcement programme and greater levels of compliance than anticipated. This shortfall has been partially offset by reduced Transport expenditure and concessionary fares savings of £0.7m as a result of new contractual arrangements.

As a result of the effective monitoring regime of the new waste contract, £0.5m has been reclaimed from the contractor. This has offset lower than expected levels of income in Ashton Court Mansion and parks catering along with increased costs in the City Docks.

Housing Revenue Account

The HRA outturn for the year resulted in a surplus of £11.2m. This is a £6.8m increase on the originally budgeted surplus of £4.4m. The main reasons for the increase relates to slippage in the capital programme. This has led to both a reduction in depreciation charges of £3.4m and a reduction of £1.8m in revenue contributions required to fund the programme.

Debt rescheduling and reduced interest rates resulted in a reduction in charges of £0.9m against budget. There were further savings of £0.7m including £0.5m in respect of a better than expected subsidy payment settlement relating to 2011/12.

Collection Fund

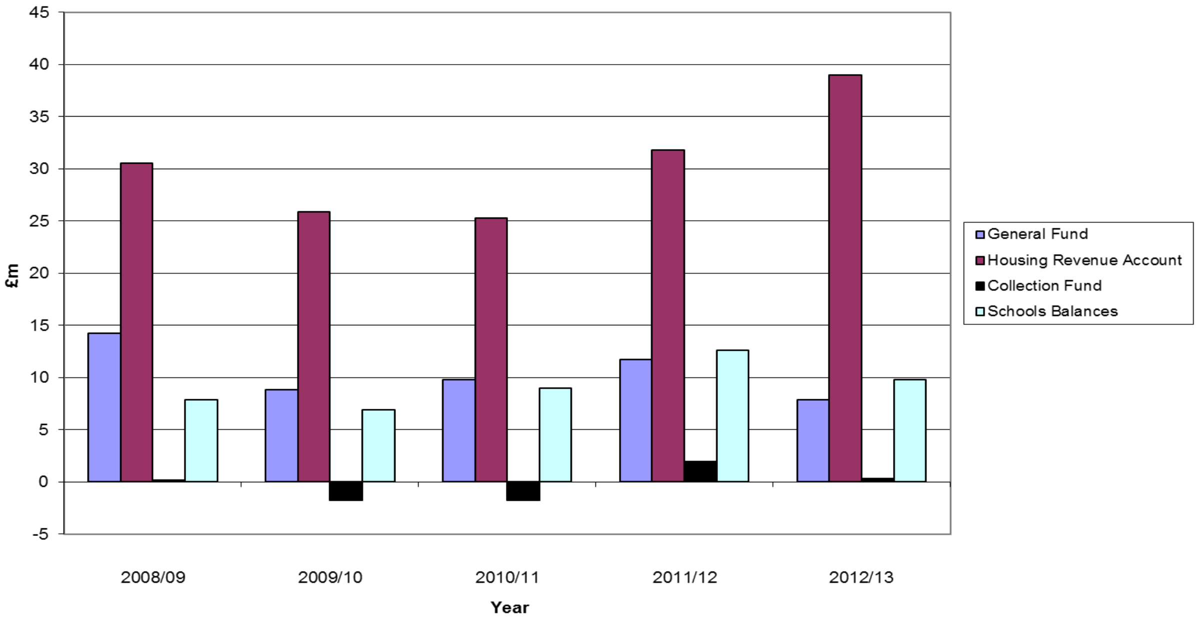
The surplus on the Collection Fund in 2012/13 was £0.324m compared to a projected deficit of £0.834m estimated in January 2013 when setting the budget and council tax for 2013/14. The main reasons for this change were less discounts and exemptions being allowed (£0.5m) and the final losses on collection being less than projected (£0.6m). The Council's share of the estimated deficit (£0.71m) will be charged in 2013/14, countered by the adjustment for the surplus for 2011/12 (£0.55m)

The percentage of Council Tax collected in the year was 96.6% (96.3% in 2011/12) above the target of 96.5%

School Balances represent committed funds which are earmarked in the council's general reserves (disclosed in note 8 to the accounts) under a scheme of delegation for future spend on the school's development plan as approved by the school forum. School balances were adjusted down by £2.84m as a result of schools converting to academy status during 2012/13 and taking their balances with them (see DSG disclosure not 38 to the accounts for more detail). During 2012/13 one primary school and one nursery school moved into deficit but the secondary school in deficit managed to reduce the deficit making the number of schools in deficit 3 an increase of 1 on the previous year. The authority works closely with schools with deficit balances in order to identify and develop a recovery plan to remove the deficit. In 2012/13 the budget under spend was £260,000, after taking account of movements to and from individual school balances throughout the year and after making adjustments for academies the year end school balance stood at £9.783m. Over and above school balances is £13.848m (DSG) in the schools' reserves the make up of which is disclosed at note 38 to the accounts.

A summary of the trends in balances over the last five years is set out in the following table.

Fund Balances



Capital Expenditure

Total capital spending in 2012/13, including one-off projects, was £97.2m. Outturn expenditure, by directorate, is summarised in the following table with a comparison with the last forecast.

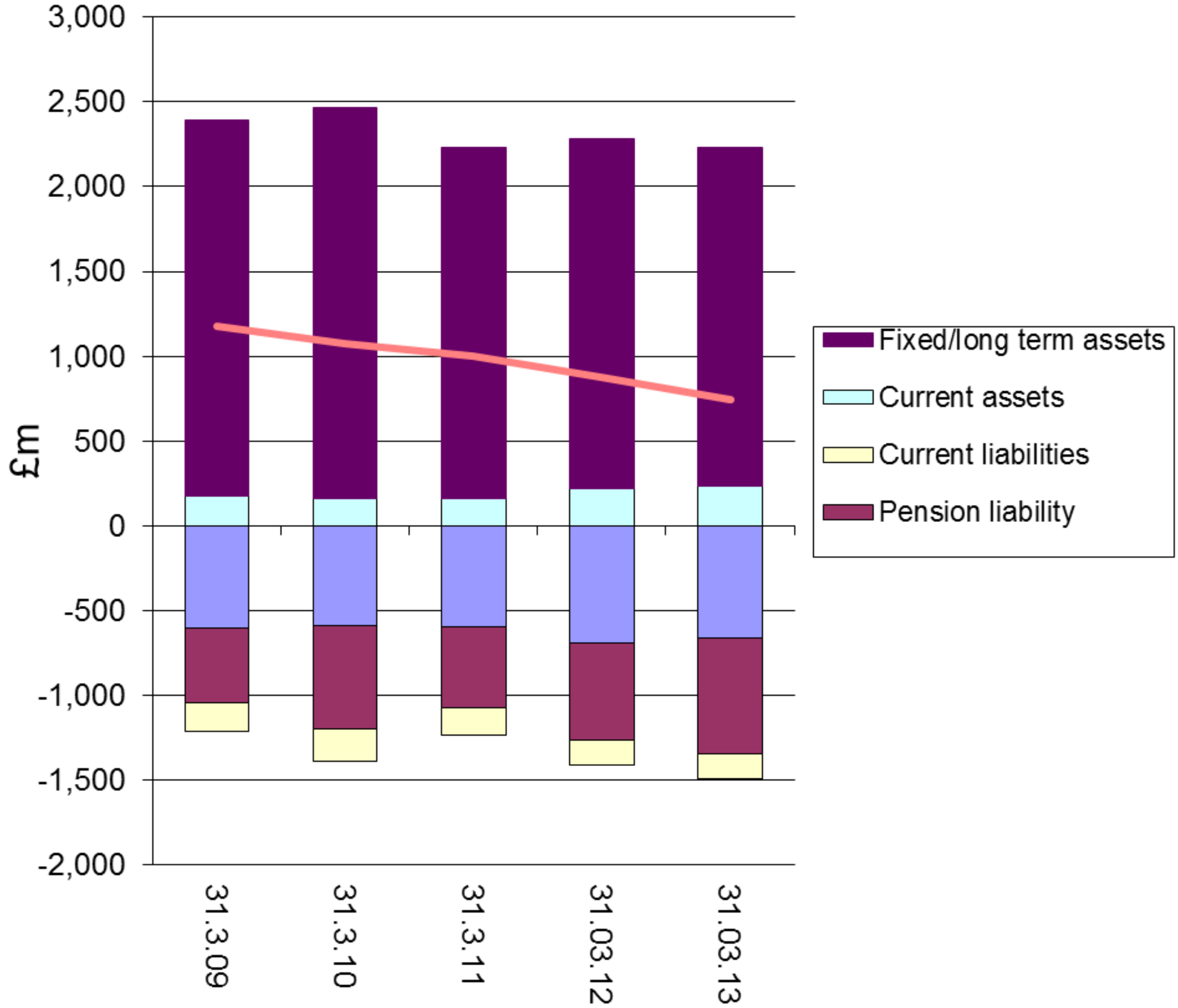
Directorate	**2012/13 Latest Forecast £m**	**2012/13 Total Spend £m**	**Variation £m**
Children and Young People	38.1	29.3	(8.8)
City Development	50.1	32.7	(17.4)
NHS-HRA	31.6	27.6	(4.0)
Health and Social Care	2.8	0.2	(2.6)
Corporate	7.8	6.4	(1.4)
Sub-total	**130.4**	**96.2**	**(34.2)**
Local Authority Mortgage Scheme		1.0	1.0
Total	**130.4**	**97.2**	**(33.2)**

Spending was financed as follows:

			£m
Borrowing	–	Government Supported	-
	–	Prudential Borrowing	8.7
Grants			42.5
Major Repairs Allowance			24.9
Capital Receipts			8.6
Revenue Contributions			12.5
Total			**97.2**

Details of contractual commitments as at 31 March 2013 are set out in Note 12.

Balance Sheet items - total position



The Council's total reserves have decreased by £127.2m in the year ended 31 March 2013. Details of the items giving rise to this decrease are shown in the Movement on Reserves Statement on page 17.

Debtors (Note 19)
The level of debtors at 31 March 2013 was £65.9m, an increase of £4.8m on last year. The main reasons for this are:

			£m
Government Departments	–	£2.5m due from the Department of Work and Pensions (DWP) for Housing Benefit and Council Tax Subsidy.	3.8
	–	£0.7m owed to Bristol Futures from Business Innovation and Skills, Homes & Communities Agency (HCA) and Local Enterprise Partnership (LEP).	
Other local authorities	–	£0.7m increase in the amounts owed by Other Local Authorities for various projects including those in relation to waste and transport.	0.7
Other entities and individuals			0.2
NHS Bodies			0.1
Total			**4.8**

Creditors (Note 23)
The level of creditors at 31 March 2013 was £110.9m, a reduction of £26.4m on last year. The main reasons for this are:

			£m
Government Departments	–	£7.0m for 2011/12 was owed to the Government for National Non-Domestic Rate (NNDR), there is no creditor for 2012/13.	10.9
	–	£1.6m of grants received in advance from Homes and Communities Agency (HCA) and Skills Funding Agency happened in 2011/12, but have not occurred in 2012/13.	
	–	£1.7m reduction of income in advance for Local Sustainable Transport Fund (LSTF).	
Other local authorities	–	£0.2m reduction in amounts owed in respect of Special Educational Needs (SEN) recoupment.	0.7
Other entities and individuals	–	£2.2m net reduction of year-end creditors and receipts in advance in relation to Building Schools for the Future, PFI projects, troubled families and adult purchasing	14.8
	–	£3.2m reduction in the amount owed to Bovis Homes for 2012/13 compared to 2011/12.	
	–	£8.9m general reduction in creditors.	
Total			**26.4**

Pensions (Note 45)
The liability for retirement benefits shown in the Balance Sheet is as follows:

	31 March 2013 £m	31 March 2012 £m	Change £m
Local Government Pension Scheme (LGPS)	609.6	510.1	99.5
Teachers Unfunded Liabilities	73.2	66.8	6.4
Pre 1974 Liabilities	0.1	0.1	0
Total	**682.9**	**577.0**	**105.9**

The overall liability for retirement benefits at 31 March 2013 has increased from the figure at the end of the previous year by £105.9m to £682.9m. The increase in LGPS liabilities results from changes in the Actuary's assumptions, in particular the fall in long term expected rate of return on assets in the scheme. This exceeds favourable changes in assumptions regarding inflation, pay and pensions increases.

The employer's contribution to the pension fund is reviewed every three years on the basis of an actuarial valuation. Actuarial valuations of pension funds are generally based on more optimistic assumptions than those used for accounting purposes, and result in a lower value of liabilities. The last valuation of the Avon Pension Fund, at March 2010, indicated a funding level of 82% (the funding level at the previous valuation, March 2007, was 83%). The current employer's contribution rate in respect of future service was applied from April 2012, together with a cash sum due as a contribution towards deficit recovery.

The next valuation of the Fund is due at March 2013, but up dated data and contribution rates will not be known until around November 2013. Additionally, changes to the LGPS have been put forward by employers and the unions. The government has initiated a statutory consultation exercise in 2012/13 on proposals to make changes to the LGPS in 2014.

Borrowing and lending
The Council's borrowing strategy is to delay its long term borrowing to support the Capital Programme and use its existing resources to reduce its investments and exposure to counterparty risk. Therefore the authority has not undertaken any new borrowing during the year.

Cash surpluses, resulting from grants paid in advance and lower than expected capital spend culminated in an increase in the short term lending position which ended the year at £184m, an increase of £25m over the balance brought forward from the previous year.

The Council had £8m deposited in Icelandic banks at the time of their collapse in 2008. The Icelandic Supreme Court has decided to treat these investments as 'priority' status and the Council can expect a full recovery. Distributions have been received by the authority (68%) with further sums to be received in the forthcoming years. More detailed information is included Note 49 – Nature and Extent of Risks Arising from Financial Instruments.

Reserves and provisions (Notes 8 and 25)
As at the 31 March 2013 the level of reserves has reduced by £10.8m and provisions have increased by £1.5m. This is largely related to the following items:

		£m
Capital Financing Reserve	The reserve is maintained to provide funding for the Council's capital programme: the balance at 31 March is fully committed to the future years'	7.5
Business Transformation	Set aside to fund future one-off costs associated with various change programmes throughout the Council	8.6
Revenue Grants Unapplied	Accounting adjustments recognising the movement in the balance sheet of Government grants received in advance at year end.	(6.1)

Provisions		
Severance Costs	A provision to cover the severance costs agreed prior to 31 March 2013, but were staff will not be leaving the authority until the following financial year.	1.5

Main Changes in accounting requirements 2012/13

There were no new standards for 2012/13 however there were a number of changes to the Code, including

Central Government Policy Change to the financing framework of Housing Authorities

2012/13 introduced a suite of HRA self-financing accounting determinations, to accompany the abolition of central government subsidy, via the 2011 Localism Act. Under the new arrangements, annual depreciation will become an absolute charge to HRA rents with depreciation being set aside in the MRR for capital purchases or the repayment of HRA debt or meeting liabilities under other credit arrangements. Likewise impairment and revaluations losses that cannot be written off against a pre-existing gain in the revaluation reserve are to be charged to the HRA. A five-year transition period enables those authorities where dwelling depreciation is greater than a notional major repairs allowance (an amount to be set aside towards the cost of planned major repairs in the authority's self financing model) to transfer this difference back to the HRA via the major repairs' reserve (MRR) so as to minimise the impact on the HRA rental income. The transitional arrangement does not apply to this authority because the needs to allow for £28m for major repairs in its plan which exceeds the annual depreciation charge £24m. BCC has set aside the £4m difference in the MRR for self-financing the proposed capital expenditure. These revised depreciation estimates were applied prospectively to current carrying amounts.

Accounting for Dedicated Schools' Grant

The Accounts and Audit (England) Regulations required a change to disclosure note 38 to the accounts one that demonstrates that DSG (made under section 14 of the Education Act 2002) had (a) been deployed in accordance with the statutory provisions quoted in the Code and (b) used to finance the schools' budget.

Looking Forward to 2013/14

The Council has considered the reforms being introduced in the following financial year to determine whether they will give rise to consequential reporting issues for any of the material reporting requirements in the 2012/13 financial statements. The key reforms that require disclosure in the 2012/13 financial statements are outlined below:

Business Rates Retention Scheme (England)

The local government finance act 2012 enables authorities to retain a proportion of the business rates generated in their area with effect from 1 April 2013 and also to implement tax increment financing. This reform gives the authority the ability to undertake borrowing against future business rates' growth as long as the potential growth is supported by the forecast tax increment that accrues from additional development.

Non Adjusting Event after the reporting period

Under new arrangements concerning the retention of business rates by local authorities such authorities will assume the liability for refunding ratepayers who have appealed successfully against the rateable value of their property whilst on the waiting list. Previously such amounts would have been transferred to the DCLG and not recognised as income for local authorities. If material a provision should be recognised by authorities on 1 April

2013 only (i.e. first date that the liability rests with the authority) for their respective share of liabilities despite the fact that the refund will include amounts that were paid over to Central Government in respect of 2012/13 and earlier years. The DCLG allows for this provision to be spread over five years commencing 1 April 2013

Public Health Reform (England)

Bristol City Council's was allocated ring-fenced public health grant of £27.3m for 201314 (rising to £29.1m in 2014/15) for the discharge of public health responsibilities being transferred to them from primary care trusts under the Health and Social Care ACT 2012. The grant takes into account baseline spending on the pooled "treatment" budget and the drugs intervention programme already as well as staff resources and contracts that will transfer from the PCT. The authority is expected to:

- Improve significantly the health and wellbeing of local population
- Carry out health protection functions delegated from the Secretary of State
- Reduce health inequalities across the life course, including the hard to reach groups
- Ensure the provision of population healthcare advice.

In the 2013/14 accounts the new responsibilities will be accounted for under Section 2.5 of the Local Government Reorganisation and other Combinations and there will be a new Service Expenditure Analysis (SEA) for public health.

Revenue spending plans

The Council's Medium Term Financial Plan (MTFP) identified the need for reductions in revenue spending of £70m over the period 2012/13 to 2015/16. This was in response to the significant reductions in central government funding as outlined in the 2010 Comprehensive Spending Review.

Despite budgeting for savings of £27m in 2012/13, spending has been contained within available resources. A major programme of change has been put in place during 2012 to transform services whilst delivering further savings towards the MTFP targets.

It is likely that further expenditure reductions, beyond that anticipated in the MTFP, will be required in future years as the adverse economic climate continues.

Capital investment plans

The Council plans to incur capital spending of approximately £486m over the period 2013 - 2016 on improving the housing stock, schools, transport infrastructure and a wide range of Council services. The balance on the capital reserve and part of the balance on the HRA will contribute towards this, but the bulk of the finance will come from:

1 government grants,

2 Prudential Borrowing,

3 revenue contributions,

4 capital receipts arising from the sale of assets and

5 grants and contributions from other bodies.

However, a decline in general capital funding from central government along with uncertain capital receipts, falling capital contributions from other external sources and the revenue strain of Prudential Borrowing will squeeze our ability to finance further capital projects going forward.

FURTHER INFORMATION

Further information about the City Council's accounts can be obtained from the Corporate Finance Section, Corporate Services Directorate, The Council House, College Green, Bristol BS1 5TR. Following completion of the audit, the full statement will be also be available on the Council's website at www.bristol.gov.uk/budget.

This Statement of Accounts is audited by Grant Thornton UK LLP. The accounts have to be open to public inspection for 20 working days, following which electors have the right to question the auditor about the accounts. The opportunity to inspect the accounts is advertised in the press and on the Council's web site, as is the date when the auditor's report is submitted to the City Council in public session.

Statement of Responsibilities

The Authority's Responsibilities

The Authority 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 authority, that officer is the Chief Financial Officer;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial 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.

Certificate of the Chief Financial Officer

I certify that this Statement of Accounts, provides a true and fair view of the financial position of the Authority at 31 March 2013 and its expenditure and income for the year.

Peter Robinson, Chief Financial Officer

Date

Independent Auditor's Report to the Members of Bristol City Council

Opinion on the Authority financial statements

We have audited the financial statements of Bristol City Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Bristol City Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Bristol City Council as at 31 March 2013

  and of its expenditure and income for the year then ended; and

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on

  Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception
We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;

- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or

- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

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

Respective responsibilities of the Authority and the auditor
The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements. We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and

- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion
On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, we are satisfied that, in all significant respects, Bristol City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Delay in certification of completion of the audit
We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

John Golding
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Movement in Reserves Statement for the year ended 31 March 2013

	General fund balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Schools Reserves	Total Usable Reserves	Usable Reserves	Total Authority Reserves
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 March 2011 Carried Forward	9,777	85,616	25,310	14,405		0	17,248	152,356	850,587	1,002,943
Movement in Reserves during 2011/12										
Surplus or (deficit) on the provision of services	(23,176)	0	(28,364)	0		0	0	(51,540)	0	(51,540)
Other Comprehensive Expenditure and Income	0	0	0	0		0	0	0	(78,850)	(78,850)
Total Comprehensive Expenditure and Income	**(23,176)**	**0**	**(28,364)**	**0**		**0**	**0**	**(51,540)**	**(78,850)**	**(130,390)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	23,833	(1,786)	34,671	316		35,742	0	92,794	(92,794)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	657	(1,768)	6,307	316		35,742	0	41,254	(171,644)	(130,390)
Transfers to/from Earmarked Reserves (Note 8)	1,276	(8,418)	218	0		0	6,924	0	0	0
Increase/Decrease in the year	**1,933**	**(10,186)**	**6,525**	**316**		**35,742**	**6,924**	**41,254**	**(171,644)**	**(130,390)**
Balance at 31 March 2012 Carried Forward	**11,710**	**75,430**	**31,835**	**14,721**	**0**	**35,742**	**24,172**	**193,610**	**678,943**	**872,553**
Movement in Reserves during 2012/13										
Surplus or (deficit) on the provision of services	(49,931)	-	24,319					(25,612)		(25,612)
Other Comprehensive Expenditure and Income									(101,560)	(101,560)
Total Comprehensive Expenditure and Income	**(49,931)**		**24,319**					**(25,612)**	**(101,560)**	**(127,172)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	50,509		(15,867)	4,206	4,369	7,539	-	50.756	(50,756)	
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**578**		**8,452**	**4,206**	**4,369**	**7,539**		**0**	**(152,316)**	**(127,172)**
Transfers to/(from) Earmarked Reserves (Note 8)	(4,388)	10,873	(1,268)				(2,818)	2,399	(2,399)	
Increase/(Decrease) in the year	**(3,810**	**10,873**	**7,184**	**4,206**	**4,369**	**7,539**	**(2,818)**	**27,543**	**(154,715)**	**(127,172)**
Balance at 31 March 2013 Carried Forward	**7,900**	**86,303**	**39,019**	**18,927**	**4,369**	**43,281**	**21,354**	**221,153**	**524,228**	**745,381**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2013

	2012/13			2011/12		
	Gross Exp	**Gross Income**	**Net Exp**	**Gross Exp**	**Gross Income**	**Net Exp**
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Central services to the public	51,228	30,788	20,440	26,892	14,037	12,855
Cultural and related services	45,274	15,106	30,168	65,418	11,029	54,389
Environmental and regulatory services	48,293	17,254	31,039	52,798	15,497	37,301
Planning services	7,425	3,543	3,882	18,389	5,507	12,882
Children's and educational services	433,433	287,373	146,060	440,611	317,876	122,735
Highways and transport services	54,252	21,377	32,875	54,888	16,116	38,772
Local authority housing	76,581	109,524	(32,943)	99,098	102,237	(3,139)
HRA Self-financing settlement payment to DCLG				45,489	0	45,489
Housing general fund	259,443	236,903	22,540	242,729	228,586	14,143
Adult social care	179,541	50,469	129,072	204,036	56,752	147,287
Corporate and demographic core	8,851	0	8,851	13,752	36	13,716
Other services	9,274	495	8,776	1,427	3,194	(1,767)
Non distributed costs	1,440	10	1,430	2,284	142	2,142
Cost of services	**1,174,310**	**772,842**	**402,190**	**1,267,811**	**771,009**	**498,802**
Other operating expenditure (Note 9)			804			2,612
Financing and investment income and expenditure (Note 10)			38,965			28,072
Taxation and non-specific grant income (Note 11)			(415,625)			(475,946)
Deficit on provision of services			**25,612**			**51,540**
Surplus on revaluation of fixed assets			(5,926)			(21,015)
Actuarial losses on pension assets/liabilities			107,486			99,865
Other comprehensive income and expenditure			101,560			78,850
Total comprehensive income and expenditure			**127,172**			**130,390**

Balance Sheet as at 31 March 2013

	Note	31 March 2013	31 March 2012	31 March 2011
		£'000	£'000	£'000
Property, plant and equipment	12	785,288	851,461	866,687
Council dwellings	12	810,975	805,466	799,862
Heritage assets	15	129,440	129,298	120,173
Intangible assets	14	4,999	1,006	361
Investment properties	13	195,899	198,278	204,274
Long-term investments	16	8,291	8,067	7,502
Long-term debtors	16/19	65,370	67,687	69,883
Long-term assets		**2,000,262**	**2,061,263**	**2,068,742**
Short-term investments	16	133,879	87,929	45,407
Inventories	17	1,279	1,577	1,301
Short-term debtors	19	65,887	61,099	68,117
Cash and Cash Equivalents	20	30,574	69,230	48,106
Assets held for sale	21	2,791	2,682	940
Current assets		**234,410**	**222,517**	**163,871**
Short-term borrowing	22	(15,350)	(5,140)	(5,088)
Short-term creditors	23	(110,864)	(137,322)	(145,544)
Provisions	24	(4,261)	(3,358)	(2,457)
Capital grans received in advance	39	(12,568)	(6,974)	(8,082)
Current liabilities		**(142,711)**	**(152,794)**	**(161,171)**
Long-term borrowing	22	(414,292)	(424,291)	(358,855)
Provisions	24	(5,109)	(4,483)	(4,430)
Other long-term liabilities	23	(913,871)	(817,056)	(693,741)
Capital grants received in advance	39	(12,976)	(12,603)	(11,473)
Long-term liabilities		(1,346,580)	(1,258,433)	(1,068,499)
Net assets		**745,381**	**872,553**	**1,002,943**
Usable reserves	25	221,153	193,610	152,356
Unusable reserves	26	524,228	678,943	850,587
Total reserves		**745,381**	**872,553**	**1,002,943**

Cash Flow Statement for the year ended 31 March 2013 (to follow)

	2012/2013	2011/2012
	£'000	**£'000**
Net deficit on the provision of services		51,540
Adjustment to net deficit on the provision of services for non-cash movements (Note 27)		(148,199)
Adjustment for items included in the net deficit on the provision of services that are investing and financing activities		-
Net cash flows from Operating Activities (Note 28)		(96,659)
Investing Activities (Note 29)		161,524
Financing Activities (Note 30)		(85,989)
Net (increase) or decrease in Cash and Cash Equivalents		(21,124)
Cash and Cash Equivalents at the beginning of the reporting period		48,106
Less decrease in cash/add increase in cash		21,124
Cash and Cash Equivalents at the end of the reporting period (Note 20)		**69,230**

Notes to the Accounts

1 Accounting Policies

i General Principles

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice (SeRCOP) 2011/12, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii Accruals of Income and Expenditure

All assets and liabilities are recognised in the accounts in accordance with the concept of the Authority as a going concern. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, Cash and Cash Equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, described as the minimum revenue provision "MRP", by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave eg time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is based on a sample of employees using current salaries. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

- The Local Government Pensions Scheme (called the Avon Pension Fund), administered by Bath and North East Somerset Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Avon Pension Fund is accounted for as a defined benefits scheme:

- The liabilities of the Avon Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the return for high quality corporate bonds.

- The assets of Avon Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:

  - quoted securities – current bid price

  - unquoted securities – professional estimate

  - unitised securities – current bid price

  - property – market value.

- The change in the net pensions liability is analysed into seven components:

  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.

- contributions paid to the Avon Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the Notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, 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 the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement 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 relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 (eg, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale 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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

x Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the yearend, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xi Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where revenue grants are credited to the Comprehensive Income and Expenditure Statement, but they remain unapplied, an earmarked reserve is established. This is reversed once the grants are applied.

Where capital grants can be used to fund revenue expenditure under statutory provision both the expenditure and income are matched in the relevant service in the Comprehensive Income and Expenditure statement in the year. A transfer in the Movement in Reserves Statement from the General fund or HRA balances to the Capital Adjustment Account then reverses out both the income and expenditure amounts so that there is no impact on council tax or housing rents.

xii Heritage Assets

The Authority's Heritage Assets are predominantly on display in museum buildings and galleries in the city, held in storage or loaned out to qualifying educational or cultural organisations. The Bristol museums and galleries are home to millions of objects from all over the world which are held to support the primary objective of increasing the knowledge, understanding and appreciation of the Authority's history, local and wider cultural areas through the following

- Art, Eastern art and applied art
- Archaeology, Ethnography and foreign archaeology including Egyptology and Geology
- Natural history, social history, industrial and maritime history

These assets are all valued on a historic cost basis or at an annual insurance valuation basis, except for the Antiquarian book stock that is valued by an external valuer every five years.

There is no depreciation charged against the heritage assets because it is estimated that the assets have an extended and indeterminate useful life such that any depreciation charge would be negligible.

For acquisitions, disposals and impairment, the policy outlined in Property, Plant and Equipment is adopted.

Ancient Monuments and Statues
The Authority hold numerous ancient monuments and statues, which are not recognised on the balance sheet. The Authority considers that obtaining valuations for these assets would involve a disproportionate cost in comparison to the benefits to the users of the Authority's financial statements. This is because of the diverse nature of the assets held and the lack of comparable market values.

Heritage Assets – General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

xiii Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds) the Capital Receipts Reserve.

xiv Interests in Companies and Other Entities

If the Authority has a material interest in either a subsidiary, associate or joint venture (eg jointly controlled entities) it is required to prepare Group Accounts in addition to single entity financial statements. In 2012/13, the Council had no material interests in such bodies (see Note 48).

xv Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value on a First In First Out basis.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated. Valuations are completed as follows:

- the top 250 commercial properties are valued annually.

- 50% of the remaining properties are valued in the current year and 50% in the following year (on a rolling basis).

- current "in year" valuations are also used to adjust any non-valued properties (where appropriate) in order to ensure that properties are held at fair value.

Gains and losses on revaluation are posted to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds) the Capital Receipts Reserve.

xvii Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases
Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added

to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2011/12 (SERCOP). 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 Authority's status as a multifunctional, democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xix Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Assets costing individually or collectively less than £20,000 are classed as de-minimis and are not capitalised. The expenditure is charged direct to the appropriate service line.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Assets are initially measured at cost, comprising:

- the purchase price.

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie, it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets – depreciated historical cost.

- assets under construction – historical cost.

- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).

- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Plant, Property and Equipment assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Investment assets are revalued on a two year cycle, with the top 250 rack rented and long leased assets being revalued annually. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment
Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation
Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie, freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Deprecation is calculated on the following bases:

- dwellings (exc HRA) and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.

- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

- Infrastructure, excluding quay walls and lock gates in city docks – straight-line allocation over 25 years.

- Infrastructure, quay walls and lock gates in city docks are not depreciated as their economic life is beyond 100 years.

The Authority will apply component accounting (ie major components of the asset are depreciated separately over their respective estimated economic lives) to all assets with a book value in excess of £5 million or a category of assets (where components are evident and the impact of component accounting is considered material to the Financial Statements).

In 2012/13, the authority reviewed primary school asset valuations and determined the materiality of component accounting was not applicable to the general stock. Other groups were assessed and component accounting was applied to the following assets where expenditure was incurred in year.

- Children Playgounds

- Multi surface playing pitches

- Replacement lifts

- Energy generation equipment.

In addition, a proxy for component accounting has been applied to all HRA assets – see below.

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.

HRA dwellings
Depreciation is based on the Major Repairs Allowances (MRA) for self-financing. This is considered to be a suitable proxy for component accounting for HRA dwellings.

Disposals and Non-Current Assets Held for Sale
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.
When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xx Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xxi Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

xxii Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxiii Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxiv Accounting for the Costs of the Carbon Reduction Commitment (CRC) Scheme

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and is apportioned to services on the basis of energy consumption.

xxv VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

All issued Accounting Standards have been adopted.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- The Authority has a number of different types of schools operating eg Community, Foundation, Trust, Church, and Academies etc. Where a school changes status during a financial period the Authority reviews the substance of the transaction (eg terms of leases, employee status etc) to determine whether the Authority retains "control" of the school. If control is retained, the school remains "on Balance Sheet" for the Authority, if control is lost the assets are transferred to the new controlling body. The Authority has determined that for its Trust, Foundation, Academy and certain Church schools, it no longer has control and therefore these are off Balance Sheet.

- The investments held in Icelandic banks is currently based on guidance recommended by the Local Government Association and CIPFA in May 2011. Further guidance has recently been released recommending to increase the value of these investments. The Council has decided to maintain its current position and not to adopt the latest guidance due to the uncertainty and timing of further distributions in a foreign currency – see Note 48.

- Impairment of assets amounting to £103m (Non HRA) within the Income and Expenditure Account is primarily made up of schools transferring to Academy status (£62m) as identified in Note 5. The remainder represents the downward revaluation of assets and Capital Expenditure that has lengthened the life of the asset but not substantially the market value.

- The Authority participates in two pension schemes; The Local Government Pension Scheme and The Teachers' Pension Scheme – see Note 45. Both schemes provide defined benefits to members. The arrangements for the Teachers' scheme, however, do not allow the liabilities to be easily identified for the Authority and therefore this scheme is accounted for as a defined contribution scheme, with no liability for future payment of benefits recognised in the Balance Sheet. The liability included in the Council's Balance Sheet and the adjustments made to the Comprehensive Income and Expenditure Account are based on calculations made by the Pension Fund actuary. The Balance Sheet also includes a liability in respect of the unfunded benefits paid to former teaching staff, arising from early retirement decisions made in previous years. The Council has reviewed the key assumptions used to undertake these calculations and considers them appropriate for inclusion into the financial statements.

- The Authority has calculated an Accumulating Compensating Absences Accrual in respect of its employees. The accrual for teachers and schools support staff has been based on a formulae recommended by CIPFA. The accrual for all other staff is based on a sample of employees.

- The Authority has an unquoted investment in Bristol Port Authority. An internal valuation review in 2010/11 concluded that the asset was not impaired and that the range of potential values was significant and broadly in line with the previous external valuation. The Council has therefore continued to include the value of these shares in the accounts at cost, in line with the recommendations of the Code.

4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2013 for which there is a risk of adjustment in the forthcoming financial year are as follows:

- Pensions (see Note 3 above). The Authority has relied on the calculations provided by the Pension Fund actuary.

- Property, plant and equipment. These assets are revalued on a periodic basis and reviewed annually for indicators of impairment. Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

- Provisions. The principal provision made by the Council is to meet certain insurance risks, to supplement arrangements with external insurers. The level of provision is reviewed from time to time against the value of outstanding claims.

- Private Finance Initiative (PFI). The assets and related liabilities have been recognised on the Council's Balance Sheet when made available for use. The liability is written down by way of the finance cost element of the payment to the PFI operator. Although the interest rate applied is an estimate, as long as the contracts remain unchanged, future costs will be certain.

5 Material Items of Income and Expense

The following material item is included within the Statement of Accounts, but not separately reported on the face of the Balance Sheet or the Notes:

- Seventeen schools achieved Academy status during 2012/13. The properties are let on a long-term lease for £nil consideration, so the authorities residual interest in the assets are reflected within the statement of accounts. Therefore, these assets have been re-valued downwards resulting in a charge of £62m to the Income and Expenditure Account, and is reflected in the property, plant and equipment Note 12.

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 28 June 2013. Events taking place after this date are not reflected in the financial statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the financial statements and Notes have been audited in all material respects to reflect the impact of this information.

7 Adjustments between Accounting Basis and Funding Basis under Regulations

This Note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. Total movements in usable reserves are matched by opposite entries in unusable reserves (Note 26).

2012/13	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the capital adjustment account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(126,472)	(16,916)				(143,388)
Movement in the market value of Investment Properties	(1,528)	(77)				(1,605)
Amortisation of intangible assets	(259)	(5)				(264)
Capital grants and distributions	49,889	397			(7,539)	42747
Revenue and expenditure funded from capital under statute	(1,751)					(1,751)
Revenue expenditure funded from capital under statute TRF of Grant to Neighbourhoods	(1,443)					(1,443)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5,399)	(6,761)				(12,160)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	16,421					16,421
Capital expenditure charged against the General Fund and HRA balances	11,626	922				12,548
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,932	9,107	(14,039)			
Use of the Capital Receipts Reserve to finance new capital expenditure			8,580			8,580
Other capital receipts net of allowable deductions		233	(233)			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool						
Adjustment Involving the Major Repairs Reserve (MRR):			1,486			1,486
Excess depreciation transferred to the MRR		4,369		(4,369)		
HRA depreciation credited to MRR		24,865		(24,865)		
Use of the MRR to finance new capital expenditure				24,865		24,865
HRA Settlement payment to DCLG						
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177	1,213				1,390
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	(36,349)	(4,864)				(41,213)
Employer's pensions contributions and direct payments to pensioners payable in the year	39,484	3,385				42,869
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,582					1,582
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,419)					(1,419)
Other Reserve Movements						
Total Adjustment	**(50,509)**	**15,868**	**(4,206)**	**(4,369)**	**(7,539)**	**(50,755)**

8 Transfers to/from Earmarked Reserves

This Note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2012/13.

	1 April 2012	Transfers out 2012/13	Transfers in 2012/13	31 March 2013
	£'000	£'000	£'000	£'000
General Fund				
Capital				
Capital - general	20,446	67,832	74,218	26,832
Capital - housing	681	0	1,087	1,768
Revenue				
Business Transformation	2,089	603	9,183	10,669
Restructuring Costs	2,019	0	0	2,019
Supporting People	6,821	0	0	6,821
Residential Futures	1,413	29	0	1,384
Health and Social Care Transformation	1,036	0	100	1,136
Revenue Grants Unapplied	6,329	6,329	255	255
Accommodation Review	218	0	248	466
ICT Replacement Fund	3,480	3,425	1,241	1,296
Education Standards Fund	1,583	1,583	0	0
Housing Benefit Issues	970	0	0	970
Education PFI Smoothing Fund	983	0	975	1,958
Various Regeneration Projects	862	296	0	566
Schools Absence Scheme	1,052	0	132	1,184
Early Years Reserve	1,430	0	0	1,430
Grounds Maintenance	537	0	0	537
Waste Issues	2,153	96	1,012	3,069
Commercial Property Trading Account	455	0	0	455
Schools Funding Reform	2,000	0	0	2,000
PARIS Replacement	500	0	0	500
Hengrove PFI Sinking Fund	1,045	0	77	1,122
Stoke Park Dowry	1,466	0	12	1,478
Housing Support	1,000	0	300	1,300
Exempt Accommodation	2,103	0	0	2,103
Energy Management Investment Account	260	150	525	635
Safer Bristol Legal Fees	319	0	189	508
Other	9,680	2,428	4,090	11,342
Other				
Investment in Port Company	2,500	0	0	2,500
Total	**75,430**	**82,771**	**93,644**	**86,303**

The capital reserve is maintained to provide funding for the Council's capital programme: the balance at 31 March is fully committed to the future years' programme. Details of the other major earmarked reserves are set out below:

RESERVE	PURPOSE
Business Transformation	Funds set aside to "pump prime" the transformation programme to improve services, reduce costs and wastage and improve productivity and to provide for the one off costs associated with change programmes.
Restructuring costs	Reserve held to cover severance and redeployment costs arising from corporately driven restructurings. Calculated on the basis of a risk assessment of planned restructuring.
Supporting People	Comprises underspend of grant from previous years held to meet notified reductions in grant and forecast deficits against planned spend in future years.
IT Replacement Fund	Maintained to finance the replacement and renewal of the ICT infrastructure. Annual contributions are set aside from the revenue budget.
Asbestos removal	Identification and removal of asbestos in council owned properties.
Various regeneration projects	Match funding for on-going regeneration schemes.
Schools Absence Scheme	Funding from schools to meet the cost of supply cover.
Early Years Reserve	For the development of statutory early years funding reforms and to provide transitional funding for nursery schools and early years settings at financial risk following implementation of a single funding formula.
Housing benefit issues	To meet potential clawback of subsidy pending finalisation of the audit claim for 2012/13 together with other financial risks associated with the benefits service.
Education PFI smoothing fund	The fund represents the excess of government grant over expenditure to date in respect of the Schools PFI schemes. It is carried forward to meet future years commitments under the PFI contract.
Waste issues	Held for risks associated with reductions in recyclate income prices and one off costs arising from procurement of new waste service contracts. Includes grant funding for Bristol's on-going share of the West of England Waste Strategy.
Exempt Accommodation	Benefit claims re exempt accommodation (de-regulated tenancies) denied and potentially subject to appeal.
Investment in Port Company	Reflects the Council's shareholding and cannot be used for alternative purposes.
Residential Futures	To fund the re-provision of residential services for older people in Bristol in response to an increasing population and changes in needs and preferences.
HSC Transformation	To fund the modernisation and rationalisation of services provided in house and to increase efficiency and effective commissioning of services provided by external providers.
Hengrove PFI Credit Sinking Fund	Sinking fund to equalise the phasing of government grant and expenditure in respect of Hengrove PFI (interest bearing).
Schools Funding Reform	To provide funding for transitional effects of the National Schools Funding Formula.
Stoke Park Dowry	Renovation of an historic, listed wall within Stoke Park and for the on-going upkeep and maintenance of the whole park for future years.
Housing Support	To provide for homelessness issues.
Revenue grants unapplied	Grants received in advance, recognised in the Comprehensive Income and Expenditure Account in 2012/13.

9 Other Operating Expenditure

	2012/2013 £'000	2011/2012 £'000
Precepts and levies	1,069	1,137
Payments to the Government Housing Capital Receipts Pool	1,486	2,270
Losses/(gains) on the disposal of non-current assets	(1,751)	(795)
Total	**804**	**2,612**

10 Financing and Investment Income and Expenditure

	2012/2013 £'000	2011/2012 £'000
Interest payable and similar charges	36,612	33,415
Pensions interest cost and expected return on pension assets	19,088	15,927
Interest receivable and similar income	(12,452)	(9,372)
Income and expenditure in relation to investment properties	(9,534)	(9,355)
Changes in fair value of investment properties	1,529	(2,543)
Total	**38,243**	**28,072**

11 Taxation and Non-Specific Grant Income

	2012/2013 £'000	2011/2012 £'000
Council tax income	(183,834)	(181,418)
Non-domestic rates	(172,439)	(141,503)
Revenue support grant	(3,343)	(43,739)
Non-service related government grants	(4,597)	(4,515)
Capital grants and contributions	(51,412)	(104,771)
Total	**(415,625)**	**(475,946)**

12 Property, Plant and Equipment

Movements in 2012/13

The valuations, excluding vehicles, plant, equipment, infrastructure assets and community assets are carried out by J Screen, MIRCS, the City Council's acting Corporate Property Manager. The basis for the valuation of all assets is set out in the statement of accounting policies.

			Operational Assets						
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2012	833,258	746,040	24,538	104,252	3,231	11,397	20,386	909,844	179,614
Additions	27,602	33,797	3,930	7,071	556	15,046	-	**60,400**	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(26,809)	(7,643)	-	-	831	1,995	1,048	**(3,768)**	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	7,815	(100,201)				(407)	(930)	**(101,538)**	
De-recognition - Disposals	(5,625)	(131)					(2,450)	**(2,581)**	
De-recognition - Other									
Assets reclassified to/from Held for Sale	(402)	(253)				(3,051)	(106)	**(3,410)**	
Assets reclassified to/from Investment Property		399						**399**	
Other movements in cost or valuation		6,970		1,125	(89)	(8,654)	971	**323**	
At 31 March 2013	**835,839**	**678,978**	**28,468**	**112,448**	**4,529**	**16,326**	**18,919**	**859,669**	**179,614**
Accumulated Depreciation and Impairment									
At 1 April 2012	**(27,792)**	**(40,776)**	**(7,501)**	**(7,850)**	**0**	**(64)**	**(2,189)**	**(58,380)**	**(5,572)**
Depreciation Charge	(24,865)	(18,710)	(2,975)	(2,847)		(10)	(398)	**(24,940)**	(6,105)
Depreciation written out to Revaluation Reserve on the Provision of Services	27,643	8,842					(100)	**8,742**	
Impairment in the Revaluation Reserve		(326)						**(326)**	
Impairment in the Surplus/Deficit on the Provision of Services		(92)						**(92)**	
De-recognition - Disposals	143	131					343	**474**	
De-recognition - Other									
Other movements in Depreciation and Impairment	7	385				(1,796)	1553	**141**	
At 31 March 2013	**(24,864)**	**(50,546)**	**(10,476)**	**(10,697)**		**(1,870)**	**(791)**	**(74,381)**	**(11,677)**
Balance Sheet at 31 March 2013	**810,975**	**628,432**	**17,992**	**101,751**	**4,529**	**14,456**	**18,128**	**785,288**	**167,937**
Balance Sheet at 1 April 2012	**805,466**	**705,264**	**17,037**	**96,402**	**3,231**	**11,333**	**18,197**	**851,464**	**174,042**

13 Comparative movements in 2011/12

	Council Dwellings	Other Land and Buildings	Operational Assets Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2011	**826,485**	**759,833**	**13,462**	**93,155**	**3,090**	**34,606**	**21,129**	**925,275**	**157,051**
Additions	25,942	32,748	11,822	15,936	230	35,115	3,110	**98,951**	**22,563**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(952)	22,326	0	7	106	0	(8,001)	**14,438**	**0**
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	(12,739)	(124,654)	0	(3,777)	(107)	0	(3,163)	**(131,701)**	**0**
De-recognition - Disposals	(4,900)	(350)	(746)	(1,059)	(47)	(5)	(60)	**(2,267)**	**0**
De-recognition - Other	0	0	0	0	0	0	0	**0**	**0**
Assets reclassified to/from Held for Sale	(578)	(244)	0	0	0	0	(2,311)	**(2,555)**	**0**
Assets reclassified to/from Investment Property	0	7,698	0	0	0	0	0	**7,698**	**0**
Other movements in cost or valuation	0	48,683	0	(10)	(41)	(58,319)	9,692	**5**	**0**
At 31 March 2012	**833,258**	**746,040**	**24,538**	**104,252**	**3,231**	**11,397**	**20,386**	**909,844**	**179,614**
Accumulated Depreciation and Impairment									
At 1 April 2011	**(26,623)**	**(44,904)**	**(5,396)**	**(6,641)**	**0**	**(177)**	**(1,470)**	**(58,588)**	**(2,812)**
Depreciation Charge	(27,794)	(17,002)	(2,105)	(2,268)	0	0	(604)	**(21,979)**	**(2,760)**
Depreciation written out to Revaluation Reserve	0	0	0	0	0	0	0	**0**	**0**
Depreciation written out to surplus/deficit on the Provision of Services	26,482	21,454	0	0	0	0	2,029	**23,483**	**0**
Impairment losses/reversals recognised in the Revaluation Reserve	0	(664)	0	0	0	0	(1,170)	**(1,834)**	**0**
Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service	0	(58)	0	0	0	0	(601)	**(659)**	**0**
De-recognition - disposals	135	26	0	1,059	0	5	2	**1,092**	**0**
De-recognition - other	0	0	0	0	0	0	0	**0**	**0**
Other movements in Depreciation and Impairment	8	372	0	0	0	108	(375)	**105**	**0**
At 31 March 2012	**(27,792)**	**(40,776)**	**(7,501)**	**(7,850)**	**0**	**(64)**	**(2,189)**	**(58,380)**	**(5,572)**
Balance Sheet at 31 March 2012	**805,466**	**705,264**	**17,037**	**96,402**	**3,231**	**11,333**	**18,197**	**851,464**	**174,042**
Balance Sheet at 1 April 2011	**799,862**	**714,929**	**8,066**	**86,514**	**3,090**	**34,429**	**19,659**	**866,687**	**154,239**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The following useful lives and depreciation rates have been used:

- Council Dwellings 16–50 years
- Other Land and Buildings 5–60 years
- Vehicles, Plant, Furniture and Equipment – 3 to 8 years

- Infrastructure – 25 years (quay walls and lock gates in City Docks not depreciated as useful life beyond 100 years)

Capital Commitments

Significant contractual commitments outstanding at 31 March 2013 were as follows:

	£m
100 Temple Street – Office Accommodation – CIP Property (AIPT) Limited	18.4
May Park Primary School – Skanska	4.4
St Johns C of E Primary School - Skanska	2.4
Filton Avenue Primary School – BAM	1.8
Millpond Primary School – Skanska	0.7
Avonmouth Wind Turbines – AGC & Nordex	4.5
Trenchard Street car park refurbishment works – Makers Construction Ltd	0.9
Priority Stock, Parkinson Housing and Improvement Scheme – Bagnall Limited (HRA contract to 2013/14)	1.3
Priority Stock – Prefabricated Development Project (demolish 330 prefabricated homes and replace with 330 new homes) – Bovis Homes	10.0
Priority Stock – PRC demolition project – Alun Griffiths Contractors	0.5
Planned Programmes, New kitchens and electrical re-wire – Lovell Construction Limited	5.0

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are valued at historic cost, which is considered to be a suitable proxy for fair value.

The following table shows the effective valuation dates for all property plant and equipment:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, etc	Infrastructure	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	**0**	**24,410**	**28,468**	**112,448**	**2,048**	**12,461**	**3,100**	**152,292**
Valued at Fair values as at:								
31 March 2013	832,719	40,900	-	-	170	-	xxx	xxx
31 March 2012	85	146,911	-	-	30	-	6,919	298,819
31 March 2011	-	49,368	-	-	-	-	3,739	22,914
31 March 2010	3,035	292,190	-	-	-	3,865	6,313	353,507
31 March 2009	-	125,199	-	-	2,281	-	315	82,312
Total cost valuation	**835,839**	**678,978**	**28,468**	**112,448**	**4,529**	**16,326**	**18,919**	**859,669**

School Assets (to follow)
Details of schools assets included in the Council's Balance Sheet and in the table of movements (as other land and buildings) on page 43 are as follows:

Type	Number	Net Book Value
		£m
Community		
Academy (PFI)		
Voluntary controlled		
Trust		
Total		

A further 30 schools are not included in the Council's Balance Sheet, these are largely voluntary aided and trust schools, with the Council retaining responsibility for the repair and maintenance of the schools granted trust status.

Since the Balance Sheet date, applications have been approved for two schools to transfer to Academy status in 2012/13. The value of the associated assets will therefore not be included in the Council's Balance Sheet at 31 March 2013.

Academy PFI Schools. (to follow)

14 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2012/2013	2011/2012
	£'000	£'000
Rental income from investment property	11,426	10,605
Direct operating expenses arising from investment property	(1,892)	(1,250)
Net gain	**9,534**	**9,355**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2012/2013	2011/2012
	£'000	£'000
Balance at start of the year	198,278	204,274
Additions - purchases	677	0
Disposals	(1,378)	(920)
Net gains/losses from fair value adjustments	(1,279)	2,598
Transfers to/from Property, Plant and Equipment	(399)	(7,674)
Balance at end of the year	**195,899**	**198,278**

15 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system (ie accounted for as part of the hardware item of Property, Plant and Equipment). The intangible assets include purchased licenses. All software is amortised over five years (this is based on assessments of the period that the software is expected to be of use to the Authority). All software is carried at cost (used as a proxy for fair value) given the short life of the asset.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £262k charged to revenue in 2012/13 was charged to the central ICT cost centre and the Housing Revenue Account. The charge to central ICT was absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The purchases in 2012/13 relate to the replacement of the authorities financial system that was developed and installed during the year.

The movement on Intangible Asset balances during the year is as follows:

	2012/2013	2011/2012
	£'000	£'000
Balance at start of the year		
Gross carrying amounts	2,629	1,854
Accumulated amortisation	(1,623)	(1,493)
Net carrying amount at start of year	1,006	361
Additions:		
Purchases	4,255	775
Amortisation for the period	(262)	(130)
Net carrying amount at the end of year	**4,999**	**1,006**
Comprising:		
Gross carrying amounts	6,884	2,629
Accumulated amortisation	(1,885)	(1,623)
	4,999	**1,006**

16 Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority.

	Art Collection	**Archaeology**	**Antiquarian Books**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Cost or valuation					
1 April 2012	85.5	15.6	7.1	21.1	129.3
Additions	0	0	0	0.1	0.1
Revaluations	0	0	0	0	0
31 March 2013	**85.5**	**15.6**	**7.1**	**21.2**	**129.4**
Cost or valuation					
1 April 2011	80.1	14.9	6.4	18.8	120.2
Additions	0	0	0	0.3	0.3
Revaluations	5.4	0.7	0.7	2.0	8.8
31 March 2012	**85.5**	**15.6**	**7.1**	**21.1**	**129.3**

The above collection of Heritage assets are predominantly valued on an insurance valuation basis excluding the antiquarian book stock that is valued by an external valuer, and some items classified as "other" are valued at historic cost.

Additions of Heritage Assets

The additions represent the restoration works carried out on Cabot Tower that was built between 1896 and 1898 in commemoration of John Cabot, 400 years after he sailed in the Matthew and landed in what later became Canada.

Heritage Assets – Five Year Summary of Transactions

	2008/09	2009/10	2010/11	2011/12	2012/13
	£m	£m	£m	£m	£m
Revaluations	5.2	5.2	0.9	8.8	0.0
Additions	0	0	0	0.3	0.1
Carrying Value	106.5	111.7	120.2	129.3	129.4

Heritage Assets: Further Information on the Museum's Collections

Loans

The Museum occasionally makes available loan items from its collection to regional and national museums and borrows collections for specific exhibitions. Collections not on display are held in secure storage but access is permitted on an appointment basis.

Preservation

The collections have been under the care of conservators since the 1940s. They specialise in antiquities, paintings, paper and photographs, and preventive conservation and are based at Bristol Museum and Art Gallery. Our conservators:

- prepare artefacts for display
- set conservation standards for the refurbishment of permanent exhibitions
- prepare artefacts for loan to another institution
- check new acquisitions
- assess the condition of objects and work on the installation of temporary exhibitions
- work to improve collections storage
- maintain permanent displays - this includes training staff and cleaning objects.

17 Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-Term		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	£'000	£'000	£'000	£'000
Investments				
Loans and receivables	5,790	5,566	133,879	87,929
Loans and receivables - Port Investment (at cost)	2,500	2,500	-	-
Total investments	**8,290**	**8,066**	**133,879**	**87,929**
Debtors				
Debtors as per Balance Sheet	65,370	67,687	65,887	61,099
Adjustments for statutory debtors (not qualifying as loans and receivables)	-	-	(25,651)	(24,540)
Total debtors qualifying as loans and receivables	**65,370**	**67,687**	**40,236**	**36,559**
Cash and Cash Equivalents	**-**	**-**	**30,574**	**69,230**
Total Financial Assets	**73,662**	**75,753**	**204,689**	**193,718**
Borrowings				
Financial liabilities at amortised cost	414,289	424,291	15,347	5,140
Total borrowings	**414,289**	**424,291**	**15,347**	**5,140**
Other long-term liabilities				
PFI and finance lease liabilities	167,882	174,304	5,572	4,986
Deferred liability	62,914	65,457	-	-
Retirement benefit provision	682,857	577,027	-	-
Total other long-term liabilities	**913,653**	**816,788**	**5,572**	**4,986**
Creditors				
Creditors as per Balance Sheet qualifying as financial liabilities at amortised cost	-	-	110,864	137,322
Adjustment to include finance lease and PFI liabilities included within creditors	-	-	(5,572)	(4,986)
Adjusted creditors qualifying as financial liabilities at amortised cost	**-**	**-**	**105,292**	**132,336**
Total Financial Liabilities	**1,327,941**	**1,241,079**	**126,211**	**142,462**

Movements

- Investments

  – Short-term investments – Year-on-year short-term investments increased by 94% due to an increase in cash balances that the Council received during the year and deposited with financial institutions over a short-term horizon (less than one year).

- Cash and Cash Equivalents increased by 44% due to an increase in cash balances that the Council held in its liquid deposit and money market funds.

- The increase in investments primarily relates to grants receipted in advance and delays to capital projects.

- Long-term Borrowing – Year on year long-term borrowing decreased by £10m following a reclassification to short term borrowing.

- Retirement benefit provision increased by 22% year on year as a result of a change in the underlying valuation assumptions applied by the Actuary as well as losses incurred by asset classes within the fund.

Allowance for Credit Losses

Section 7.4.2.6 of the Code requires the Council to record the impairment of a financial asset to a separate account, the Financial Instruments Adjustment Account. The Council incurred impairment losses on two Icelandic investments, Glitnir (£5m) and Landsbanki (£3m) in 2009/10. Following the successful outcome of legal test cases in the Icelandic Supreme Court in late 2011, the authority anticipate a full recovery and the administrators have commenced the process of dividend payments in respect of both of these banks;

- Glitnir Bank – The administrator has repaid 100% of investment, with 79% being received by the Council, while the remainder (Icelandic Kroner) is being held in an escrow account currently earning interest at 4.20% until foreign exchange restrictions are resolved.

- Landsbanki – The administrator has made distributions amounting to 50%. No timescale has been given for future repayments, though it is expected these will be fully recovered by December 2019.

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are as follows:

	2012/13					2011/12				
	Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets			
	Liabilities measured at Amortised Cost	Loans and Receivables	Available - for-sale assets	Assets and liabilities at fair value through profit and loss	Total	Liabilities measured at Amortised Cost	Loans and Receivables	Available-for-sale assets	Assets and liabilities at fair value through profit and loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	(39,612)				**(39,612)**	(33,400)	0	0	0	**(33,400)**
Premium on early repayment of debt						0	0	0	0	**0**
Losses on De-recognition						0	0	0	0	**0**
Total expense in Surplus or Deficit on the Provision of Services	**(39,612)**				**(39,612)**	**(33,400)**	**0**	**0**	**0**	**(33,400)**
Interest Income		12,452			**12,452**	0	9,372	0	0	**9,372**
Total income in Surplus or Deficit on the Provision of Services		**12,452**			**12,452**	**0**	**9,372**	**0**	**0**	**9,372**
Gains on revaluation						0	0	0	0	**0**
Losses on revaluation						0	0	0	0	**0**
Net gain/loss for the year	**(39,612)**	**12,452**	**-**	**-**	**(27,160)**	**(33,400)**	**9,372**	**0**	**0**	**(24,028)**

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair values for financial liabilities (PWLB debt and market debt) have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each Balance Sheet date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a suitable approximation for fair value for these instruments.

- Estimated ranges of interest rates at 31 March 2013 of 0.02% to 3.13% for loans from the PWLB and the Market, and 1.05% to 1.25% for other loans receivable, based on new lending rates for equivalent loans at that date.

- No early repayment or impairment is recognised

- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

- The fair values for loans and receivables (money market loans > 1 year) have been determined by reference to prevailing market rates as at the Balance Sheet date. The prevailing market rates have been determined for each long-term money market investment outstanding with reference to the time to maturity.

The fair values calculated are as follows:

Financial Liabilities

	31 March 2013		31 March 2012		31 March 2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities	1,433,551	1,582,504	1,383,542	1,520,200	1,202,859	1,260,572

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2013) arising from a commitment to pay interest to lenders above current market rates.

Financial assets

	31 March 2013		31 March 2012		31 March 2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Long-term investments	8,291	8,546	8,066	8,345	7,502	7,797
Short-term investments	133,879	133,879	87,929	87,929	45,407	45,407
Debtors qualifying as loans and receivables	40,237	40,237	36,559	36,559	40,926	40,926
Cash and Cash Equivalents	30,574	30,574	69,230	69,230	48,106	48,106
Total loans and receivables	**212,981**	**213,236**	**201,784**	**202,063**	**141,941**	**142,236**
Long term debtors	**65,370**	**68,917**	**67,687**	**69,813**	**69,883**	**70,942**
Total financial assets	**278,351**	**282,153**	**269,471**	**271,876**	**211,824**	**213,178**

The fair value of the assets is higher than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2013) attributable to the commitment to receive interest above current market rates.

18 Inventories

	31 March 2013	31 March 2012
	£'000	£'000
Balance outstanding at start of the year	1,577	1,302
Purchases	4,331	2,881
Recognised as an expense in the year	(4,629)	(2,606)
Balance outstanding at year-end	**1,279**	**1,577**

19 Construction Contracts

The Council does not undertake construction contracts for other organisations.

20 Debtors

		31 March 2013	31 March 2012
i	**Current debtors**	**£'000**	**£'000**
	Central government bodies	14,443	10,603
	Other local authorities	4,883	4,159
	NHS bodies	74	-
	Public corporations and trading funds	-	-
	Other entities and individuals	46,487	46,337
	Total	**65,887**	**61,099**

Details of amounts provided as bad debt provisions are included in Note 49.

		31 March 2013	31 March 2012
ii	**Long-term debtors**	**£'000**	**£'000**
	Mortgages	297	268
	Capital loans (Probation/Fire/LEP)	10,222	11,018
	Other loans	-	80
	South Gloucestershire Council	572	599
	Former county council debt	52,280	54,722
	Local Authority Mortgage Scheme	2,000	1,000
	Total	**65,371**	**67,687**

21 Cash and Cash equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2013	31 March 2012
	£'000	**£'000**
Cash held by the Authority	1,278	1,281
Bank current accounts	(17,129)	(14,292)
Short-term deposits with banks / building societies	46,425	82,241
Total Cash and Cash Equivalents	**30,574**	**69,230**

The Council also manages a number of Euro bank accounts on behalf of itself and other partner organisations. There were no balances at 31 March 2013 relating to the Council's own accounts. The sterling equivalent of the total balances held for and managed on behalf of other partner organisations, and not included within the Council's accounts, at 31 March 2013 was £3,000 (31 March 2012 £112,363).

22 Assets Held for Sale

	31 March 2013	31 March 2012
	£'000	**£'000**
Non-current assets held for sale	2,791	2,682

There were no gains or losses recognised in the year in respect of "assets held for sale".

	31 March 2013 £'000	31 March 2012 £'000
Revaluation gains	0	64
Revaluation losses	0	0
Impairment losses	0	0
	0	64

23 Borrowing

	31 March 2013	31 March 2012
Short-term borrowing	**£'000**	**£'000**
Deposit loans (repayable at notice - up to 7 days)	462	532
Other short term borrowing (repayable within 1 year):		
– Public Works Loan Board	13,620	3,328
Banks and other monetary sector	1,254	1,266
– Local bonds and property rent disposals	11	11
– Stocks	3	3
Total	**15,350**	**5,140**

	31 March 2013	31 March 2012
Long-term borrowing	**£'000**	**£'000**
Public Works Loan Board	291,240	301,239
Market debt	123,000	123,000
Stocks	52	52
Total	**414,292**	**424,291**

The debt of the authority has remained constant throughout the year as recommended within the 2012/13 Treasury Management Strategy. New borrowing to finance capital expenditure has been suspended to reduce the level of investments thus reducing investment / counterparty risk.

24 Creditors

	31 March 2013	31 March 2012
Current liabilities	**£'000**	**£'000**
Central government bodies	10,115	21,025
Other local authorities	2,148	2,914
NHS bodies	94	23
Public corporations and trading funds	0	0
PFI contract liabilities	4,455	3,982
Other entities and individuals	94,052	109,378
Total	**110,864**	**137,322**

Other long-term liabilities	31 March 2013 £'000	31 March 2012 £'000
PFI contract liabilities (see Note 43)	159,893	164,349
Retirement benefit obligations (see Note 46)	682,587	577,027
Deferred liabilities	70,901	75,412
Deferred capital receipts	218	268
Total	**913,871**	**817,056**

Deferred liabilities are amounts which, by arrangement, are payable beyond the next year, at some point in the future or are to be paid off by an annual sum over a period. As at the 31 March 2013 the liability in the Council's Balance Sheet of £70.9m (2012: £75.4m) comprised of former county council loan debt of £54.4m (2012: £57.0m), £8.5m (2012: £8.5m) in respect of a loan for the Hengrove Park development, £0.3m (2012: £1.1m) obligations under finance leases and £7.7m embedded lease liability for the waste contract (2012: £8.8m). The PFI contract liabilities as at 31 March 2013 includes £159.9m long-term PFI liability (2012: £164.3m).

Deferred capital receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on the sale of council houses, which form part of mortgages under long term debtors.

25 Provisions

	Balance at 1 April 2011	Additional provisions made in 2012/13	Amounts used in 2012/13	Balance at 31 March 2013	Due < 1 year	Due > 1 year
	£'000	£'000	£'000	£'000	£'000	£'000
Insurance fund	4,792	4,914	4,875	4,832	1,395	3,437
Other	3,048	3,169	1,679	4,538	2,866	1,672
	7,840	**8,083**	**6,554**	**9,370**	**4,261**	**5,109**
Due < 1 year	3,358			4,261		
Due > 1 year	4,482			5,109		
	7,840			**9,370**		

The Insurance fund covers certain risks arising from fire, employer's liability and public liability, supplementing the Council's arrangement with external insurers, together with other risks. All other provisions are individually not material.

26 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves statement.

27 Unusable Reserves

	31 March 2013	31 March 2012
	£'000	**£'000**
Revaluation Reserve	193,669	195,873
Capital Adjustment Account	1,036,977	1,084,855
Financial Instruments Adjustment Account	(10,934)	(12,324)
Pensions Reserve	(682,857)	(577,027)
Collection Fund Adjustment Account	334	1,916
Accumulating Compensated Absences Adjustment Account	(12,961)	(14,380)
	524,228	**678,943**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2012/2013		2011/12
	£'000		**£'000**
Balance at 1 April		**195,873**	180,217
Upward revaluation of assets	20,821		50,616
Net gains on revaluation of fixed assets	0		0
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	(15,504)		(27,767)
Downward revaluation of assets following impairment by economic consumption	(326)		(1,834)
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the Provision of Services		**4,991**	201,232
Difference between fair value and historical cost depreciation	(4,838)		(5,249)
Accumulated gains on assets sold or scrapped	(2,357)		(110)
Amount written off to the Capital Adjustment Account		**(7,195)**	(5,359)
Balance at 31 March		**193,669**	195,873

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2012/2013 £'000		2011/12 £'000
Balance at 1 April		**1,084,885**	**1,174,139**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	(45,726)		(45,183)
Revaluation losses on Property, Plant and Equipment	(92,322)		(94,831)
Amortisation of intangible assets	(264)		(130)
Revenue expenditure funded from capital under statute	(1,751)		(1,905)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(9,802)	**(149,865)**	(8,069)
		935,020	1,024,021
Adjusting amounts written out of the Revaluation Reserve		**(2)**	**0**
Net written out amount of the cost of non-current assets consumed in the year		**935,018**	**1,024,021**
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital expenditure	8,580		5,544
Use of the Major Repairs Reserve to finance new capital expenditure	24,865		20,369
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	40,907		46,456
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	16,421		16,464
Capital expenditure charged against the General Fund and HRA balances	12,715	**103,488**	14,977
		1,038,506	1,127,831
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,529)		2,543
HRA Self Financing	0	**(1,529)**	(45,489)
Balance at 31 March		**1,036,977**	1,084,885

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2013 will be charged to the General Fund over the next 47 years.

	2012/2013 £'000		2011/12 £'000
Balance at 1 April		**12,325**	13,820
Impairment adjustment	**0**		0
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(1,391)		(1,495)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(1,391)	(1,495)
Balance at 31 March		**10,934**	**12,325**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2012/2013 £'000	2011/12 £'000
Balance at 1 April	577,027	474,663
Actuarial gains or losses on pensions assets and liabilities	107,486	99,865
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	41,213	46,476
Employer's pensions contributions and direct payments to pensioners payable in the year	(42,869)	(43,977)
Balance at 31 March	**682,857**	**577,027**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2012/2013 £'000	2011/12 £'000
Balance at 1 April	1,916	(1,777)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,582)	3,691
Balance at 31 March	**334**	**1,916**

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance be neutralised by transfers to or from the Account.

	2012/2013 £'000	2011/12 £'000
Balance at 1 April	14,380	13,509
Settlement or cancellation of accrual made at the end of the preceding year	(14,380)	(13,509)
Amounts accrued at the end of the current year	12,961	14,380
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,419)	871
Balance at 31 March	**12,961**	**14,380**

28 Cash Flow Statement - Non-Cash Movements (to follow)

	2012/2013 £'000	2011/12 £'000
Depreciation and impairment		(118,783)
Write down of revenue expenditure funded from capital under statute		(1,905)
Excess depreciation charged to the HRA over the Major repairs allowance		(7,722)
Retirement benefits adjustments		(2,499)
Transfer from usable capital receipts to meet payment to Housing Capital Receipts Pool		(2,270)
(Increase)/decrease in provisions		(5,086)
Minimum revenue provision		15,640
HRA settlement adjustment		(45,489)
Net gain/(loss) on disposal of assets		795
Increase/(decrease) in creditors		8,058
Increase/(decrease) in debtors		11,657
Increase/(decrease) in inventories		276
Accumulating absences adjustment		(871)
Net cash flows from non-cash movements		**(148,199)**

29 Cash Flow Statement - Operating Activities (to follow)

The cash flows for operating activities include the following significant items:

	2012/2013 £'000	2011/12 £'000
Interest received		(4,496)
Interest paid		17,862
Dividends received		(1,058)

30 Cash Flow Statement - Investing Activities (to follow)

	2012/2013 £'000	2011/12 £'000
Purchase of property, plant and equipment, investment property and intangible assets		125,297
Other payments for investing activities		2,680
Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(8,975)
Increase in/(proceeds from) short-term and long-term investments		42,522
Net cash flows from investing activities		**161,524**

31 Cash flow Statement - Financing Activities (to follow)

	2012/2013 £'000	2011/12 £'000
Cash receipts of short- and long-term borrowing		(68,546)
Other receipts from financing activities		0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts		809
Repayments of short- and long-term borrowing		65
Other payments/(receipts) in respect of financing activities		(18,317)
Net cash flows from investing activities		**(85,989)**

32 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of the Council's financial management arrangements (ie by reports analysed across directorates). These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the council's directorates which is reflected in the final outturn report to Cabinet for the year is as follows:

Directorate income and expenditure 2012/13	Children and Young People's Services	Corporate Services	Health and Social Care	Neighbour-hoods and City Development	Housing Revenue Account	Total Net Cost
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	26,427	114,218	53,640	106,151	112,053	412,489
Government grants	256,610	236,372	17,798	14,566		525,346
Total income	**283,037**	**350,590**	**71,437**	**120,717**	**112,053**	**937,834**
Employee expenses	195,408	66,733	43,682	59,024	25,173	390,020
Other service expenses	142,276	277,034	134,785	162,891	44,872	762,858
Support service recharges	14,506	28,293	20,916	15,266	9,332	88,313
Total Expenditure	**353,190**	**372,060**	**199,384**	**237,181**	**79,377**	**1,241,192**
Net Expenditure	**70,153**	**21,470**	**127,947**	**116,464**	**(32,676)**	**303,358**

2012/13	Directorate Analysis	Other costs not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	412,489	209	495	(11,426)	**401,767**	11,426	**413,193**
Interest and investment income			(556)		**(556)**	73,781	**73,225**
Income from council tax						183,834	**183,834**
Government grant	525,346		(7,517)		**517,829**	231,791	**749,620**
Total income	**937,835**	**209**	**(7,578)**	**(11,426)**	**919,040**	**500,832**	**1,419,872**
Employee expenses	390,020	3,522	(20,630)		**372,912**		**372,912**
Other service expenses	762,858		(21,240)		**741,618**		**741,618**
Support service recharges	88,313			(1,892)	**86,421**	1,892	**88,313**
Depreciation, amortisation and impairment			142,529		**142,529**		**142,529**
Interest payments			(14,134)		**(14,134)**	120,029	**105,895**
Capital expenditure charged to revenue			(9,241)		**(9,241)**		**(9,241)**
Net transfer to reserves			1,125		**1,125**		**1,125**
Precepts and levies						1,069	**1069**
Payment to Housing Capital Receipts Pool						1,486	**1,486**
Pension liability - change in scheme provisions							
Loss on disposal of non-current assets						(1,751)	**(1,751)**
Changes in fair value of investment properties						1,529	**1,529**
Total Expenditure	**1,241,191**	**3,522**	**78,409**	**(1,892)**	**1,321,230**	**124,254**	**1,445,484**
Deficit on the Provision of Services	**303,356**	**3,313**	**85,987**	**(9,534)**	**402,190**	**(376,578)**	**25,612**

2011/12 comparative tables

Directorate income and expenditure 2011/12	Children and Young People's Services	Corporate Services	Health and Social Care	Neighbourhoods & City Development	Housing Revenue Account	Total Net Cost
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	31,811	116,861	51,812	93,632	119,052	413,168
Government grants	287,147	223,705	17,362	18,770	0	546,984
Total income	**318,958**	**340,566**	**69,174**	**112,402**	**119,052**	**960,152**
Employee expenses	220,848	62,033	47,382	62,896	12,366	405,525
Other service expenses	155,677	263,949	143,814	147,894	131,802	843,226
Support service recharges	15,616	31,264	21,533	14,671	13,848	96,932
Total Expenditure	**391,141**	**357,246**	**212,729**	**225,551**	**158,016**	**1,345,683**
Net Expenditure	**73,183**	**16,680**	**143,555**	**113,149**	**38,964**	**385,531**

2011/12	Directorate Analysis	Other costs not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	413,168	2,599	977	(10,605)	**406,139**	10,605	**416,744**
Interest and investment income	-	-	(527)	-	**(527)**	77,651	**77,124**
Income from council tax	-	-	-	-	**-**	181,418	**181,418**
Government grant	546,984	-	(1,220)	-	**545,764**	294,528	**840,292**
Total income	**960,152**	**2,599**	**(770)**	**(10,605)**	**951,376**	**564,202**	**1,515,578**
Employee expenses	405,525	2,801	(12,012)	-	**396,314**	-	**396,314**
Other service expenses	843,226	2,194	(17,782)	-	**827,638**	-	**827,638**
Support service recharges	96,932	-	-	(1,250)	**95,682**	1,250	**96,932**
Depreciation, amortisation and impairment	-	-	146,363	-	**146,363**	-	**146,363**
Interest payments	-	-	(9,633)	-	**(9,633)**	117,621	**107,988**
Capital expenditure charged to revenue	-	-	(11,239)	-	**(11,239)**	-	**(11,239)**
Net transfer to reserves	-	-	3,053	-	**3,053**	-	**3,053**
Precepts and levies	-	-	-	-	**-**	1,137	**1,137**
Payment to Housing Capital Receipts Pool	-	-	-	-	**-**	2,270	**2,270**
Pension liability - change in scheme provisions	-	-	-	-	**-**	-	**-**
Loss on disposal of non-current assets	-	-	-	-	**-**	(795)	**(795)**
Changes in fair value of investment properties	-	-	-	-	**-**	(2,543)	**(2,543)**
Total Expenditure	**1,345,683**	**4,995**	**98,750**	**(1,250)**	**1,448,178**	**118,940**	**1,567,118**
Deficit on the Provision of Services	**385,531**	**2,396**	**99,520**	**(9,355)**	**496,802**	**(445,262)**	**51,540**

33 Agency Services

The Authority provides financial services to Avon Fire and Rescue Authority.

34 Pooled Budgets

Section 31 of the Health Act 1999 allows partnership arrangements between National Health Service bodies, local authorities and other agencies in order to improve and co-ordinate services. Each partner makes a contribution to a 'pooled' budget, with the aim of focussing services and activities for a client group. Funds contributed are those normally used for the services represented in the pooled budget and allow the organisations involved to act in a more cohesive way. The Council was a partner in the following pooled arrangements:

1 Aids and Equipment service

The agreement between the Council and the NHS Bristol provides for the Council to act as the lead in the commissioning of services from the approved contractor. Total spend and funding was as follows:

	2012/2013	2012/2013	2011/12	2011/12
	£'000	£'000	£'000	£'000
Funding provided to the pooled budget:				
NHS Bristol	804		761	
Bristol City Council	815		875	
Total funding into the pooled budget		**1,619**		**1,636**
Expenditure met from the pooled budget		**1,619**		**1,636**

2 Drugs Action

The Council established a partnership agreement with the NHS Bristol, the Probation Service and other partners using powers under Section 31 of the Health Act 1999 to pool funds and create a single budget. The budget is used to commission Drug and Alcohol Treatment Services for Adults and Substance Misuse Services for Young People. Details of the contributions and expenditure in the year are set out below:

	2012/2013	2012/2013	2011/12	2011/12
	£'000	£'000	£'000	£'000
Funding provided to the pooled budget:				
Balance Brought Forward	1,824		1,708	
NHS Bristol PCT	9,953		9,726	
Bristol City Council	2,717		1,400	
Home Office Drug Intervention Programme	742		807	
Other Bodies	300		138	
		15,536		**13,779**
Expenditure met from the pooled budget				
Drug and alcohol services for adults	12,833		11,269	
Substance Misuse Services for Young People	911		687	
		13,744		11,956
Net underspend carried forward		**1,792**		**1,823**

35 Members' Allowances

The Authority paid the following amounts to members of the Council during the year.

	2012/2013	2011/12
	£'000	£'000
Basic allowance	799	802
Special responsibility allowances	308	331
Travelling and subsistence allowance	2	5
Dependant Carers Allowance	5	6
Co-optees basic allowance	8	11
Total	**1,122**	**1,155**

In addition to the above, the elected Mayor is paid an annual allowance of £65,738. For the period from the mayoral election to the end of the 2012/13 financial year, the Mayor was paid £21,930.

36 Officers' Remuneration

The remuneration paid to the Authority's senior employees during the year was as follows:

		Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
		£	£	£	£
Chief Executive					
J Ormondroyd	**2012/13**	**110,561**	**0**	**123,283**	**233,844**
	2011/12	189,822	0	34,116	223,938
Interim Chief Executive					
G Sims	**2012/13**	**143,534**	**0**	**25,836**	**169,370**
Strategic Directors					
Children and Young People's Services	**2012/13**	**130,909**	**0**	**23,564**	**154,473**
	2011/12	130,909	0	23,564	154,473
Corporate Services	**2012/13**	**137,455**	**0**	**17,736**	**155,191**
	2011/12	128,335	0	23,100	151,435
Health and Social Care	**2012/13**	**110,027**	**0**	**19,805**	**129,832**
	2011/12	105,129	0	18,923	124,052
Neighbourhoods and City Development	**2012/13**	**91,886**	**0**	**16,539**	**108,425**
	2011/12	128,335	0	23,100	151,435
Statutory Officers					
Chief Financial (S151) Officer	**2012/13**	**89,070**	**0**	**16,057**	**105,127**
	2011/12	86,392	0	15,631	102,023
Head of Legal Services (Monitoring Officer)	**2012/13**	**79,527**	**39,200**	**72,126**	**190,883**
	2011/12	87,180	0	15,692	102,872

Notes re 2012/13 costs

1. The Chief Executive left during the year and was replaced by the Interim Chief Executive. Costs relating to the Interim Chief Executive include amounts paid in his previous role as a Strategic Director.
2. The Strategic Director Corporate Services left during the year and was replaced by an Interim Director. The costs shown are the total for both officers.
3. The Strategic Director Neighbourhoods and City Development became Interim Chief Executive during the year and was replaced by an Interim Director. The costs shown relate to the Interim Director and include amounts paid in his previous role as a service director.
4. The Head of Legal Services was replaced during the year. The costs shown are the total for the two officers and also include severance costs.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2012/13 Number of employees		2011/12 Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	39	81	63	82
£55,000 - £59,999	40	23	46	29
£60,000 - £64,999	17	10	42	16
£65,000 - £69,999	12	10	15	11
£70,000 - £74,999	5	9	6	10
£75,000 - £79,999	4	6	4	7
£80,000 - £84,999	2	3	2	4
£85,000 - £89,999	1	6	3	4
£90,000 - £94,999	2	1	3	2
£95,000 - £99,999	1	0	1	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	2	0	1
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	0	1	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	0	0	0
£145,000 - £149,999	0	0	0	0
£150,000 - £154,999	0	0	0	0
£155,000 - £159,999	0	0	0	0
Totals	**123**	**151**	**186**	**166**

The number of non-schools staff includes 31 officers who exceed the £50,000 remuneration level because of payments for loss of office (2011/12 42). Numbers are reducing due to change programmes implemented to achieve budget savings.

The number of school staff has reduced principally because of transfer of staff to academies.

37 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2012/2013 £'000	2011/12 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	271	451
Fees payable to Grant Thornton for the certification of grant claims and returns for the year	39	46
Fees payable in respect of other services provided by Grant Thornton during the year – legal claims etc.	20	0
Total	**330**	**497**

38 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant money provided by the Department for Education (DfE), Dedicated Schools Grant (DSG). Once allocated to a local authority an element is recouped by the DfE to fund academy schools in the council's area. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools' budget as defined in the School Finance (England) Regulations 2011. The schools' budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school. Details of the deployment of DSG receivable are shown in the following table:

2011/12				2012/13			Notes
Central Expenditure	ISB	Total		Central Expenditure	ISB	Total	
		258,411	Final DSG before academy recoupment			262,923	
		25,477	Academy figure recouped for year			60,436	1
		232,934	Total DSG after academy recoupment			202,487	
		4,560	Brought Forward from previous year			12,773	
		4,560	Carry forward agreed in advance			3,430	2
36,604	196,330	232,934	Agreed initial budgeted distribution	44,708	167,122	211,830	3
-7,285	7,285		In year adjustments	-5,831	5,831		
29,319	**203,615**	**232,934**	**Final budgeted distribution**	**38,877**	**172,953**	**211,830**	
21,106		21,106	Less actual central expenditure	28,459		28,459	
	203,615	203,615	Less actual ISB deployed to schools		172,953	172,953	
8,213		**8,213**	**Carry forward unspent budget**	**10,418**		**10,418**	4
		12,773	**Total carried forward**			**13,848**	5

Note

1. The academy recoupment in 2011/12 comprised 5 academies open at the start of the year plus 8 schools that converted in year. The academy recoupment in 2012/13 comprised 13 academies open at the start of the year plus 26 schools that converted in year.
2. Included carry forward agreed in advance is £1.4m transitional funding set aside as protection for nursery schools and settings and £2m transitional funding for mainstream schools and special schools as agreed by the schools' forum.
3. The central expenditure limit was agreed by the schools' forum in April 2012.
4. Included in the carry forward of budget distributed but not spent at year end is £4.2m for contingencies held centrally that has to be allocated to maintained schools and academies with predecessor local authority maintained schools once a distribution methodology had been agreed with schools' forum.
5. The total carried forward comprises the carry forward agreed in advance (note 2 above) plus the carry forward of unspent budget distributed.

39 Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2012/13:

Credited to Taxation and Non Specific Grant Income:

	2012/2013	2011/12
	£'000	£'000
Capital grants and contributions (see below)	76,009	104,771
Revenue supported grant	3,343	43,739
Non service related government grants	4,597	4,515
Area based grant	0	0
Total	**83,949**	**153,025**

Capital grants and contributions

	2012/2013	2011/12
	£'000	£'000
Major repairs HRA	24,865	20,369
Government grants:		
City Development	7,649	16,873
CYPS	31,098	55,763
HSC	1,087	1,093
Corporate	4,396	5,177
Section 106	1,823	1,869
Other	5,091	3,627
Balance at 31 March	**76,009**	**104,771**

Credited to Services

	2012/2013 £'000	2011/12 £'000
Dedicated Schools Grant	201,598	234,236
Housing Benefit (rent allowances/council tax benefit) subsidy	228,504	218,457
Homelessness Grant	1,182	740
Asylum seekers	0	163
Early Intervention Grant	19,787	19,226
Pupil Premium	7,196	4,794
Housing Benefit Administration Subsidy	4,344	4,357
BIS - Illegal money lending, etc	0	399
PFI Special Grant	20,057	18,315
Museums, Libraries and Archives Council	0	3,018
Concessionary Fares	0	0
Youth Justice Board	896	951
Home Office - Drugs Intervention Programme	0	0
YPLA - 16-19 Commissioning	0	7,340
Health Reform Grant	0	17,100
Learning Difficulties and Health Reform Grant	17,543	0
Skills Fund	1,146	0
Sustainable Transport Bid	2,510	0
Local Sustainable Transport Fund West (LSTF)	1,165	0
Arts Council England	1,686	0
Learning Communities	1,690	0
Sixth Form Funding	5,157	0
Misc.	9,496	9,844
Total	**523,957**	**538,940**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March 2013	31 March 2012	31 March 2011
	£'000	£'000	£'000
Capital Grants Received in Advance			
Government grants	8,242	2,773	4,258
Section 106 contributions	17,302	16,804	15,297
Total	**25,544**	**19,577**	**19,555**
Due < 1 year	12,568	6,974	8,082
Due > 1 year	12,976	12,603	11,473

Amounts due “less than” and “more than” one year are estimated based on the forecast capital programme.

Revenue grants (within creditors)			
CYPS	1,394	2,687	9,016
Health and Social Care	0	0	737
Neighbourhoods and City Development	841	4,159	6,505
Corporate Services	122	202	9
	2,357	**7,048**	**16,267**

40 Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

	2012/13 Payment/ (Receipts)	2012/13 Amount owed to /(from)	2011/12 Payment/ (Receipts)	2011/12 Amount owed to /(from)
Central Government Grants				
Department of Communities and Local Government	(184,302)	-	(207,468)	-
Department for Education	(251,255)	(2,572)	(277,617)	(506)
Department of Works and Pensions - Housing Benefit	(230,328)	2,521	(222,612)	(202)
Learning Skills Council	-	-	(1,722)	-
Young People's Learning Agency	(7,445)	43	(7,815)	-
Department for Transport	(1,657)	(2,806)	(2,115)	(725)
Precepts				-
Avon and Somerset Police Authority	23,035	-	22,304	-
Avon Fire Authority	8,605	-	8,015	-
Bristol Primary Care Trust				
The Council receives net funding as a contribution toward the cost of adult care services and pooled budget arrangements	(17,543)	-	(17,100)	25
Avon and Wiltshire Mental Health Partnership NHS Trust				
The Council makes payments in respect of mental health care particularly around drug and alcohol dependency	34	-	5,230	792
Pension Payments				
Avon Pension Fund - administered by B&NES Council	34,299	-	32,859	-
Teachers' Pension Agency	9,875	-	12,359	-
Bristol Port Company				
In respect of dividends actually received by the Council and included in the Income and Expenditure Account	(1,702)	-	(1,058)	-
Bovis Homes				
In respect of a development agreement for the provision of local authority dwellings	-	(814)	(623)	897
Other Local Authorities				
Neighbouring local authorities in respect of certain services including:				
South Gloucestershire Council in respect of cross boundary services including bus services/concessionary fare travel arrangements	(2,690)	-	(2,454)	(12)
B&NES Council in respect of waste and coroner/mortuary services	1,965	-	3,208	(96)
North Somerset Council in respect of waste, traffic and coroner/mortuary services	2,001	-	625	130
The Voluntary Sector				
Numerous voluntary/community organisations receive funding from the Council, total paid in year	17,260	12	16,186	(74)

Council members and Strategic Directors have been asked to provide information regarding related party transactions. From the information received, it is believed that there have not been any significant transactions involving these counterparties during the year.

41 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. Movements on the CFR are also analysed below.

	2012/2013	2011/12
	£'000	£'000
Opening Capital Financing Requirement	708,433	637,942
Capital investment		
Property, Plant and Equipment	88,002	125,134
Investment Properties	677	0
Heritage Assets	113	0
Intangible Assets	4,255	775
Long Term Debtors	1,000	1,000
Revenue Expenditure Funded from Capital under Statute	1,751	1,905
Sources of finance		
Capital receipts	(8,580)	(5,544)
Government grants and other contributions	(40,907)	(46,456)
Sums set aside from revenue:		
• Direct revenue contributions	(37,581)	(35,346)
• MRP – City Council Debt	(9,933)	(10,414)
• MRP – Contribution from Unitaries re Ex-County Debt	(2,506)	(2,433)
• MRP - Write down of PFI Liability	(3,982)	(3,617)
HRA Self Financing	0	45,487
Closing Capital Financing Requirement	**700,742**	**708,433**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Less Minimum Revenue Provision	(16,422)	(16,464)
Increase in underlying need to borrowing (unsupported by government financial assistance)	8,731	11,874
Hengrove Park PFI Scheme	0	19,353
Waste Service Contract	0	10,241
Increase in underlying need to borrowing for HRA Self Financing	0	45,487
Increase in Capital Financing Requirement	**(7,691)**	**70,491**

42 Leases

Authority as Lessee

Finance Leases

The Council has acquired vehicles for operational purposes under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2013	31 March 2012	31 March 2011
	£'000	£'000	£'000
Vehicles, Plant, Furniture and Equipment	8,970	11,020	2,896
	8,970	**11,020**	**2,896**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2013	31 March 2012	31 March 2011
	£'000	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments):			
• current	1,386	1,854	1,751
• non-current	7,097	8,483	1,119
	8,483	10,337	2,870
Finance costs payable in future years	4,136	5,369	100
Minimum lease payments	**12,619**	**15,706**	**2,970**

The minimum lease payments will be payable over the following periods

	Minimum Lease Payments			Finance Lease Liabilities		
	31 March 2013	31 March 2012	31 March 2011	31 March 2013	31 March 2012	31 March 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Not later than one year	2,481	3,087	1,838	1,386	1,854	1,751
Later than one year and not later than five years	8,848	9,117	1,132	6,007	5,630	1,119
Later than five years	1,290	3,502	-	1090	2,853	-
	12,619	**15,706**	**2,970**	**8,483**	**10,337**	**2,870**

Operating Leases

The Authority has acquired property, vehicles and equipment by entering into operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2013	31 March 2012	31 March 2011
	£'000	£'000	£'000
Not later than one year	26	72	362
Later than one year and not later than five years	1,466	1,546	850
Later than five years	0	0	814
	1,492	**1,618**	**2,026**

Authority as Lessor (to follow)

Operating Leases
The Authority leases out property within the commercial trading estate under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2013	31 March 2012	31 March 2011
	£'000	£'000	£'000
Not later than one year		11,608	10,817
Later than one year and not later than five years		41,165	38,865
Later than five years		843,778	827,365
		896,551	**877,047**

The minimum lease payments receivable at 31 March 2013 and 2012 are based on the current rents receivable at the respective Balance Sheet dates. They do not include estimates of future rents reviews or contingent rents.

43 Private Finance Initiatives and Similar Contracts

Schools PFI Phase 1A
On 31st March 2004 the Council entered into a Private Finance Initiative (PFI) contract with Bristol Schools Limited. The contract provided for the design, construction and financing of four new secondary schools, Bedminster Down, Henbury School, Orchard School and Oasis Brightstowe Academy. All four schools were constructed and are operational. Bristol Schools Limited will maintain and operate the facilities for twenty-six years from the date the first school became operational.

A capital contribution of £5.346m was made to the first phase of the project by way of a cash payment. This was in respect of the provision of leisure facilities and of the retention of part of the site of Henbury School by the Council, for subsequent disposal.

Schools PFI Phase 1B and 1C, Building Schools for the Future
During 2006/07 the Council entered into a PFI contract with Bristol PFI Limited to design, build, finance and operate four additional schools in Bristol. A Local Education Partnership (LEP) was also created to manage the supply chain and deliver the four schools. The partnership is between Skanska Education Partnerships (80%), Partnership for Schools (10%) and Bristol City Council (10%). The schools are Brislington Enterprise College, Bristol Brunel Academy, Bristol Metropolitan Academy and Bridge Learning Campus. Bristol PFI Limited will maintain and operate the facilities for twenty-seven years from the date the first school became operational.

A capital contribution of £9.569m was made to the project by way of a cash payment. This was used owards the cost of the Bridge Learning Campus and provision of leisure facilities at Bristol Brunel Academy.

Hengrove Leisure Centre

In April 2010 the Council entered into a PFI contract with Bristol Active Limited to design, build, finance and operate a new leisure centre, and associated car park, in Hengrove. The centre opened in February 2012 and Bristol Active Limited will operate and maintain the facility until 2037.

The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

A capital contribution of £7.161m was made to the project by way of a cash payment. This was used to fund the capital works for the Car Park and as a contribution towards the capital works of the Leisure Centre.

Property, Plant and Equipment

The PFI assets, and related liabilities, have been recognised on the Council's balance sheet when made available for use. Movements in their value over the year are detailed in the analysis of the movements on the Property, Plant and Equipment balance in Note 12. The assets will be transferred back to the Council at the end of the contracts for nil consideration.

Locally managed schools transferring to Academy status are granted a 125 year peppercorn lease and, in response to CIPFA guidance, are de-recognised from the Council's accounts as control of these assets is transferred to the Academy.

During 2012/13 a review of Academy schools, financed by PFI was undertaken and it was decided that these should be treated in the same way as other Academy schools and have therefore been removed from the Council's Balance Sheet.

Payments

Payments are made to the PFI contractors as monthly "unitary payments". The estimated payments the Council will make under the contracts are shown below.

These payments are commitments and can vary subject to indexation, reductions for performance and availability failures, and possible future variations to the scheme.

The funding of the unitary payment for the School PFI schemes will come from the individual schools budget, the overall schools budget and a special government grant. The Hengrove Leisure unitary payment will be funded by the special government grant, with the balance provided from Sports Services budgets. PFI payments are accounted for in the year in which the service was provided and are allocated to repayment of the liability, finance cost, service charge and other costs (lifecycle cost and contingent rents).

Schools PFI Phase 1A

As at 31st March 2013 payments totalling £73m have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2013/14	2,646	1,158	5,556	(43)	9,317
2014/15 to 2017/18	11,266	5,577	20,757	(635)	36,965
2018/19 to 2022/23	15,741	9,968	21,669	(714)	46,664
2023/24 to 2027/28	17,809	15,372	14,667	(531)	47,317
2028/29 to 2032/33	13,347	15,163	4,108	(1,198)	31,420
Total	**60,809**	**47,238**	**66,757**	**(3,121)**	**171,683**

Over the life of the PFI project, the Council will receive government grant of £134.8m.

Schools PFI Phase 1B and 1C, Building Schools for the Future

As at 31st March 2013 payments totalling £75m have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2013/14	4,247	2,629	7,584	1,292	15,752
2014/15 to 2017/18	18,006	11,293	28,240	7504	65,043
2018/19 to 2022/23	25,171	18,835	29,800	12,078	85,884
2023/24 to 2027/28	29,064	21,815	22,102	17,993	90,974
2028/29 to 2032/33	33,583	32,565	12,352	17,563	96,063
2033/34 to 2035/36	9,945	11,351	1,086	5,005	27,387
Total	**120,016**	**98,488**	**101,164**	**61,435**	**381,103**

Over the life of the PFI project, the Council will receive government grant of £326.3m.

Hengrove Leisure PFI

As at 31st March 2013 payments totalling £3.7m have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2013/14	425	668	1,934	382	3,409
2014/15 to 2017/18	1,254	2,893	6,981	2,663	13,791
2018/19 to 2022/23	1,741	3,444	7,029	5,399	17,613
2023/24 to 2027/28	1,970	2,836	5,525	7,750	18,081
2028/29 to 2032/33	2,189	4,132	3,702	8,585	18,608
2033/34 to 2037/38	1,870	4,651	1,218	7,293	15,032
Total	**9,449**	**18,624**	**26,389**	**32,072**	**86,534**

Over the life of the PFI project, the Council will receive government grant of £69.6m.

The unitary payments have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and the interest payable on financing the capital expenditure. The Hengrove Leisure PFI contains a significant amount of third party income, this is income received directly by the PFI Contractor from the users of the facility. The payment for services has been shown net of this estimated income, as the unitary payments have been reduced to reflect the operator's right to this income. The outstanding liability due to the contractor for reimbursement of capital expenditure is as follows:

	Schools		Hengrove Leisure	
	2012/13	2011/12	2012/13	2011/12
	£'000	£'000	£'000	£'000
Balance outstanding at the start of year	149,255	152,594	19,075	0
Movement in year	(3,531)	(3,339)	(451)	19,075
Balance outstanding at year end	**145,724**	**149,255**	**18,624**	**19,075**

44 Impairment Losses

During 2012/13, the Authority recognised £92k impairment losses relating to properties (excluding changes in market value) within the Income and Expenditure Account relating to numerous assets.

45 Exit Packages

The numbers of exit packages relating to council employees during 2012/13, with total cost per band and the total cost of compulsory and other redundancies are set out in the table below. The numbers and costs include packages agreed at the end of the year but not paid. Costs include the costs of early payment of pension in the cases of early retirement.

Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/12	2011/12	**2013/12**	2011/12	**2013/12**	2011/12	**2013/12**	2011/12
							£'000	£'000
£0 - £20,000	**25**	81	**134**	138	**159**	219	**1,437**	2,004
£20,001 - £40,000	**25**	36	**46**	63	**71**	99	**2,092**	2,930
£40,001 - £60,000	**3**	18	**17**	23	**20**	41	**960**	1,879
£60,001 - £80,000	**2**	2	**9**	7	**11**	9	**750**	618
£80,001 - £100,000	**0**	1	**1**	2	**1**	3	**88**	265
£100,001 - £150,000	**1**	3	**4**	0	**5**	3	**548**	333
£150,001 - £200,000	**0**	0	**0**	0	**0**	0	**0**	0
Total	**56**	141	**211**	233	**267**	374	**5,875**	8,029

46 Pensions

a Participation in Pension Schemes

The Council participates in two pension schemes:

The Local Government Pension Scheme - all staff, with the exception of teachers, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and final salary. It is a 'defined benefit' scheme. In 2012/13 the Council paid an employer's contribution rate of 18%, resulting in total payments of service deficit, as assessed by the Fund Actuary. The Actuary carries out a valuation of the Fund every three years in accordance with government regulations. If the valuation indicates that there are insufficient assets to meet future liabilities, employer contribution rates are increased to make up the shortfall. The last valuation of the Fund was undertaken at 31 March 2010, when the overall funding level was assessed at 82%. Where a fund has insufficient assets to meet its future liabilities, participating Councils must, by law, make additional contributions to make up the shortfall. As indicated above, the Council paid a contribution rate of 18% from 1 April 2012, representing 11.8% in respect of future service and 6.2% to meet the deficit recovery element.

The Teachers' Pension Scheme - The rate of contribution for 2012/13 was 14.1%, resulting in a total payment of £9.88m to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.3m in respect of pensions and added years where the early retirement of teachers was agreed. The Council also met its share of the residual liability for former Avon County Council employees, amounting to £2.12m in 2012/13. The estimated liability for unfunded payments has been calculated by the actuary and is included in the Balance Sheet.

b Transactions relating to retirement benefits

Employer contributions paid in the year have been charged to service revenue accounts, prior to the adjustments required under the accounting standard, IAS19. The adjustments included in the Comprehensive Income and Expenditure Account to comply with IAS19 are offset by appropriations from the Pensions Reserve to the General Fund in the Movement in Reserves

Statement, so that there is no effect on the overall amount met from government grant and local tax payers.

The principal assessments made by the Fund actuary, in so far as these affect the Income and Expenditure Account are set out in the following table:

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2012/13	**2011/12**	**2012/13**	**2011/21**
	£'000	**£'000**	**£'000**	**£'000**
Income and Expenditure Account				
Net cost of services				
Current service cost	34,299	32,859	0	0
Past service gains/curtailment costs/Settlements	(12,174)	(2,310)	0	0
Net Operating Expenditure				
Interest cost	77,445	80,853	2,972	3,353
Expected return on assets in the scheme	(61,329)	(68,279)	0	0
Net charge to the Income and Expenditure Account	**38,241**	**43,123**	**2,972**	**3,353**
Adjustments between Accounting and Funding basis under regulations				
Reversal of net charges made for retirement benefits in accordance with IAS19	(38,241)	(43,123)	(2,972)	(3,353)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	38,430	39,748	4,439	4,229

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2012/13 to reflect the current service cost and an appropriate share of the interest cost and expected return on assets. The latter items have been apportioned to the HRA on the basis of pensionable pay.

c Assets and Liabilities in relation to Retirement Benefits

The Local Government Pension Scheme

Reconciliation of present value of the scheme liabilities:

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Teachers' Unfunded Pensions	
	2012/13	2011/12	**2012/13**	2011/12
	£'000	£'000	**£'000**	£'000
1 April	1,598,886	1,479,217	66,824	64,200
Current service cost	34,299	32,859	0	0
Interest cost	77,445	80,853	2,972	3,353
Contributions by scheme participants	12,226	12,928	0	0
Actuarial (gains)/losses	182,545	54,767	7,843	3,500
Benefits paid	(63,773)	(56,754)	(4,439)	(4,229)
Past service grants, curtailment costs and settlements	(17,848)	(4,984)	0	0
31 March	**1,823,780**	1,598,886	**73,200**	66,824

Reconciliation of fair value of the Local Government Pension Scheme assets:

	2012/13	2011/12
	£'000	£'000
1 April	1,088,805	1,068,907
Expected rate of return	61,329	68,279
Actuarial gains and (losses)	82,902	(41,598)
Settlements	(5,687)	(2,705)
Employer contributions	38,430	39,748
Contributions by scheme participants	12,226	12,928
Benefits paid	(63,773)	(56,754)
31 March	**1,214,232**	1,088,805

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £144.231m (2011/12: £26.681m).

Scheme History

	2012/13	**2011/12**	**2010/11**	**2009/10**	**2008/09**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Present value of liabilities:					
Local Government Pension Scheme	(1,823,780)	(1,598,886)	(1,479,217)	(1,568,559)	(1,143,458)
Teachers' unfunded liabilities	(73,200)	(66,824)	(64,200)	(64,545)	(54,813)
Fair value of assets in the Local Government Pension Scheme	**1,214,232**	**1,088,805**	**1,068,907**	**1,021,614**	**758,321**
Surplus/(deficit) in the Scheme:					
Local Government Pension Scheme	(609,548)	(510,081)	(410,310)	(546,945)	(385,137)
Teachers' unfunded liabilities	(73,200)	(66,824)	(64,200)	(64,545)	(54,813)
Total	**(682,748)**	**(576,905)**	**(474,510)**	**(611,490)**	**(439,950)**

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £683m impacts on the net worth of the Authority as recorded in the Balance Sheet (£745m).

Statutory arrangements for funding the deficit limit the adverse impact on the Council's financial position: the purpose of the triennial valuation of the fund by the scheme actuary is to determine the increase in employer contributions necessary to make good any deficit over the remaining working life of employees. Notwithstanding this, the scale of pension fund deficits being reported by Local Authorities is likely to result in a further review of the Local Government Pension Scheme with the aim of making this more affordable in the future and thus reducing the burden on taxpayers.

Finance is only required to be raised to cover the unfunded teachers' pensions when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 are £37.989m.

The total liabilities shown in the Balance Sheet comprise the above together with a small amount in respect of pre-1974 liabilities. Information regarding the increase in the liabilities over March 2011 is set out in the Explanatory Foreword.

d Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme liabilities have been assessed by William M. Mercer the independent actuary to the Avon Fund, estimates being based on the latest full valuation of the scheme as at 31 March 2007, updated for the years following. The main financial assumptions used in the calculations are:

	Local Government Pension Scheme		Teachers	
	2012/13	2011/12	2012/13	2011/12
	%	%	%	%
Long-term expected rate of return on assets in the scheme:				
Equity investments	**7.0**	7.0	**0**	0
Government Bonds	**2.8**	3.1	**0**	0
Property	**5.7**	6.0	**0**	0
Other bonds	**3.9**	4.1	**0**	0
Cash/Liquidity	**0.5**	0.5	**0**	0
Other	**7.0**	7.0	**0**	0
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	**22.9**	22.8	**22.9**	22.8
Women	**25.9**	25.7	**25.9**	25.7
Longevity at 65 for future pensioners:				
Men	**25.2**	25.1	**0**	0
Women	**28.2**	28.1	**0**	0
Rate of inflation - RPI	**0**	0	**0**	0
Rate of inflation - CPI	**2.4**	2.5	**2.4**	2.3
Rate of increase in salaries	**3.9**	4.0	**0**	0
Rate of increase in pensions	**2.4**	2.5	**2.4**	2.3
Rate for discounting scheme liabilities	**4.2**	4.9	**3.7**	4.6
Take-up of option to convert annual pension into retirement lump sum	**50**	50	**0**	0

The actuary has not carried out any specific investigations in relation to whether the average age of the membership has increased, but does not believe that there have been substantial changes since the 2007 valuation. For any employers who are not admitting new entrants to the Fund, the average age can be expected to increase gradually over time.

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2013	31 March 2012
	%	%
Equities	**62.3**	58.3
Government bonds	**11.5**	12.9
Other bonds	**9.3**	11.8
Property	**7.5**	7.4
Cash/Liquidity	**1.9**	1.6
Other	**7.5**	8.0

e History of experience gains and losses

The experience adjustments arising on scheme assets and liabilities expressed as a percentage of assets and liabilities at the Balance Sheet date are as follows:

Local Government Pension Scheme

	2012/13	2011/12	2010/11	2009/10	2008/09
	%	%	%	%	%
Experience gains/(losses) on assets	(6.8)	(3.8)	(1.5)	21.18	(29.8)
Experience gains/(losses) on liabilities	0	0	5.8	0	0

Teachers' Pension Scheme

	2012/13	2011/12	2010/11	2009/10	2008/09
	%	%	%	%	%
Experience gains/(losses) on assets	0	0	0	0	0
Experience gains/(losses) on liabilities	0	0	(4.3)	0	0

47 Contingent Liabilities

There were no material contingent liabilities at the balance sheet date.

48 Group Accounts

Local Authorities with material interests in subsidiary and associated companies are required to prepare summarised group accounts (revenue account and Balance Sheet). This entails consolidating the accounts of the companies concerned with those of the Local Authority itself, at a summarised level.

However, if the activities of such companies are not significant in relation to the overall operational activities of the Council, the requirement to produce group accounts is not necessary

.

The following companies have been identified as being subsidiaries, as follows:

- Bristol Buildings Preservation Trust
- Destination Bristol

The City Council has no obligation to meet any accumulated deficits of these companies should they arise. In overall terms, the assets and liabilities of these companies are not material to the accounts and have therefore been excluded from the City Council's financial statements.

49 Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and money market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 28 February 2012 and is available on the Council website.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Standard and Poor and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A, Support C and Individual 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria;

- UK institutions provided with support from the UK Government;

- Building societies with assets in excess of £250m.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

The following analysis summarises the Authority's potential maximum exposure to credit risk on financial assets, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2013	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2013	Expected maximum exposure to default and uncollectability at 31 March 2013	Estimated maximum exposure at 31 March 2012
	£'000	%	%	£'000	£'000
	A	B	C	(A x C)	
Long term investments					
AA rated counterparties					-
A rated counterparties	5,790	0.09%	0.09%		5,565
Bristol Port Company	2,500	0.00%	0.00%	5	2,500
Other investments					1
Sub-total	**8,291**			**5**	**8,066**
Short term investments					
AAA rated counterparties					-
AA rated counterparties					-
A rated counterparties	132,312	0.09%	0.09%	119	85,796
D rated counterparties	1,566	43.00%	43.00%	673	2,133
Sub-total	**133,878**			**792**	**87,929**
Cash & cash equivalent					
AAA rated counterparties	16,624	0.00%	0.00%	-	60,109
AA rated counterparties					-
A rated counterparties	13,950	0.09%	0.09%	13	9,121
Sub-total	**30,574**			**13**	**69,230**
Trade debtors (classed as loans and receivables)	40,237	0.00%	0.00%	-	36,559
Long-term debtors	65,370	0.00%	0.00%	-	67,687
Total Financial assets as loans and receivables	**278,349**			**810**	**269,471**

The D rated counterparties in the above table is a reference to the Icelandic deposits held by the Council. In October 2008, the Icelandic banking sector defaulted on its obligations with Council deposits of £8m at that time. The authority anticipate a full recovery, and has received distributions of 68% with the remaining held in an Icelandic escrow account until foreign exchange restrictions are resolved (13%) with the balance to be staggered until December 2019 (see later in section for more information).

No credit limits were exceeded during the reporting period and (apart from the Icelandic deposits) the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council's deposits are placed either directly with the counterparty (bank, building society or money market fund) or indirectly with the counterparty via London money market brokers. At 31 March 2013, with the exception of the deposit held with Icelandic banks, the Council's long-term and short-term investments, and cash and cash equivalents were deposited with UK counterparties in accordance with the approved treasury management strategy.

The Council does not generally allow credit for its trade debtors. Including amounts due from government departments and other Local Authorities, the Council's net debtors shown in the Balance Sheet as at 31 March 2012 comprise:

Debtor analysis	Gross debtor at 31 March 2013	Bad Debt provision at 31 March 2013	Net debtor at 31 March 2013	Net debtor at 31 March 2012
	£'000	**£'000**	**£'000**	£'000
Local tax payers	8,862	(4,083)	**4,779**	4,432
Housing rents	12,957	(6,528)	**6,429**	9,504
Other - sundry debtors	55,436	(20,066)	**35,280**	32,401
Total Other Entities and Individuals	**77,164**	**(30,676)**	**46,488**	**46,337**
Central Government bodies	14,443	-	**14,443**	10,604
Other local authorities	4,883	-	**4,883**	4,159
NHS bodies	74	-	**74**	-
Public corporations and trading funds	-	-	-	-
Total debtors	**96,564**	**(30,676)**	**65,887**	**61,099**
Balance sheet debtors	**96,564**	**(30,676)**	**65,887**	**61,099**
Adjust for statutory debtors				
Local taxpayers	8,862	(4,083)	**4,779**	4,432
Housing rents	12,957	(6,528)	**6,429**	9,504
Central Government bodies	14,443	-	**14,443**	10,604
Total statutory debtors (not qualifying as loans and receivables under IFRS)	**36,261**	**10,611**	**25,651**	**25,540**
Debtors qualifying as loans and receivables	**60,302**	**20,066**	**40,237**	**36,559**

Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets to cover day-to-day cash flow requirements, and whilst the Public Works Loans Board provides access to longer term funds, it also acts as lender of last resort to Councils. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods.

The **maturity analysis of financial assets** is as follows:

	31 March 2013	31 March 2012
	£'000	£'000
Less than one year	204,689	193,718
Between one and two years	-	-
Between two and three years	5,790	5,565
More than three years	67,872	70,188
Total financial assets	**278,351**	**269,471**

Refinancing and Maturity Risk
The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of the Council's debt portfolio is shown in the table below.

Maturity Period	Actual 31 March 2013	Actual 31 March 2012
	£'000	£'000
Less than 12 months	15,350	5,140
1 - 2 years	-	10,000
2 - 5 years	3,000	0
5 - 10 years	15,000	13,000
10 - 15 years	49,000	37,000
15 - 20 years	5,000	22,000
20 - 25 years	20,000	20,000
25 - 30 years	15,000	5,000
30 - 35 years	25,000	35,000
35 - 40 years	19,800	19,852
40 - 45 years	116,500	106,600
45 - 50 years	115,992	125,840
50 - 55 years	10,000	10,000
55 - 60 years	-	0
60 - 65 years	-	0
65 - 70 years	20,000	20,000
Total debt	**429,642**	**429,432**

The above maturity debt analysis can be analysed further in accordance with the Council's approved minimum and maximum prudential indicators for maturity structure of borrowings:

Period	**Approved minimum Limit**	**Approved Maximum Limit**	**31 March 2013**		**31 March 2012**	
	%	%	**£'000**	%	**£'000**	%
< 12 months	0	20	15,350	4	5,140	1
1 - 2 years	0	20	-	-	10,000	2
2 - 5 years	0	40	3,000	1	-	-
5 - 10 years	0	40	15,000	3	13,000	3
> 10 years	25	100	396,292	92	401,292	94
Total			**429,642**	**100**	**429,432**	**100**

The above table confirms that the Council's debt portfolio is well within the limits approved by Council members.

Market risk

Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects.

- Borrowing at variable rates - the interest rate expense charged to the Surplus or Deficit on the Provision of Services will rise.

- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.

- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

At 31 March 2013, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(2,455)
Increase in government grant receivable for financing costs	-
Impact on Surplus or Deficit on the Provision of Services	(2,455)
Share of overall impact debited to the HRA	384
Decrease in fair value of fixed rate investment assets	-
Impact on Other Comprehensive Income and Expenditure	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	93,950

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk
The Council does not generally invest in equity shares but does have a shareholding to the value of £2.5m in the Bristol Port Company as at 31st March 2013. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in prices of these shares.

As the shareholding has arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific holdings.

These shares are classified as Loans and receivables at amortised cost.

Foreign exchange risk
During 2012/13 the Council received monies denominated in foreign currencies relating to the settlement of the Icelandic deposits. Payments were received in a variety of currencies and converted to Sterling.

The Council also has foreign exchange exposure to Icelandic Krona resulting from an element of the settlement being held in an escrow account. The Council is unable to exchange this holding to Sterling due to the current foreign exchange restrictions placed on the trading of Icelandic Krona by the Icelandic Authorities.

Icelandic Bank Investments
Investments held in Icelandic Banks - The Council has two outstanding investments with Landsbanki (£3m principal) and Glitnir (£5m principal) banks, which are subject to a recovery process.

The Council, through the Local Government Association, lodged its claims in the insolvency (the equivalent of a proof of debt in the UK) claiming depositor priority for the outstanding deposit. The claim was administered through the Icelandic District and Supreme Courts, both reaffirming the "Priority creditor" status.

Distribution payments for Landsbanki have been received amounting to 50% of the investment. No timescale has been given for the remaining payments, though it is expected that these will be staggered until December 2019.

With respect to the distribution from Glitnir Bank, the administrator paid out 100% of the outstanding monies with 79% being received by the Council, whilst the remainder (in Icelandic Kroner-ISK) is being held in an escrow account with a high credit quality Scandinavian bank and is accruing interest at a market rate. At present the Council is unable to repatriate these funds due to the foreign exchange restrictions being imposed by the Icelandic authorities under Icelandic law.

The balance sheet valuation of these assets at 31 March 2013 (£1.6m) is lower than the current CIPFA guidance. The effect of the latest guidance is to increase the value of the assets by £1m to £2.6m to reflect full recovery. The Council has decided to maintain its current position and not to adopt the latest guidance due to the uncertainty and timing of further distributions in a foreign currency.

As the available information is not definitive as to the amounts and timings of payments to be made by the administrators/receivers, it is likely that further adjustments will be made to the accounts in future years.

As timing of future repayments is uncertain, and they could be returned to the Council in 2013/14, these investments have therefore been classified as short-term investments.

HRA Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, subsidy and other income. The account does not reflect all of the transactions required by statute to be charged or credited to the HRA for the year. The movement on the HRA Statement gives details of the additional transactions, which are required by statute.

	Note	31 March 2013 Net	31 March 2012 Net
		£'000	**£'000**
Expenditure			
Repairs and maintenance		23,798	25,600
Supervision and management		22,453	17,230
Special Services		12,367	12,007
Rent, rates, taxes and other charges		764	317
HRA negative subsidy payable	3	(468)	7,434
HRA settlement payment to DCLG	3	-	45,489
Depreciation and impairment of non-current assets	5	16,639	15,098
Debt management		64	100
Debt write offs and movement in the allowance for bad debts		964	666
Total expenditure		**76,581**	**124,218**
Income			
Dwelling rents	2	(101,551)	(93,798)
Non-dwelling rents		(1,028)	(1,068)
Charges for services and facilities		(6,934)	(7,301)
Contributions towards expenditure		(11)	(70)
Total income		**(109,524)**	**(102,237)**
Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		**(32,943)**	**21,981**
Net cost of HRA Services		**(32,943)**	**21,981**
Gain/(loss) on sale of HRA non-current assets		(2,218)	(616)
Interest payable and similar charges		11,366	7,770
HRA interest and investment income		(556)	(527)
Pensions interest costs and expected return on assets		1,555	545
Other capital grants and contributions		(1,523)	(789)
Deficit for the year on HRA services		**(24,319)**	**28,364**

Statement of movement on the HRA Balance

	Note	31 March 2013 Net	31 March 2012 Net
		£'000	£'000
HRA balance brought forward		(31,835)	25,310
Surplus/(deficit) for the year on the HRA Income and Expenditure Account		(24,319)	(28,364)
Adjustments between accounting basis and funding basis under Statute		15,867	(10,818)
HRA settlement payment to DCLG		-	45,489
Increase/(decrease) before reserve transfers		**(8,452)**	**6,307**
Transfer from/to reserves		1,268	218
Net increase/(decrease) on HRA balance		**(7,184)**	**6,525**
HRA balance carried forward	11	**(39,019)**	**31,835**

Note to the statement of movement on the HRA Balance

	Note	31 March 2013 Net	31 March 2012 Net
		£'000	£'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year			
Amortisation of intangible fixed assets	5	5	5
Depreciation and impairment of fixed assets	5	16,634	15,093
Accumulated compensating absences reserve		0	0
Fair value movements on investment properties		0	0
Net charges made for retirement benefits in accordance with FRS17	6	4,864	3,548
Other capital receipts net of allowable deductions		0	18
Capital grants and other contributions		(397)	(789)
Net (gain)/loss on disposal of assets		(2,218)	(616)
		18,888	**17,259**
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
Capital expenditure funded by the HRA	7	(922)	(3,102)
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	6	(3,385)	(3,288)
Transfer to Major Repairs Reserve	8	(4,369)	7,722
HRA depreciation to Major Repairs reserve	8	(24,865)	(28,091)
Amortisation of premiums		(1,213)	(1,318)
		(34,754)	**(28,077)**
Net additional amount required by statute to be debited or credited to the HRA Balance for the year		**(15,867)**	**(10,818)**

Notes to the Housing Revenue Account

1 Dwelling numbers as at 31 March 2013

	31 March 2013		31 March 2012	
Houses				
1 Bedroom	9		10	
2 Bedrooms	2,198		2,188	
3 Bedrooms	9,423		9,532	
4 or more Bedrooms	403		404	
Total Houses		**12,033**		**12,134**
Bungalows				
1 Bedroom	350		352	
2 Bedrooms	693		683	
3 Bedrooms	28		27	
Total Bungalows		**1,071**		**1,062**
Flats				
1 Bedroom	6,529		6,575	
2 Bedrooms	7,748		7,776	
3 Bedrooms	448		449	
4 or more Bedrooms	18		20	
Total Flats		**14,743**		**14,820**
Hostels (dwelling equivalent)		**7**		**7**
Total Dwellings held at 31 March 2013		**27,854**		**28,023**

2 Rent and Rent Arrears

The total value of dwelling rents in 2012/13, gross of voids, is £101.5m (£93.8m in 2011/12). The amount of rent arrears including recoverable housing benefit, water charges, defect charges, etc, total £8.1m (£8.5 in 2011/12).

As at 31 March	**2013**	**2012**
	£'000	**£'000**
Former tenants	3,024	3,589
Current Tenants	5,113	4,945
	8,137	**8,534**
Balance Sheet Provision		
Former tenants	3,024	3,589
Current Tenants	3,504	3,416
	6,528	**7,005**

Vacant Possession

The vacant possession value of dwellings as at 1st April 2013 was £2.616bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £0.81bn, a difference of £1.805bn. This difference reflects the economic cost of providing council housing at less than market rent.

3 Subsidy

	2012/2013 £'000	2011/12 £'000
Management and maintenance	0	55,923
Capital financing	0	9,668
Rents	0	(93,424)
Housing subsidy - adjustment re previous years	63	42
Interest on receipts	0	(12)
Housing Subsidy	**63**	**(27,803)**
Major repairs allowance	0	20,369
Total HRA Subsidy	**63**	**(7,434)**

4 Sums Directed by the Secretary of State to be Debited or Credited to the HRA

In 2012/13 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

5 Depreciation and impairment

		2012/2013 £'000	2011/12 £'000
Depreciation			
Operation	- Dwellings	24,865	27,794
	- Other, including leased	293	297
		25,158	28,091
	- Intangible fixed assets	5	5
Total depreciation		**25,163**	**28,096**
Impairment		**77**	**19**
Reversal of impairment losses		**(8,601)**	**(13,017)**
Total depreciation and impairment		**16,639**	**15,098**

Impairment

Revaluation gains of £8.6m have been credited to the Surplus or Deficit on Provision of Services (2011/2012: Impairment £13.0m). This is because the revaluation gains either relate to Investment properties for which gains or loss due to revaluations must be recognised in the Surplus or Deficit on Provision of Services in accordance with IFRS accounting standards, or because the revaluation gains reverse revaluation decreases or impairment losses previously charged to the Surplus or Deficit on Provision of Services. The overall increase in asset values is mainly attributable to dwellings, which has shown a mixture of increases and decreases in value.

6 HRA Share of Contributions to/from Pension Reserve

For 2012/13, the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund. This share has been calculated using the proportion of HRA pensionable pay to the total of that for the council. The net cost of services shown in the HRA statement also includes the current service cost as required by ISA 19. This is reduced by an appropriation of £1.479k (2011/12 £260k) from the pensions reserve. Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet.

7 Capital Expenditure and financing

Total expenditure during the year and its financing was as follows:

Expenditure	2012/2013	2011/12
	£'000	£'000
Dwellings	27,402	25,862
Other Property	200	248
	27,602	**26,110**

Financing	2012/2013	2011/12
	£'000	£'000
Loans		0
Usable capital receipts	1,647	2,112
Revenue contributions to capital	922	3,102
Major Repairs Reserve	24,866	20,369
Capital Grants	0	388
Other	167	139
	27,602	**26,110**

Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £9.1m. The receipts are summarised as follows:

	2012/2013	2011/12
	£'000	£'000
Receipts unapplied brought forward - 1 April	1,902	1,052
Right to buy sales	5,460	3,031
Mortgage repayments	52	79
Repayment of right to buy discount	16	0
Disposal of land and property	3,654	3,359
Bovis Homes Income	158	410
	11,242	**8,381**
Allowable reductions	0	(97)
Repaid to DCLG	(1,486)	(2,270)
Capital receipts applied	(1,647)	(2,112)
Receipts used to finance to general fund capital	(2,000)	(2,000)
Capital receipts unapplied carried forward - 31 March	**6,109**	**1,902**

8 Major Repairs Reserve

	2012/2013	2011/12
	£'000	£'000
Balance brought forward - 1 April		-
Capital expenditure (dwellings)	24,865	20,369
Depreciation on HRA assets	(24,865)	(28,091)
Excess depreciation credited to Statement of Movement on HRA Balance	(4,369)	7,722
Balance carried forward - 31 March	**(4,369)**	**-**

Depreciation has been calculated in accordance with our accounting policies for all HRA assets. We have used the proposed Major Repairs Allowances (MRA) for self-financing as a proxy for component accounting. Dwellings depreciation is in excess of the MRA for 2012/13 and the HRA has been charged with the excess depreciation. This amount is credited to the Statement of the Movement on the HRA Balance to ensure that there is no effect on the HRA bottom line and does not impact upon the tenants' rents.

The MRA was £24.86m for 2012/2013 (2011/2012 - £20.37m). All of this was used to finance appropriate Housing Revenue Account capital expenditure. Non dwelling depreciation has been charged to the Net Cost of Services and credited to the Statement of Movement on the HRA Balance to ensure that there should be no impact on rents or other services.

9 Balance Sheet Value of Land and Houses, etc

	2012/2013	2011/12
	£'000	£'000
Dwellings	810,975	805,467
Land	1,374	7,328
Other assets	20,413	16,117
	832,762	**828,822**

10 Asset Split

	2012/2013	2011/12
	£'000	£'000
Operational - dwellings	810,975	805,467
Operational - other land and buildings	13,218	14,156
Non-operational	8,569	9,199
	832,762	**828,822**

11 Reserves and Provisions

The details of reserves and provisions held within the HRA (excluding those already shown in Note 8 above) are summarised as follows:

	2012/2013 £'000	2011/12 £'000
Reserves		
HRA Balance	39,019	31,835
Other Reserves		
Inclement Weather Reserve	-	-
IT Renewals	-	-
Furniture Packs	434	396
Rent deposits	-	-
Energy efficiency	1,769	682
Other	226	83
Sub-total other reserves	**2,429**	1,161
Total reserves	**41,448**	**32,996**
Provisions		
Carbon Commitment Costs	7	7
Legal Claims	0	150
Severance Costs	0	42
Rent Deposits	74	73
Total Provisions	**81**	**272**

Collection Fund

The Collection Fund - Income and Expenditure Account

	Note	31 March 2013 Net £'000	31 March 2012 Net £'000
Income			
Council Tax	2	217,348	214,531
Non-Domestic Rates	3	192,392	190,039
Contributions			
• Toward previous year's Collection Fund surplus	4	2,178	-
		411,918	404,570
Expenditure			
Precepts and demands			
• Bristol City Council		183,555	179,936
• Avon and Somerset Police Authority		23,035	22,581
• Avon Fire Authority		8,605	8,114
		215,195	210,631
Non-Domestic Rates			
• Payment to National Pool	3	191,672	189,319
• Costs of Collection Allowance		720	720
		192,392	190,039
Contributions			
• Toward previous year's collection fund (deficit)	4	-	(2,588)
Bad and doubtful debts - Council tax			
• Write offs		1,724	1,739
• Provision		104	426
		1,828	2,165
		411,593	400,247
Surplus/(Deficit) for the year		**(1,853)**	**4,323**
Surplus/(Deficit) as at 1 April		**2,243**	**(2,080)**
Surplus/(Deficit) as at 31 March		**390**	**(2,243)**

Notes to the Collection Fund Income and Expenditure Account

1 General

This account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund. The fund shows the transactions of the City Council in relation to non-domestic rates and the Council tax together with the distribution of Council tax income to the City Council, the Avon and Somerset Police Authority and the Avon Fire Authority. Only the elements attributable to the City Council are recognised with the Council's other accounts.

2 Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police Authority and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of £137,089 for 2012/13 (£134,386 for 2011/12). This represents the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and the estimated collection rate. This basic amount of Council Tax for a Band D property of £1,569.75 for 2012/13 (£1,567.36 for 2011/12) is multiplied by the proportion specified for the particular band to give an individual amount due.

The income of £217.348m for 2012/13 (£214.531m for 2011/12) is receivable from the following sources:

	2012/2013	2011/12
	£'000	£'000
Billed to Council Tax payers	177,437	175,129
Council Tax benefits	39,911	39,403
Transactional Relief	(0)	(1)
Total Council Tax income	**217,348**	**214,531**

Where Council Tax payers are eligible for Council Tax benefit or Transitional relief, a transfer is made from the City Council's General Fund to the Collection Fund.

Calculation of the Council Tax Base used in setting the 2011/12 Council Tax:

	A Entitled to disabled relief	A	B	C	D	E	F	G	H	Total
No of properties		47,763	70,462	37,112	16,935	9,215	4,665	2,802	326	189,280
Exemptions and disabled relief	43	(1,723)	(1,839)	(1,442)	(1,060)	(826)	(173)	(57)	(47)	(7,129)
Less discounts	(4)	(7,236)	(6,692)	(3,014)	(1,246)	(565)	(231)	(130)	(23)	(19,141)
Total equivalent dwellings	39	38,799	61,931	32,656	14,629	7,824	4,261	2,615	256	163,010
Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	2	
Band D equivalents	22	25,866	48,169	29,028	14,629	9,562	6,155	4,358	513	138,302

Add changes re:	Additional properties	900
	Increase in Student Exemptions	(850)
	Decrease in Single Person Discounts	75
	Reduction in Discounts on Second Homes	750
Rate of Collection 98.5%		(2,088)
Council Tax Base		**137,089**

3 National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. Every non-domestic property has a rateable value, which is determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was 1 April 2008 and the new revaluations came into effect on 1 April 2010.

Each year the Government specifies an amount known as the non-domestic rating multiplier and, subject to the effects of transitionary arrangements, local businesses pay rates calculated by multiplying their rateable value by that multiplier. A second multiplier known as the small business non-domestic rating multiplier was introduced from 1 April 2005 and this multiplier is applicable to those businesses that qualify for small business relief.

In 2012/13 the non-domestic rating multiplier was 45.8p (43.3p in 2011/12) and the small business non-domestic rating multiplier was 45.0p (42.6p in 2011/12).

The City Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into a NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income after relief's and provisions of £192.392m for 2012/13 (£190.039m for 2011/12) was based on an average rateable value for the City Council's area of £531.010m for the year. The total rateable value at 31 March 2012 was £530.720m (£531.300m at 31 March 2011).

4 Collection Fund surpluses/(deficits)

In accordance with regulations Collection Fund (deficits)/surpluses are due to be collected/distributed in the financial year following the one in which they arise. Details of the distribution of previous year's Collection Fund (deficits)/surpluses are as follows:

	2012/2013	2011/12
	£'000	£'000
Bristol City Council	1,861	(2,211)
Avon and Somerset Police	233	(277)
Avon Fire Authority	84	(100)
Balance at 31 March	**2,178**	**(2,588)**

In determining the level of Council Tax for 2013/14 the Council estimated in January that there would be a deficit of £0.834m on the Collection Fund for 2012/13. This amount will be collected during 2013/14 and the £1.158m excess between the estimated and actual surplus of £0.324m being distributed in 2014/15.

GLOSSARY OF TERMS

ACCOUNTING PERIOD
This is the length of time covered by the accounts. This is normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
The accruals basis of accounting ensures that income and expenditure is reflected in the financial statements in the accounting period that they were earned or incurred, not as any cash is received or paid.

ACTUARY
One who makes calculations for pensions and insurance purposes.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed

ASSET
An asset is something that the Council owns that has a monetary value. Assets are either "current" or "fixed".

- A current asset is one that will be used by the end of the next financial year (eg stock, debtors)
- A fixed asset provides the Council with benefits for a period of more than one year (eg land, buildings, vehicles).

BALANCE SHEET
The Balance Sheet is a financial statement summarising the overall financial position of the Council at the end of the financial year.

BUDGET
A budget is a statement that sets out the Councils service delivery plans and capital expenditure in monetary terms.

CAPITAL ADJUSTMENT ACCOUNT
This is the money set aside in the Council's accounts for capital spending and to repay loans.

CAPITAL CHARGES
This is a charge made to the Council's service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period.

CAPITAL FINANCING
This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

CAPITAL RECEIPT
A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

CASH AND CASH EQUIVALENTS
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

COLLECTION FUND
A separate fund recording the income and expenditure relating to Council Tax and National Non-Domestic Rates.

COMMUNITY ASSETS
This is land and property the Council intends to own forever. These generally have no determinable useful life and there are often restrictions regarding their disposal. Examples of community assets include parks and historic buildings.

CONTINGENT LIABILITIES
A possible liability relating to future expenditure at the Balance Sheet date, depending on the outcome of future uncertain events.

CREDITORS
Amounts owed by the Council to others for goods and services that have been supplied but not yet paid for by the end of financial year.

CURRENT ASSETS
Items that can be readily converted into cash.

CURRENT LIABILITIES
Items that are due to be paid immediately or in the short term.

DEBTOR
Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

DEPRECIATION
This is a charge made to the revenue account each year, which reflects the loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee (the Council) from the lessor.

FIXED ASSETS
These are assets that yield benefits to the Council and the services it provides for a period of more than one year.

GENERAL FUND
The account that summarises the cost of providing Council services (excluding the Housing Revenue Account).

GOVERNMENT GRANTS
Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

HERITAGE ASSET
An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held or maintained principally for its contribution to knowledge and culture.

HOUSING REVENUE ACCOUNT (HRA)
A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.

IMPAIRMENT
The reduction in value of an asset in the Balance Sheet owing to a change in the market value. This can be as a result of market fluctuations, physical damage or obsolescence.

INCOME & EXPENDITURE ACCOUNT
This is the Council's main revenue account. It summaries the income received from Council Tax and business rates, grants and fees and charges along with the associated expenditure on services provided.

INTANGIBLE ASSETS
These are fixed assets on the Balance Sheet such as software licences that don't have physical form but still have value.

LEASING
Method of financing the acquisition of capital assets, usually in the form of operating or financing leases.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount that the Council must charge to revenue account to provide for the repayment of debt.

NATIONAL NON-DOMESTIC RATE (NNDR)
A flat rate in the pound set by Government and levied on businesses in the City. The money is collected by the Council then pooled and redistributed by the Government to local authorities based on the resident population.

NON-OPERATIONAL ASSETS
These are fixed assets owned by the Council that it does not directly occupy or use in the delivery of services. Examples include investment properties or assets that are surplus to requirements.

OPERATING LEASE
This is a lease where the effective ownership of the asset remains with the lessor.

OPERATIONAL ASSETS
These are fixed assets owned by the Council and used in the direct delivery of services.

PRECEPT
Demands made on the Collection Fund by other local authorities (Avon and Somerset Police, Avon Fire Authority) for the services they provide.

PRIOR YEAR ADJUSTMENT
A material adjustment applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

PROVISIONS
Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

RELATED PARTIES
Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests. Examples of related parties include central government, other local authorities and other bodies precepting or levying demands on the Council Tax, its members and its chief officers.

RESERVES
An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

REVENUE EXPENDITURE
Spending on day to day items including salaries and wages and other running costs associated with the provision of services.

REVENUE SUPPORT GRANT (RSG)
The main grant paid to a local authority by Central Government to help fund the cost of its services.

SHORT-TERM BORROWING
This is a sum of money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Authority for such purposes as prizes, charities and specific projects.

WORK IN PROGRESS
The value of works that has been completed or is partially complete at the end of the accounting period that should be included in the financial statements.