
Rhondda Cynon Taf County Borough Council**Statement of Accounts 2008/09**

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Explanatory Foreword

1. Introduction

Rhondda Cynon Taf County Borough Council was established on 1st April 1996 as a result of the reorganisation of Local Government in Wales under the Local Government (Wales) Act 1994.

Rhondda Cynon Taf is the second largest Council in Wales with a population of 231,946 (2001 Census), serving an area in the South Wales Valleys covering 424 square kilometres, stretching from the Brecon Beacons National Park in the north to the Capital City of Cardiff in the south.

The accounts for 2008/09 have been prepared in accordance with:

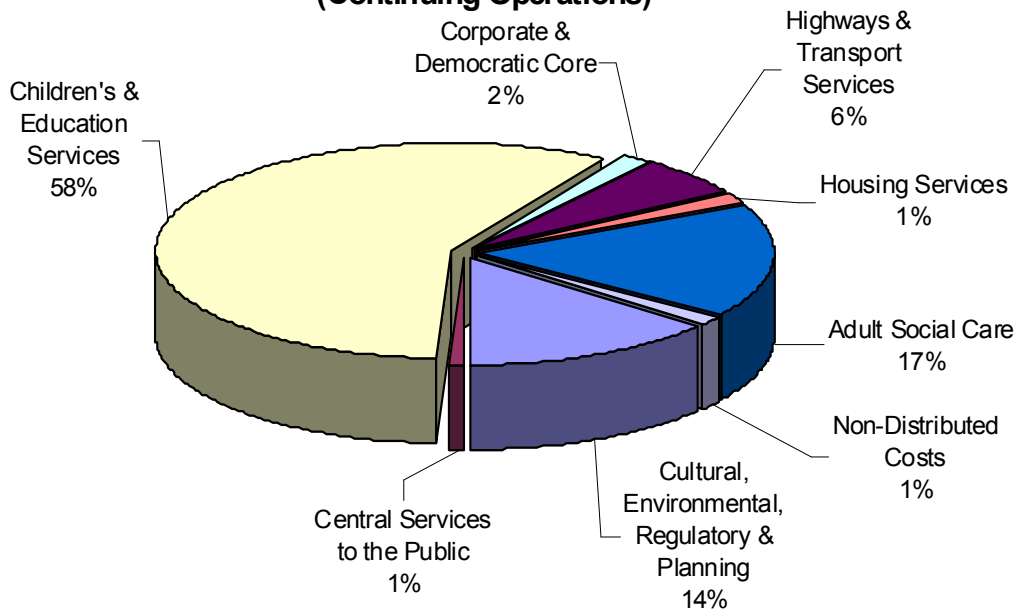
- The Code of Practice on Local Authority Accounting in the United Kingdom 2008 (“SORP”).
- The Best Value Accounting Code of Practice (BVACOP).
- Accounts and Audit (Wales) Regulations 2005.
- Sections 41 and 42 of the Local Government and Housing Act 1989.

The accounts set out on pages 2 to 104 comply with the above other than where specific reference is made to the contrary.

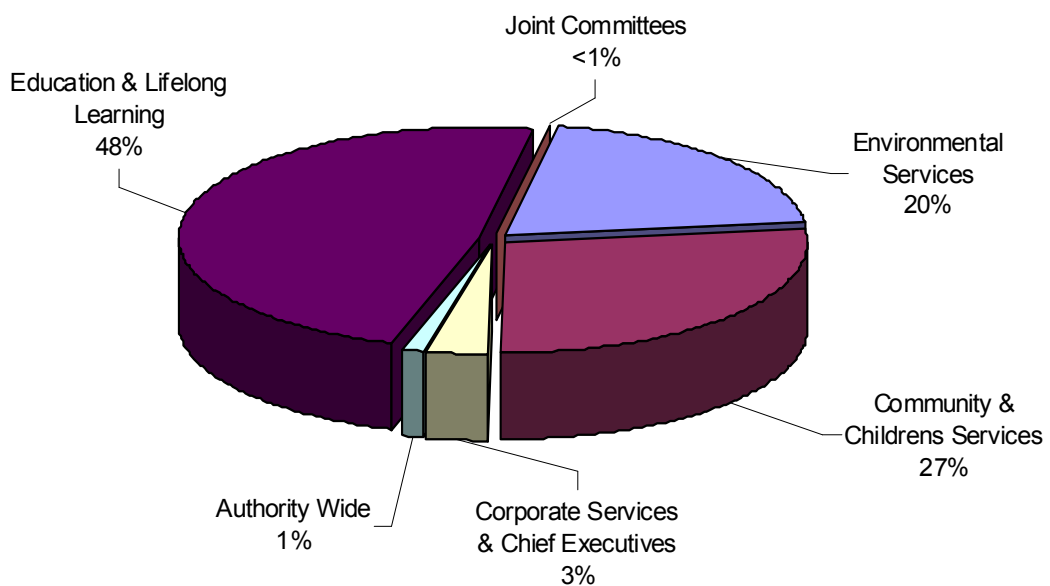
2. Income and Expenditure 2008/09

The Income and Expenditure Account provides an analysis of the Council's gross revenue expenditure and income in accordance with UK Generally Accepted Accounting Practice (UK GAAP). The chart below provides an analysis of the Net Cost of Services for Continuing Operations (£446m) by Best Value Accounting Code of Practice Service Expenditure Analysis Area. For information purposes, the net cost is also analysed by service groups operational within the Council.

**Net Cost of Services by BVACOP Category
(Continuing Operations)**



**Net Cost of Services by Service Group
(Continuing Operations)**



The following table details each of the service groups' actual performance and budget during 2008/09. This represents the net revenue expenditure of the Council in line with the statutory provisions that need to be taken into account when setting local taxes. The variance against budget reconciles to the movement on the General Fund balance:

Service Group	Budget £'000	Spend £'000	Variance £'000
Education & Lifelong Learning	162,236	162,177	(59)
Community & Children's Services	109,399	108,550	(849)
Environmental Services	63,563	64,867	1,304
Chief Executives	7,934	7,874	(60)
Corporate Services	21,219	20,850	(369)
Authority Wide	43,147	43,363	216
Total	407,498	407,681	183

	£'000
General Fund Reserves as at 31st March 2008	(10,303)
Revenue Budget Out-turn (Variance as above)	183
General Fund Reserves as at 31st March 2009	(10,120)

Capital reserves as at 31st March 2009 totalled £388.1m (of which £4.6m can be used to support capital spending).

Gross Expenditure on Services for Continuing Operations amounted to £659m, this can be analysed over the following expenditure categories:

Type of Expenditure	£'m	%
Employees	264	40
Premises	33	5
Transport	28	4
Supplies and Services	86	13
Payments to Third Parties	81	12
Transfer Payments	59	9
Capital Charges (e.g. Interest)	76	12
Other Operating Costs (e.g. Support Services)	32	5
Total Gross Expenditure	659	100

Income during the year for Continuing Operations totalled £641m and came from the following sources:

Income Analysis	£'m	%
<u>Direct Service Income</u>		
Specific Grants	133	21
Sales, Fees & Charges	35	5
Other Income	45	7
Sub-Total Direct Service Income	213	33
<u>Other Income</u>		
General Government Grants	283	44
National Non-Domestic Rates	61	10
Council Tax	84	13
Total Income	641	100

3. Housing Revenue Account

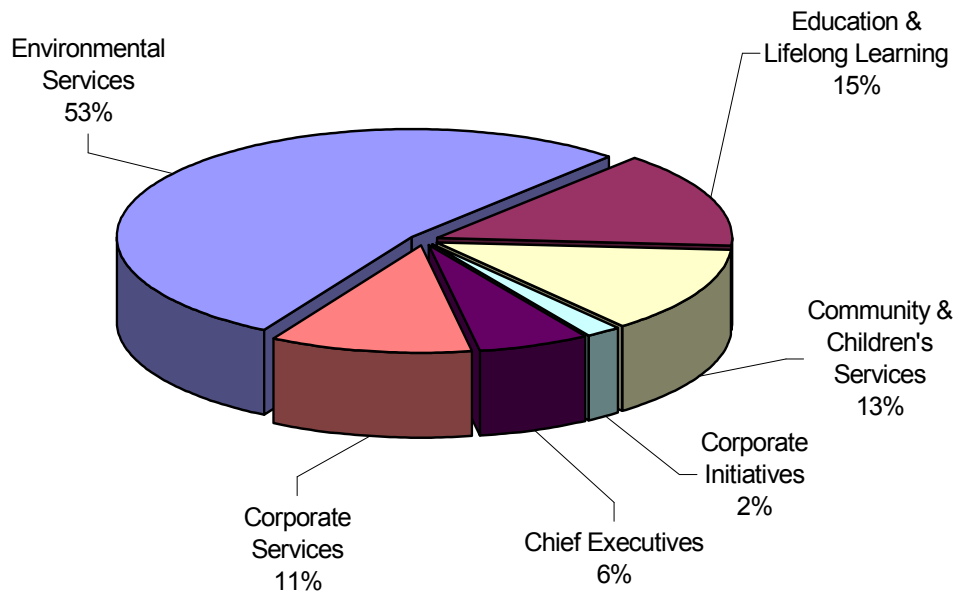
On 10th December 2007 the Council transferred its Housing Stock to RCT Homes, a Community Mutual Housing Trust. Under the Local Government and Housing Act 1989, the Council is required to keep its HRA until the Welsh Assembly gives consent for it to be closed. It is anticipated that subject to the issue of the final HRA subsidy determination by the Assembly, this consent will be granted in 2009/10.

Transactions posted to the HRA in 2008/09 relate to pre-transfer debtors and creditors that have now been settled.

4. Capital Expenditure and Income 2008/09

During the year the Council spent £89.1m on capital expenditure, as summarised below:

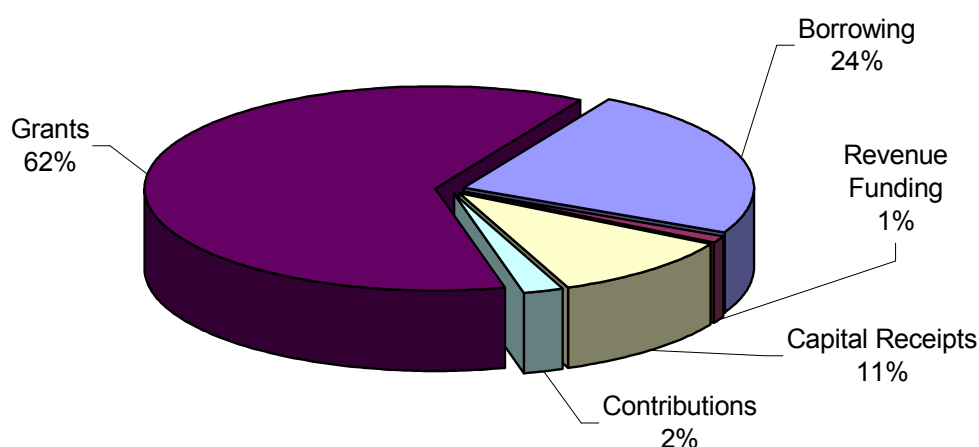
Group	£'000	%
Corporate Initiatives	1,946	2
Corporate Services	9,938	11
Chief Executives	5,415	6
Education & Lifelong Learning	13,012	15
Community & Children's Services	11,536	13
Environmental Services	47,274	53
Total	89,121	100



In addition, the Council's share of capital expenditure incurred by Joint Committees in which it has an interest was £299k. The type of Capital Expenditure made during the year is summarised below:

Expenditure on Fixed Assets	RCT £'000	Joint Committees £'000	Totals £'000
Tangible Fixed Assets	69,119	299	69,418
Intangible Fixed Assets	971	0	971
Revenue Expenditure Funded from Capital under Statute	19,031	0	19,031
Total	89,121	299	89,420

This expenditure on Council Assets were financed as follows:



Of the assets acquired and built during the year under the capital programme significant spends were incurred on:

Waste Management
Porth Relief Road
Broadband
Tonyrefail Primary
Tonyrefail Sports Hall
Church Village Bypass
Fleet Purchase
Dolau Primary
Ynyshir Primary

Major commitments over the next three years in respect of capital schemes as at 31st March 2009 include the following schemes:

Scheme	31/03/09 £'000
Neighbourhood Renewal Areas	5,850
Aberdare Townscapes	1,000
SEW Local Investment Fund	4,803
School Modernisation	1,553
Vehicles	7,500

Continued Overleaf...

Modernisation Programme Childrens	1,430
Asbestos Remediation Works	4,993
Community Regeneration	1,524
Computer Hardware and Software Costs	1,500
Customer Services Plan Phase 2	1,136
Disabled Facilities Grants/Adaptations (DFGs)	12,000
Roof Renewal Education	1,350
Essential Works Education	1,201
Maintenance Repair Assistance (MRA)	9,000
Legionella Works	2,000
Ynyshir Primary	3,663
Public Contribution Fund	1,080
Renovation Grants Exceptional Circumstances and Home Improvement Zones	3,000
Williamstown Primary	7,945
Traffic Management	1,969
Roads	4,371
Taff Vale Precinct/Gas Lane Car Park	1,400
Modernisation Programme (Adult Community Care)	1,020

The Council is also contracted to a Private Finance Initiative scheme - a Lifelong Learning Centre at Garth Olwg. The commitment is for £113.773m over a period of 25 years. See note 4.0 to the Core Financial Statements for further details.

5. **Borrowing Arrangements and Sources of Funds**

Each year, in accordance with the Local Government Act 2003, and the Prudential Code, the Council is required to set limits in relation to:

- Authorised limit for borrowing;
- Limits on exposure to fixed and variable interest rates;
- Various other prudential indicators.

The limits set at the start of the financial year were as follows:

Authorised borrowing limit	£311.1m
Interest Rate Exposure – Borrowing	Range
Limits on total % of borrowing at fixed interest rates	60% - 90%
Limits on total % of borrowing at variable interest rates	10% - 40%
Interest Rate Exposure – Investments	Range
Limits on total % of investments at fixed interest rates	0% - 25%
Limits on total % of investments at variable interest rates	75% - 100%

As can be seen from the Balance Sheet, overall borrowing totalled £222.5m. Long Term Borrowing totalled £211.9m at 31st March 2009.

The majority of external borrowing (£133.9m) was from the Public Works Loan Board (PWLB). The remaining balance comprises £87.6m from market

loans and £1.0m from other sources including individual lenders in the form of local bonds.

The Council is required under the Local Government and Housing Act 1989 to prepare a Treasury Management Strategy for the forthcoming year. The Council's Treasury Management Practices allows the Council to raise funds from a variety of sources, including the PWLB, money market and the European Investment Bank. The Group Director - Corporate Services is authorised to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Council.

6. Investments

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £3m invested in the sector at this time. In accordance with accounting practise the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements. The impact of the principal invested has been mitigated in the accounts in accordance with Government regulations.

7. Pensions Assets and Liabilities

As a result of Financial Reporting Standard 17 "Retirement Benefits", local authorities are required to account for pensions liabilities in respect of the cost of decisions made up to the balance sheet date. Please refer to notes 26.5 and 31.0 to the Core Financial Statements for further details.

The effect of FRS 17 upon the reserves of the Council is as follows:

	£'000
Net Assets excluding Pensions Reserve	454,203
Net Assets as per Balance Sheet	1,086

8. Introduction to Accounting Statements

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council and the Group Director - Corporate Services for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member at the Council meeting at which the Accounts are approved.

Certificate of the Group Director - Corporate Services

This is the certificate of the fair presentation of the accounts by the Group Director - Corporate Services.

Income and Expenditure Account

This statement reports the financial performance of the Council for the year in accordance with UK Generally Accepted Accounting Practice (UK GAAP). From 2008/09 the statement also includes the Council's share of the transactions of the Joint Committees in which it has an interest (See Accounting Policy note 25.) The statement is prepared in the format prescribed by the Best Value Accounting Code of Practice, and SORP 2008, and is split into three distinct sections:

- The first section gives the cost of the services provided by the Council net of specific grants to give the NET COST OF SERVICES.
- The second section comprises of items of income and expenditure relating to the Council as a whole. When added to section one, this gives the Council's NET OPERATING EXPENDITURE.
- The third section shows the income received from Council Tax proceeds, National Non Domestic Rates (NNDR) and General Government Grants to give the NET SURPLUS OR DEFICIT FOR THE YEAR.

Statement of the Movement on the Council Fund Balance

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement Benefits are charged as amounts become payable to Pension Funds and pensioners rather than as future benefits are earned.
- The use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the Council Fund Balance.

Statement of Total Recognised Gains and Losses (STRGL)

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase/decrease in Net Worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the valuation of fixed assets, remeasurement of the net liability to cover the cost of retirement benefits and the difference

between finance costs on a UK GAAP basis and the costs required to be charged according to regulations issued by Welsh Assembly Government.

Balance Sheet

This statement shows the Council's consolidated financial position as at 31st March 2009. It includes the assets and liabilities of all activities of the Council, the balances and reserves at the Council's disposal, its long term indebtedness and the fixed and net current assets employed in the Council's operations.

Cashflow Statement

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

Housing Revenue Account

This reflects a statutory obligation to account separately for the provision of council housing as defined in Part VI of the Local Government and Housing Act 1989. The Housing Revenue Account comprises of an Income and Expenditure Account and a Statement of Movement on the HRA balance. On 10th December 2007 the Council transferred its Housing Stock to RCT Homes, a Community Mutual Housing Trust. Transactions posted to the Housing Revenue Account relate to pre-transfer debtors and creditors that have now been settled.

Group Accounts

This set of financial statements and notes recognises the interest the Council has in its subsidiary companies, and consolidates these with the Council's single entity statements.

Summary Pension Fund Accounts

As the administering authority responsible for the Rhondda Cynon Taf CBC Pension Fund, the Council has an obligation to include a summary of the Pension Fund Accounts within its own Statement of Accounts. The statement is prepared in accordance with the Local Government Statement of Recommended Practice and Pension SORP.

Statement on Internal Control

Authorities must conduct a review of the effectiveness of its system of internal control, reviewing financial and non-financial transactions of the Authority. The system of internal control provides a reasonable assurance that the risks to the achievement of the Council's policies, aims and objectives have been identified, prioritised and evaluated in terms of their likelihood and impact if realised.

Independent Auditor's Report

This is the Wales Audit Office opinion on the Statement of Accounts.

Statement of Accounting Policies

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting 2008, issued by CIPFA, together with the guidance notes on the application of accounting standards. The Council and the Joint Committees consolidated into its accounts have complied with the code in all areas other than where specifically noted. The Council has also complied with the Best Value Accounting Code of Practice (2008 edition).

The main accounting principles adopted are outlined below:

1. Intangible Assets

Intangible assets are fixed assets that do not have physical substance but are identifiable by the access to future economic benefits that are controlled by the reporting entity through custody or legal rights.

Purchased or internally developed intangible assets are capitalised at cost and are amortised over their economic lives which are reviewed at the end of each reporting period and revised if necessary.

2. Tangible Fixed Assets

All expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis in the accounts. Expenditure on assets not owned by the Council, but where continuing benefit is received, is also capitalised on an accruals basis. This expenditure is included in the balance sheet within the category that the asset would be held in if the Council did own it, and is written off to revenue over the period that the benefit is received. Tangible fixed assets have been recorded in accordance with the Code of Practice on Accounting for Fixed Assets.

Tangible fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Operational assets are generally valued on the basis of existing use value (EUV). Specialist items are valued on a depreciated replacement cost basis (DRC). Non-operational assets and investment properties are generally valued on the basis of open market value (OMV). Infrastructure assets are included at historic cost, and adjusted to reflect depreciation.

Community assets are valued on an historic cost basis.

Assets are revalued every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Tangible fixed assets are subject to an annual impairment review in line with the SORP and FRS 11.

Impairment in the value of fixed assets is identified via the budget monitoring process throughout the year. An additional impairment review was performed by the Councils external valuers at year-end, to reflect the general downturn in the market value of properties, given the current economic climate. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

- where attributable to the clear consumption of economic benefits the loss is charged to the relevant service revenue account and reversed in the Statement of Movement on the Council Fund Balance.
- otherwise it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account and reversed in the Statement of Movement on the Council Fund Balance.

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

When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal. Separate arrangements for capital financing require amounts to be appropriated to the Capital Adjustment Account from the Statement of Movement on the Council Fund Balance, thereby negating any impact upon Council Fund Balance and the taxpayer.

The Council operates a de-minimis policy for recording assets in the asset register. De-minimis levels are in place as follows:

Asset Type	£'000
Land & Buildings	20
Vehicles	5
Plant & Equipment	5
Infrastructure	20
Community Assets	Nil

As an exception to this policy, certain classes of assets have been collectively valued. If these assets had been individually subject to the de-minimis policy the value of the Council's assets would have been significantly understated.

3. Revenue Expenditure Funded from Capital under Statute (Previously known as Deferred Charges)

For 2008/09, the Deferred Charges heading has been removed and replaced by "Revenue Expenditure Funded from Capital under Statute". Expenditure previously identified as a Deferred Charge has been classified as either a tangible or intangible asset or charged directly to the Income and Expenditure Account, with the necessary appropriations in the Statement of Movement on the General Fund Balance.

4. Government Grants

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited initially to the Government Grants Deferred Account. Amounts are released to the Income and Expenditure Account over the useful life of the asset to offset the depreciation on the asset to which it relates.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

All revenue grants received are credited direct to the appropriate revenue account.

5. Capital Receipts

Capital receipts are derived from the sale of fixed assets.

All capital receipts have been credited to the Usable Capital Receipts Reserve to fund future capital expenditure.

6. Basis of Charges for Use of Fixed Assets

Users of fixed assets bear a capital charge based on the current value of the assets. The charge comprises of two elements:

- Depreciation is charged on a straight-line basis on all tangible fixed assets with a finite useful life, excluding non-depreciable land. Garages have a 15-year life. All other asset lives have been identified on an individual basis.
- Amortisation of intangible fixed assets is charged on a straight-line basis in line with the number of years that benefit is received, which is identified on an individual basis.

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 to/from the Revaluation Reserve and the Capital Adjustment Account.

7. Minimum Revenue Provision/Statutory Provision for the Repayment of Debt

The Local Government Act 2003 requires each local authority to set aside a Minimum Revenue Provision (MRP) for debt redemption. In accordance with the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 {S.I.2008/588 (W.59)} the Council's accounting treatment is as follows:

Supported Borrowing: MRP is charged to the revenue account at 4% of the Capital Finance Reserve (for assets which are operational).

Unsupported Borrowing: During 2008/09 MRP has been charged to the revenue account in accordance with the depreciation of the asset.

8. Operating Leases

The Council has a number of operating leases and these are charged to revenue in the year during which costs are incurred, using a straight-line method, even if payments are not made that way.

9. Long-Term Contracts

The costs of long-term contracts are charged to revenue in the year they are incurred.

10. Accruals of Debtors and Creditors

The accounts of the Council have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This means that sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

An exception to this principle relates to electricity and similar quarterly payments that are charged at the date of meter reading rather than being apportioned between financial years. This policy is applied consistently each year and therefore does not have a material effect on the year's accounts.

The purchase or sale of capital items has also been recorded on an accrual basis, in accordance with accounting rules of the Code of Practice.

In accordance with the 1989 Local Government and Housing Act, income from capital grants has been treated on an accrual basis, and a debtor for this is reflected in the Balance Sheet.

Where a claim has yet to be signed off by the Wales Audit Office, debtors and creditors in relation to Government Grants are included on an unaudited draft claim basis.

11. Stocks and Work in Progress

Council stocks are valued at the last purchase price. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at the lower of cost or net realisable value. The effect of the different treatment is considered to be immaterial.

All Joint Committees that maintain stock comply with SSAP 9 and show stock at either lower of cost or net realisable value.

12. Cost of Support Services

Central support costs have been allocated to service areas (in accordance with BVACOP) based on a projected out-turn basis. The balance of unallocated costs has been classified as Non-Distributed Costs.

13. Pensions

The Council participates in two separate pension schemes that meet the needs of employees in particular services.

Teachers - This is an unfunded scheme administered by the Teachers' Pension Agency. The Agency set contribution rates on the basis of a notional fund, which is currently set at a rate of 6.4%. Whilst this is a defined benefit scheme, the Teachers Pensions Agency is unable to identify the Council's share of the underlying assets and liabilities and accordingly, the Council has taken advantage of the exemption within FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Other employees - Rhondda Cynon Taf CBC administer a fund on behalf of employees under the Local Government Pension Scheme Regulations 1997 (as amended), under which contribution rates are set by the fund's actuary based on triennial actuarial valuations. Under the regulations, contribution rates are set in order to lead to full funding of the overall liability of the Fund over time. The latest valuation was at 31st March 2007. Resultant changes in contribution rates have taken effect from 1st April 2008.

FRS 17 requires the Council to recognise the annual increase in employees' entitlements to retirement benefits within the revenue account cost of services, rather than the employer's contributions paid during the year, based on calculations provided by the Council's actuary.

This change has had the following effect in 2008/09:

- Employer contributions of £31.72m (£35.99m in 2007/08) have been removed from the cost of individual services and trading activities and been replaced by £19.12m (£32.97m in 2007/08) annual service costs.
- In addition, the net effect of interest due on Pension Fund future liabilities and return on assets results in additional costs of £18.65m (£12.71m in 2007/08).
- The overall effect is a £6.05m (£9.69m in 2007/08) increase in the Net Operating Expenditure line of the Income and Expenditure Account, which is matched by a contribution from the Pension Fund Reserve to ensure that the change in accounting treatment has no direct impact on the amount to be met from Government Grants and Local Taxpayers.

Under the 2008 SORP the council has adopted the amendment to FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. As the impact is not considered material the 2007/08 balance sheet has not been restated to reflect the bid price. The 430k adjustment has been charged against Actuarial Gains and Losses in 2008/09.

14. Financial Liabilities

Financial Liabilities are carried at amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Where loans have a single rate of interest over its term it results in the amount presented in the Balance Sheet being the outstanding principal repayable plus any accrued interest, and the interest charged to the Income and Expenditure Account is the amount payable in the loan agreement. Where loans have a rate that is lower in the initial years, the effective interest rate charge to the Income and Expenditure Account "smooths" the interest rate differential. The difference between the effective interest rate charge and actual interest paid, is adjusted in the Statement of Movement on the Council Fund Balance.

Gains (discounts) and losses (premiums) on the repurchase or early settlement of borrowing are credited/debited to the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase/early settlement is deemed to be a modification of existing instruments, the discounts/premiums are incorporated into the value of the instrument and written down to the Income and Expenditure Account over the life of the loan via an adjustment to the effective interest rate.

Where premiums have been charged to the Income and Expenditure Account, regulations allow the impact on the Council Fund Balance to be spread over future years equal to the life of the replaced or replacement loan. Where discounts have been credited to the Income and Expenditure Account, regulations require the impact to be spread over the life of the replacement

loan or ten years, if earlier.

15. 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.

Rhondda Cynon Taf CBC holds only “Loans and Receivables”.

Loans and receivables are carried at amortised cost. Interest and Investment Income in the Income and Expenditure Account is based upon the carrying amount of the asset multiplied by the effective interest rate for the instrument. This means that the value in the Balance Sheet is the principal plus any accrued income, and the income recognised in the Income and Expenditure Account is based upon the rate quoted in the loan agreement.

16. Investments

Investments are held in the Balance Sheet at amortised cost. Short-term investments consist largely of money market investments, all maturing within one year of the Balance Sheet date. Long-term investments are held for greater than one year.

17. Interest Receivable

During 2008/09 the Council has invested temporary cash surpluses for short-term periods, which may range from overnight to 364 days. The interest is credited to the Council Fund and other smaller funds proportionately. The Council’s Annual Investment Strategy allows investment in various instruments for up to a period of five years.

18. Interest Payable

Interest payable on debt is accounted for in the year it relates to, not the year it is paid. Funds are borrowed from both the PWLB and from money markets. Loans can be fixed or variable interest debt. Decisions on the type and maturity of loan depend upon the current portfolio, market conditions, forecasts, cash flow requirements, prudential limits and other limits set in the annual Treasury Management Strategy report.

19. Repurchase of Borrowing

The Council's Treasury Management Strategy permits the early repayment of borrowing. This may be undertaken if market conditions are favourable and there are no risks to cashflow. Such a transaction may be carried out in order to reduce interest payable, to adjust the maturity profile or to restructure the ratio of fixed to variable interest.

20. Foreign Currency

It is the Council's policy not to invest or borrow in any currency other than sterling.

21. Bad Debt Provisions

The provision for bad debt identifies a proportion of the Council's debtors at year-end that should have their carrying value adjusted to the probable recoverable amount. The debts are analysed into periods and agreed percentages are applied to the debtor values to arrive at the provision.

22. Value Added Tax

The Council is reimbursed Value Added Tax (VAT) incurred on eligible expenditure, and therefore the Income and Expenditure Account has been prepared exclusive of VAT.

23. Reserves and Provisions

Reserves and Provisions are regulated by the Local Government and Housing Act 1989, in accordance with FRS 12 and the Local Authority Accounting Code of Practice. Provisions are amounts set aside for specific future expenses that are likely to be incurred, but the amount or timing of which cannot yet be determined accurately.

The Council makes provision for costs relating to insurance claims.

The Council also maintains reserves to meet both general and specific future expenditure. These are disclosed within "Net Worth" in the Balance Sheet, and their purposes are explained in the accompanying notes.

24. Associated and Subsidiary Companies

All local authorities are required to identify any interest they have in external entities, and where appropriate to consolidate the accounts of these entities into the Council's main financial statements.

25. Joint Arrangements

From 2008/09 the Council has incorporated into its financial statements its share of the transactions and balances of the Joint Committees in which it has an interest.

The accounts of the Joint Committees have been consolidated into the RCT financial statements on a line-by-line basis, calculated using a reasonable apportionment methodology. The Joint Committees consolidated are:

- Llwydcoed Crematorium
- Glamorgan Record Office
- Glamorgan Engineering Consultancy (to 31st August 2008)
- Coychurch Crematorium
- Catalogue Supplies Service
- Education School Improvement Service (ESIS)
- South East Wales Transport Alliance (SEWTA)

Due to materiality, the prior period has not been adjusted to reflect the transactions and balances of the Joint Committees prior to 1st April 2008. Instead, the Balance Sheet has been adjusted at 31st March 2009 to include the Joint Committee reserves, and identified in the STRGL. If adjusted the impact would increase Net Worth at 31st March 2008 by 557k. Unless stated, the notes to the Core Financial Statements reflect the transactions of the Council only. Prior period comparators have not been restated.

26. Contingent Assets/Contingent Gains

A contingent asset is a possible gain that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control.

In accordance with the concept of prudence, contingent assets are not recognised in the Income and Expenditure Account or the Balance Sheet because the gain might never be realised.

27. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in notes to the Core Financial Statements.

28. Estimation Techniques

Insurance

Until 2004/05 the Council provided for the full value of employer and public liability insurance claims received as at the year-end. From 2004/05 the provision is based on an independent assessment of outstanding claims. This independent assessment uses actuarial techniques to determine the required level of the provision. In assessing the required level of the provision for 2008/09 we have considered the results of this actuarial valuation, reviewed details of all claims outstanding and considered actual settlement patterns in previous years.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Group Director - Corporate Services.
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signature: _____ Date: _____

Cllr. Robert Smith

Mayor

Civic Offices
Municipal Buildings
Gelliwastad Road
Pontypridd
CF37 2DP

The Group Director - Corporate Services' Responsibilities

The Group Director is responsible for the preparation of the Council's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2009.

In preparing this Statement of Accounts, the Group Director has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the code.

The Group Director has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Certificate of the Group Director - Corporate Services
Rhondda Cynon Taf CBC on the Accounts of Rhondda Cynon
Taf CBC for 2008/09**

I certify that the accounts set out on the pages 2 to 104 present fairly the financial position of Rhondda Cynon Taf CBC at 31st March 2009 and its income and expenditure for the year then ended.

Signature: _____ Date: _____

Steve Merritt

Group Director - Corporate Services
Bronwydd House
Porth
CF39 9DL

Income and Expenditure Account for the year ended 31st March 2009

2007/08 Net Exp £'000		Note	2008/09		
			Gross Exp £'000	Gross Income £'000	Net Exp £'000
	Continuing Operations				
2,933	Central Services to the Public		25,357	(21,898)	3,459
50,873	Cultural, Environmental, Regulatory and Planning Services		96,326	(34,643)	61,683
202,383	Children's and Education Services		318,390	(60,550)	257,840
24,325	Highways and Transport Services		33,158	(6,500)	26,658
9,174	Housing Services		64,504	(57,604)	6,900
72,250	Adult Social Care		106,282	(31,221)	75,061
7,915	Corporate and Democratic Core		7,783	(383)	7,400
8,060	Non-Distributed Costs		7,042	(376)	6,666
(91,726)	Exceptional Items Not Included in Costs of Specific Services	43.0	0	0	0
	Discontinued Operations				
225,143	Housing Revenue Account	2.0	179	0	179
511,330	Net Cost of Services		659,021	(213,175)	445,846
(12)	(Gain)/Loss on Disposal of Fixed Assets		1,782	(1,480)	302
22,607	Precepts	18.0	22,068	0	22,068
(376)	(Surplus)/Deficit on Trading Activities	5.0	22,948	(23,020)	(72)
13,478	Interest Payable and Similar Charges	40.0	14,389	0	14,389
(2,032)	Interest and Investment Income		0	(3,292)	(3,292)
12,710	Pensions Interest Cost and Expected Return on Pensions Assets	31.2	52,084	(33,430)	18,654
557,705	Net Operating Expenditure		772,292	(274,397)	497,895
(80,106)	Net Proceeds of Council Tax	17.0			(84,410)
(280,320)	General Government Grants				(282,853)
(55,141)	NNDR Pool Contribution	16.0			(61,137)
142,138	(Surplus)/Deficit for the year				69,495

Statement of the Movement on the Council Fund Balance for the year ended 31st March 2009

2007/08			2008/09	
£'000		Note	£'000	£'000
142,138	(Surplus)/Deficit for the Year on the Income and Expenditure Account			69,495
	Amounts Included in the Income and Expenditure Account but Required by Statute to be Excluded when Determining the Movement on the Council Fund Balance for the Year			
105,593	Debt Repaid By WAG Following Housing Transfer		0	
(309,920)	Depreciation and Impairment of Fixed Assets		(107,110)	
92,873	Government Grants Deferred Amortisation	25.0	26,468	
(34,735)	Deferred Charges		0	
68	Difference Between Finance Costs Calculated in Accordance with SORP and Finance Costs Calculated in Accordance with Statutory Requirements		(2,116)	
12	Net Gain/(Loss) on Sale of Fixed Assets		(301)	
(45,680)	Net Charges Made for Retirement Benefits in Accordance with FRS 17	31.2	(37,771)	(120,830)
(49,651)				(51,335)
	Amounts not Included in the Income and Expenditure Account but Required to be Included by Statute when Determining the Movement on the Council Fund Balance for the Year			
10,785	Statutory Repayment of Debt		10,882	
137	Capital Expenditure Charged to the Council Fund Balance		(12,847)	
35,990	Employer's Contributions Payable to the Pension Fund and Retirement Benefits Payable Direct to Pensioners	31.2	31,720	29,755
(2,739)				(21,580)
	Transfers (To)/From the Council Fund Balance that are Required to be Taken into Account when Determining the Movement on the Council Fund Balance for the Year			
620	Surplus/(Deficit) on the Housing Revenue Account		(179)	
2,085	Net Transfer To/(From) Earmarked Reserves		21,942	21,763
(34)				183
(845)	Gain Arising on Transition to SORP 2007 Requirements (Recognised in STRGL) that Impacts upon Council Fund Balance			0
845	Transfer of Gain Arising on Transition to SORP 2007 to Earmarked Reserves			0
(34)	Council Fund (Surplus)/Deficit for the year			183
(10,269)	Balance on Council Fund Brought Forward			(10,303)
(10,303)	Balance on Council Fund Carried Forward			(10,120)

Statement of Total Recognised Gains and Losses for 2008/09

2007/08 £'000		Note	2008/09 £'000
142,138	Deficit on the Income and Expenditure Account for the year		69,495
(50,868)	(Gains)/Losses Arising on Revaluation of Fixed Assets		(28,744)
(117,680)	Actuarial (Gains)/Losses on Pension Assets and Liabilities	31.0	155,371
3,067	(Gains)/Losses on Financial Instruments	26.7	0
(23,343)	Total Recognised (Gains)/Losses for the year		196,122
0	Prior Year Adjustment to Consolidate Joint Committee Opening Balances		(557)
(23,343)			195,565

Balance Sheet as at 31st March 2009

31/03/08			Note	31/03/09	
£'000				£'000	£'000
3,003	<u>Fixed Assets</u>	<u>Intangible Fixed Assets</u>	19.0	2,994	
		<u>Tangible Fixed Assets</u>			
		<u>Operational Assets</u>	20.1		
455,338		Other Land & Buildings		444,691	
15,011		Vehicles, Plant, Furniture & Equipment		15,983	
227,900		Infrastructure Assets		324,235	
90		Community Assets		82	
		<u>Non Operational Assets</u>	20.1		
754		Investment Properties		515	
113,385		Assets Under Construction		35,476	
36,624		Surplus Assets		39,079	
852,105					863,055
50		Long Term Investments		0	
3,470		Investment in Companies	22.0	3,470	
3,255		Long Term Debtors		4,086	7,556
858,880		TOTAL LONG TERM ASSETS			870,611
794	<u>Current Assets</u>	Stocks & Work in Progress		886	
54,548		Debtors		53,759	
(8,134)		Bad and Doubtful Debt Provision		(8,804)	
66,842		Investments		23,947	
174		Cash and Bank		570	70,358
973,104		TOTAL ASSETS			940,969
(951)	<u>Current Liabilities</u>	Borrowing Repayable on Demand or Within 12 Months		(10,586)	
(61,040)		Creditors		(59,085)	
(8,025)		Bank Overdraft		(15,543)	(85,214)
903,088		TOTAL ASSETS LESS CURRENT LIABILITIES			855,755
(246,472)	<u>Long Term Liabilities</u>	Borrowing Repayable Within a Period in Excess of 12 Months		(211,866)	
(21,853)		Provisions	24.0	(9,778)	
(148,572)		Government Grants Deferred	25.0	(179,908)	
(289,540)		Defined Pension Scheme Liability	31.0	(453,117)	(854,669)
196,651		TOTAL ASSETS LESS LIABILITIES			1,086

Continued Overleaf...

	Represented by:				
(377,515)	Capital	Capital Adjustment Account	26.1	(304,911)	
(50,322)	Reserves	Revaluation Reserve	26.2	(78,316)	
(449)		Deferred Capital Receipts Reserve	26.3	(337)	
(12,362)		Usable Capital Receipts Reserve	26.4	(4,572)	
(440,648)					(388,136)
289,540	Revenue	Pensions Reserve	26.5	453,117	
14,101	Reserves	Unequal Pay Back Pay Account	26.6	1,063	
4,040		Financial Instruments Adjustment Account	26.7	6,991	
(10,303)		Council Fund Balance	26.8	(10,120)	
(1,441)		MGCC Insurance Reserve	26.9	(1,816)	
(2,359)		Housing Revenue Account	26.10	(2,180)	
(43,123)		Earmarked Reserves	26.11	(53,315)	
(6,458)		Delegated Schools Reserve	26.12	(6,690)	387,050
(196,651)	NET WORTH				(1,086)

Cashflow Statement 2008/09

2007/08		Note	2008/09	
£'000			£'000	£'000
(141,698)	Net Cash (Inflow)/Outflow from Revenue Activities	33.0		(5,862)
	<u>Returns on Investments and Servicing of Finance</u>			
14,263	Interest Paid		12,253	
(2,104)	Interest Received		(3,320)	8,933
	<u>Capital Activities</u>			
	<u>Cash Outflows</u>			
87,932	Purchase of Fixed Assets		88,588	
124	Purchase of Long-Term Investments		0	88,588
	<u>Cash Inflows</u>			
(15,896)	Sale of Fixed Assets		(1,749)	
(52,664)	Capital Grants Received		(63,649)	
(1,884)	Other Capital Cash Receipts		(2,354)	(67,752)
(111,927)	Net Cash (Inflow)/Outflow Before Financing			23,907
	<u>Financing</u>			
	<u>Cash Outflows</u>			
224,971	Repayments of Amounts Borrowed		42,273	
	<u>Cash Inflows</u>			
(175,340)	New Loans Raised		(5,000)	
0	New Short Term Loans Raised		(11,163)	26,110
(62,296)	(Increase)/Decrease in Cash & Equivalents			50,017

Notes to the Core Financial Statements

1.0 Prior Period Adjustments

The 2008 SORP has been amended to reflect the changes made to FRS17 (Retirement Benefits), which requires the fair value of quoted security to be valued at bid price, rather than mid-market value. Due to materiality, the Balance Sheet for 2007/08 has not been adjusted to reflect this change in Accounting Policy. If adjusted, the impact would increase the Pension Fund liability and pension reserve at 31st March 2008 by £430k (see note 31.5 and Accounting Policy note 13.)

From 2008/09 the Council has incorporated into its financial statements its share of the transactions and balances of the Joint Committees in which it has an interest. Due to materiality, the prior period has not been adjusted to reflect the transactions and balances prior to 1st April 2008. Instead the Balance Sheet has been amended at 31st March 2009 to include the Joint Committee reserves, as identified in the STRGL. If adjusted it increases the Net Worth at 31st March 2008 by £557k (see Accounting Policy note 25).

2.0 Discontinued Operations

On 10th December 2007 the Council transferred its Housing Stock to RCT Homes, a Community Mutual Housing Trust. Therefore the Housing Revenue Account has been identified as a Discontinued Operation. Transactions posted to the HRA in 2008/09 relate to pre-transfer debtors and creditors that have now been settled.

3.0 Long-Term Contracts

The following table illustrates future obligations in respect of long-term contracts:

Details	2009/10 £'000	2010/11 £'000	2011/12 £'000
Financial Systems and Maintenance Contracts	1,471	816	732
Non-Commercial Bus Routes	1,394	1,394	1,394
Home to School Transport	10,538	10,538	0
Total	13,403	12,748	2,126

These liabilities are not accounted for in the Balance Sheet, as the costs have not yet been incurred.

Home to school transport figures are based on the contract payments made in 2008/09 however, future costs may vary as a result of the actual service provided.

4.0 Private Finance Initiative

During 2003/04 financial year, the Council entered into a Private Finance Initiative (PFI) arrangement for the provision of a Lifelong Learning Centre at Garth Olwg. The arrangement will run until September 2030. There is a commitment of £113.773m over the duration of the contract, which is to be funded by a combination of PFI Credits, agreed by the Welsh Assembly Government, and Council/Delegated School resources.

Details of the committed spend is as follows:

Years	£'000
1-5	18,225
6-10	21,050
11-15	22,377
16-20	23,878
21-25	28,243
Total	113,773

The PFI contract has been deemed to be off Balance Sheet, in accordance with the SORP. During the term of the contract, the Council incrementally recognises a Long Term Debtor that will be transferred to Fixed Assets upon expiry of the contract.

The Council meets the costs of the Unitary Charge from its own resources and funding from the Welsh Assembly Government. The profile of funding from the Assembly reduces annually until the expiry of the contract term whereas the unitary charge payable by the Authority increases annually over the same period. This results in a "surplus" of resources for PFI when compared to payments for the initial period of the contract period. These surplus amounts are set-aside in an earmarked reserve to fund the later part of the contract period where annual payments are greater than annual resources.

As at 31st March 2009 the balance on the PFI equalisation earmarked reserve is £4.28m.

5.0 Trading Activities

The Council operates the following activities on a trading account basis:

Former DLO Trading Activities	2007/08	2008/09		
	(Surplus) /Deficit £'000	Exp £'000	Income £'000	(Surplus) /Deficit £'000
Highways Maintenance	(308)	10,164	(9,896)	268
Building Cleaning	(49)	998	(1,050)	(52)
Education and Welfare Catering	(43)	8,640	(8,844)	(204)
Total	(400)	19,802	(19,790)	12

Other Trading Activities	2007/08	2008/09		
	(Surplus) /Deficit £'000	Exp £'000	Income £'000	(Surplus) /Deficit £'000
Other Catering	54	169	(150)	19
Central Print Unit	13	881	(811)	70
Creative Design	(52)	896	(942)	(46)
Commercial Waste	(33)	742	(761)	(19)
Carelink/Out of Hours	42	458	(566)	(108)
Total	24	3,146	(3,230)	(84)

In accordance with the BVACOP, surplus/deficits on trading activities should be re-apportioned across clients for total cost reporting purposes if a failure to do so would result in a material misstatement at division of service level or in a performance indicator (national or local).

It is considered that re-apportionment of trading activity surplus/deficits would be unwieldy, due to multiple users of the services. It is also considered that it would not have a material re-statement of current expenditure levels (this treatment is consistent with the Council's Annual Improvement Plan).

FRS 17 "Retirement Benefits" applies to trading activities. Excluding FRS 17, the deficit was £533k.

6.0 Section 137 Expenditure

Under Section 137 of the Local Government Act 1972, an annual limit was placed on local authorities when incurring expenditure for which there was no specific statutory power. This statutory restraint on expenditure has been replaced by Section 8 of the Local Government Act 2000, which allows authorities to promote the economic, social or environmental well being of the area. Section 137(3) of the 1972 Act still applies and this allows, with certain conditions, an authority to contribute to the funds of charities. This Council spent £77k in 2008/09 (£45k in 2007/08) under the provisions of this Act.

7.0 Publicity

Local Authorities are required to keep a separate account of expenditure on advertising and promotion publicity.

Category	2007/08 £'000	2008/09 £'000
Recruitment Advertising	269	263
Statutory Notices	119	123
Other Publicity/Advertising	1,034	1,099
Total	1,422	1,485

8.0 Building Control

The Building (Local Authority Charges) Regulations 1998 require local authorities to either:

- Recover the full cost of operating a building control service with the objective of breaking even over three years; or
- Recover at least 90% of the costs over a three-year period.

The first three-year period began 1st April 1999.

Certain activities carried out by the building control section cannot be charged for. The costs of these activities are excluded from the break-even regulations.

The following statement shows the total cost of operating the building control unit analysed between chargeable and non-chargeable activities.

Trading Account For Building Control						
	2007/08			2008/09		
	Charge-able (67%) £'000	Non-Charge-able (33%) £'000	Total Building Control £'000	Charge-able (67%) £'000	Non-Charge-able (33%) £'000	Total Building Control £'000
Employee Expenses	303	143	446	237	117	354
Transport	24	10	34	20	10	30
Supplies & Services	7	3	10	5	2	7
Support Service Charges	93	40	133	114	56	170
Total Expenditure	427	196	623	376	185	561
	Charge-able (100%) £'000	Non-Charge-able £'000	Total Building Control £'000	Charge-able (100%) £'000	Non-Charge-able £'000	Total Building Control £'000
Building Reg Charges	(421)	0	(421)	(383)	0	(383)
Total Income	(421)	0	(421)	(383)	0	(383)
(Surplus)/Deficit for Year	6	196	202	(7)	185	178

9.0 Agency Arrangements

The Council does not undertake work on an agency basis.

10.0 Road User Charging

The Council does not operate a scheme of road user charging or workplace parking levy under the Transport Act 2000.

11.0 Local Authorities Goods and Services Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Council undertook the following work under the provisions of this Act:

Category of Supply	Client	2007/08 £'000	2008/09 £'000
Supply of Goods or Materials	City and County of Cardiff	43	48
	Cwm Taf NHS Trust	1	28
	Powys CC	2	2
	Merthyr Tydfil CBC	224	291
	Caerphilly CBC	65	13
	Caerphilly Local Health Board	1	0
	Bridgend CBC	500	668
	Newport CBC	8	9
	South Lanarkshire CC	1	0
	Rhondda Cynon Taf Local Health Board	39	150
	Vale of Glamorgan CBC	44	32
	Merthyr Tydfil Local Health Board	0	5
	City and County of Swansea	5	27
	Carmarthenshire CC	5	1
	Coleg Morgannwg	23	23
	Torfaen CBC	7	0
	Gwynedd CBC	4	1
	Flintshire CC	0	1
	Velindre NHS Trust	3	0
	Gloucestershire CC	19	30
		994	1,329
Provision of Administrative, Professional or Technical Services	Bridgend CBC	30	32
	Caerphilly CBC	22	60
	City and County of Cardiff	85	73
	Merthyr Tydfil CBC	232	95
	Cardiff and Vale NHS Trust	0	3
	Cwm Taf NHS Trust	192	126
	Coleg Morgannwg	573	494
	Pontypridd Town Council	2	2
	South Wales Fire Service	41	57
	South Wales Police Authority	135	185
	University of Glamorgan	17	26
	Ystrad Mynach College	13	17
	Abertawe Bro Morgannwg NHS Trust	60	62
	Rhondda Cynon Taf Local Health Board	242	185
	Care Council for Wales	4	7
	Merthyr Tydfil Local Health Board	0	6
	Local Government Data Unit	1	4
	Vale of Glamorgan CBC	10	18
	ESIS	4	53
	Velindre NHS Trust	4	1
<i>Continued Overleaf...</i>			

	City and County of Swansea	33	14
	Blaenau Gwent CBC	73	31
	Neath Port Talbot Local Health Board	41	0
	Estyn	0	49
	Tameside MBC	11	12
		1,825	1,612
	Total	2,819	2,941

12.0 Members' Allowances

The Local Authorities (Allowances for Members of County and County Borough Councils and National Parks Authorities) (Wales) Regulations 2002, require authorities to make public schemes for Members' allowances and to disclose annually amounts paid to each Member under such schemes.

During 2008/09 the Council paid a total of £1.399m (£1.395m in 2007/08) in respect of basic allowances, special responsibility allowances and dependant care allowances to 75 members (excluding employer's national insurance contributions, employer's pension contribution and other associated costs).

Details of individual allowances will be published in the local press. Copies may be obtained from Group Director - Corporate Services, Bronwydd House, Porth, Rhondda CF39 9DL.

13.0 Officers' Emoluments

Under the Accounts and Audit (Wales) Regulations 2005, local authorities must disclose in their accounts the number of employees whose remuneration in the year fell in each bracket of a scale in multiples of £10,000 commencing at £60,000 (excluding pension contributions). The disclosure includes redundancy payments.

During 2008/09 the Council paid 12,901 employees, paying total salaries of £243m (excluding employer's national insurance and pension contributions). Within this, the following salary payments were made within the categories specified:

Remuneration Band	2007/08	2008/09		
	No. of Employees	No. of Employees		
	Total	At 31/03/09	Left in Year	Total
£60,000 - £69,999	29	27	2	29
£70,000 - £79,999	10	18	2	20
£80,000 - £89,999	4	7	0	7
£90,000 - £99,999	1	4	0	4
£100,000 - £109,999	2	0	0	0
£110,000 - £119,999	0	3	0	3
£120,000 - £129,999	0	0	0	0
£130,000 - £139,999	1	0	0	0
£140,000 - £149,999	0	0	0	0
£150,000 - £159,999	0	1	0	1
Total	47	60	4	64

14.0 Related Party Transactions

In accordance with FRS 8, the Council has a duty to disclose any material transactions with a "related party". This is to ensure that the financial statements contain appropriate disclosures to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

Central Government

Revenue Grants, Capital Grants, Revenue Support Grant and NNDR pool transactions were received during the year. Detailed information on these transactions is disclosed in notes 16.0, 17.0 and 38.0.

Precepts and Levies

Details of precepts collected on behalf of other organisations are provided in the Income and Expenditure Account. An analysis of amounts levied on this Council by other bodies can be found at note 18.0 to the Core Financial Statements.

Rhondda Cynon Taf Pension Fund

The Group Director - Corporate Services is also the responsible Finance Officer to the Rhondda Cynon Taf Pension Fund. The Council charged the Pension Fund an amount of £1.3m in respect of administration and support during financial year 2008/09. Specific details relating to contributions to the Pension Fund can be found in note 31.0 to the Core Financial Statements. The amount owed from the Council to the Pension Fund as at 31st March 2009 is £648k.

Chief Officers and Members

Details of Members allowances and Officers' emoluments are provided in the Core Financial Statements notes 12.0 and 13.0 respectively. Interests of Members are maintained in a register.

The following organisations are related parties (by virtue of Member interest in them) with whom the Council has had dealings.

Category of Organisation	Nature of Payment /(Receipt)	2007/08 £'000	2008/09 £'000
Engineering & Mechanical Services	Vehicle Hire, Repairs & Maintenance	13	11
Engineering & Mechanical Services	Goods and Services	0	3
National Health Service Bodies & Support Groups	Goods and Services	61	65
National Health Service Bodies & Support Groups	Grant Payments	78	130

Continued Overleaf...

Sports & Social Clubs	Goods and Services	(8)	17
Sports & Social Clubs	Grant Payments	20	14
Community Councils, Associations & Services	Goods and Services	403	1,556
Community Councils, Associations & Services	Grant Payments	1,026	984
Community Councils, Associations & Services	Vehicle Hire, Repairs & Maintenance	10	0
Children's Clubs & Associations	Goods and Services	6	0
Children's Clubs & Associations	Grant Payments	5	0
Children's Clubs & Associations	Vehicle Hire, Repairs & Maintenance	3	0
Educational & Cultural Establishments	Goods and Services	(767)	(393)
Educational & Cultural Establishments	Grant Payments	321	50
Educational & Cultural Establishments	Vehicle Hire, Repairs & Maintenance	1	0
Government Bodies, Associations & Staff	Goods and Services	147	42
Government Bodies, Associations & Staff	Grant Payments	39	9
Private Companies	Goods and Services	(427)	(577)
Private Companies	Vehicle Hire, Repairs & Maintenance	(30)	(133)
Charitable Organisations	Goods and Services	598	1,618
Charitable Organisations	Grant Payments	560	627
Charitable Organisations	Vehicle Hire, Repairs & Maintenance	0	2

Associated Companies

The Council has an interest in four companies, these being; Amgen Cymru, Amgen Rhondda, the Model House Llantrisant Ltd. and Capita Glamorgan Consultancy Ltd. Further details of each are given in note 22.0 to the Core Financial Statements and note 3 to the Introduction to Group Accounts. During 2008/09 the following related party transactions took place with the associated companies and Joint Committees:

Amgen Cymru

Royalties of £340k were billed by the Council to Amgen Cymru. At 31st March 2009 £27k was outstanding.

The Council paid Amgen Cymru £3,759k in respect of waste management and waste disposal charges, with £618k due to the company at the year-end.

Amgen Rhondda

The Council paid Amgen Rhondda £250k in respect of site management fees, with £23k outstanding at 31st March 2009.

Glamorgan Archives Joint Committee

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee has 20 members in total, of which 16 are elected members with voting rights. There are 4 Rhondda Cynon Taf CBC Members on the Joint Committee.

During 2008/09, this Council contributed to the Joint Committee an amount of £201k. This was calculated proportionately based upon population. During 2008/09, the Council charged the GRO £35k in respect of central establishment charges. As at 31st March 2009 the Council held cash balances relating to Glamorgan Archives of £201k. As part of the Joint Committee consolidation process, offsetting transactions and balances are removed from the accounts to ensure individual values are not overstated.

Glamorgan Engineering Consultancy

The Glamorgan Engineering Consultancy is subject to the control of a Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of 15 members, 6 of which are Rhondda Cynon Taf CBC elected Members.

On 1st September 2008 GEC transferred to a joint venture company, Capita Glamorgan Consultancy Ltd, consisting of the existing councils and a private sector engineering consultancy, Capita Symonds.

This Council was charged £1.0m, in respect of consultancy fees, between 1st April 2008 and 31st August 2008. As at 31st March 2009 the Council held cash balances relating to Glamorgan Engineering Consultancy of £0.9m. Following the conclusion of all remaining issues, any outstanding balance will be distributed between the three constituent Authorities.

Capita Glamorgan Consultancy Ltd.

The Council owns 27.93% of the shares of the company, and holds voting rights to this value on the board.

For the period 1st September 2008 to 31st March 2009, this Council was charged £1.5m in respect of consultancy fees incurred.

Llwydcoed Crematorium

Llwydcoed Crematorium is subject to the control of a Joint Committee of Members from Rhondda Cynon Taf CBC and Merthyr Tydfil CBC. During 2008/09, the Council charged Llwydcoed Crematorium £21k in respect of central establishment charges. As at 31st March 2009 the Council held cash balances relating to the Crematorium of £219k. As part of the Joint Committee consolidation process, offsetting transactions and balances are removed from the accounts to ensure individual values are not overstated.

15.0 Audit Fees

The fees payable to external auditors for audit and inspection work relating to the audit of the Council for the 2008/09 financial year are:

Category of Wales Audit Office Fee	2007/08 £'000	2008/09 £'000
External Audit Services Carried Out by the Appointed Auditor	379	366
Statutory Inspection	51	52
Certification of Grant Claims and Returns	231	213
Other Services Provided by the Appointed Auditor	0	0
Total	661	631

16.0 National Non-Domestic Rates

The level of National Non-Domestic Rates (NNDR) is based on a “multiplier” set nationally by the Welsh Assembly Government, multiplied by the rateable value of a particular property. This calculation will give the property a rate liability for the year. The multiplier for 2008/09 was 46.6p (44.8p for 2007/08). The total rateable value as at 31st March 2009 was £117.7m (£116.4m as at 31st March 2008).

The Council is responsible for collecting the business rates in its area and pays the proceeds into the NNDR pool administered by the Welsh Assembly Government. The Welsh Assembly Government redistributes total collections back to local authorities on the basis of a fixed amount per head of population. Total NNDR collected from ratepayers in respect of 2008/09 rates is £46.8m (£43.5m in 2007/08). The contribution back to the Council from the pool in the year amounted to £61.1m (£55.1m in 2007/08) and the amount paid to the pool amounted to £47.2m (£44.0m in 2007/08).

17.0 Council Tax

Council tax income derives from charges raised according to the value of residential properties. Charges are calculated by taking the amount of income required for Rhondda Cynon Taf CBC, the South Wales Police Authority and the Community Councils for the year, and dividing this amount by the Council tax base.

The Council tax base for 2008/09 was calculated to be £74,845.01 (compared with £73,815.94 for 2007/08). This represents the anticipated yield for every £1 of Council tax levied.

The base is calculated by placing properties in ten bands (A*-I). After allowing for discounts and exemptions, these are then converted to the equivalent number of Band D properties, using the appropriate multiplier as below:

Band	A*	A	B	C	D	E	F	G	H	I
No. of Properties	274	38,751	21,149	14,018	7,512	5,150	2,787	1,043	159	27
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9

The resultant number of band D properties is reduced by a percentage to reflect anticipated non-collection. The target collection rate for 2008/09 was 97.0%.

An analysis of the net proceeds from council tax is shown as follows:

Council Tax Analysis	2007/08 £'000	2008/09 £'000
Council Tax Collectable	80,106	84,410
Net Proceeds from Council Tax	80,106	84,410
Less Payable		
South Wales Police Authority	(9,504)	(10,119)
Community Councils	(1,391)	(1,417)
Total	69,211	72,874

18.0 Precepts

Certain services are operated over areas covering more than one Authority, either on a joint service basis, where one Authority administers the service and other Authorities contribute to the costs, or by external bodies that levy on the appropriate Authorities.

An analysis of precepts and levies is given in the following table:

Organisation Name	2007/08 £'000	2008/09 £'000
South Wales Fire and Rescue Service	11,136	10,071
South Wales Police Authority	9,504	10,119
Community Councils	1,391	1,417
Coroner	324	405
Glamorgan Archives	197	0
Brecon Beacons National Park	55	56
Total	22,607	22,068

The actual precept paid in 2008/09 to the South Wales Fire and Rescue Service was £11,476k, but a debtor of £1,405k has been recognised in the accounts to reflect the Councils share of their retained reserves (See note 26.11).

The actual contribution to the Glamorgan Archives Joint Committee in 2008/09 was £201k, but this internal transaction has been removed during the consolidation process to ensure expenditure is not double counted in the RCT accounts.

19.0 Intangible Fixed Assets

Movements in intangible fixed assets during the year were as follows:

Operational Assets	Purchased Software Licences	Licences, Trade Marks and Artistic Originals	Total
	£'000	£'000	£'000
Cost or Valuation			
At 1 st April 2008	3,110	1,990	5,100
Additions	468	503	971
At 31st March 2009	3,578	2,493	6,071
Depreciation and Impairments			
At 1 st April 2008	(1,609)	(488)	(2,097)
Charge for 2008/09	(612)	(368)	(980)
At 31st March 2009	(2,221)	(856)	(3,077)
Balance Sheet Amount at 31st March 2009	1,357	1,637	2,994
Balance Sheet amount at 1st April 2008	1,501	1,502	3,003
Nature of Asset Holding			
Owned	1,357	1,637	2,994
	1,357	1,637	2,994

20.0 Tangible Fixed Assets**20.1 Movements in Tangible Fixed Assets**

Movements in tangible fixed assets during the year were as follows:

Operational Assets	Other Land & Buildings	Vehicles, Plant & Equip.	Infra-structure	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 st April 2008	534,773	33,214	257,610	495	826,092
Joint Committees	861	324	0	0	1,185
Opening Balance					
Additions	25,010	7,076	11,019	73	43,178
Disposals	0	(146)	0	0	(146)
Reclassifications	12,547	0	94,143	(103)	106,587
Impairments	(55,354)	(17)	0	(81)	(55,452)
Revaluations	23,023	560	0	103	23,686
At 31st March 2009	540,860	41,011	362,772	487	945,130
Depreciation and Impairments					
At 1 st April 2008	(79,435)	(18,203)	(29,710)	(405)	(127,753)
Joint Committees	(173)	(233)	0	0	(406)
Opening Balance					

Continued Overleaf...

Charge for 2008/09	(21,457)	(6,669)	(8,827)	0	(36,953)
Disposals	0	77	0	0	77
Revaluations	4,896	0	0	0	4,896
At 31st March 2009	(96,169)	(25,028)	(38,537)	(405)	(160,139)
Balance Sheet Amount at 31st March 2009	444,691	15,983	324,235	82	784,991
Balance Sheet Amount at 1st April 2008	455,338	15,011	227,900	90	698,339
Nature of Asset Holding					
Owned	444,691	15,983	324,235	82	784,991
	444,691	15,983	324,235	82	784,991

<u>Non-Operational Assets</u>	<u>Investment Properties</u>	<u>Surplus Assets</u>	<u>Assets Under C'struction</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 st April 2008	871	38,242	116,725	155,838
Joint Committees	0	0	10	10
Opening Balances				
Additions	0	0	26,240	26,240
Disposals	0	(1,732)	0	(1,732)
Reclassifications	(184)	(729)	(105,674)	(106,587)
Impairments	(141)	(1,643)	(470)	(2,254)
Revaluations	94	6,689	1,985	8,768
At 31st March 2009	640	40,827	38,816	80,283
Depreciation and Impairments				
At 1 st April 2008	(117)	(1,618)	(3,340)	(5,075)
Charge for 2008/09	(8)	(153)	0	(161)
Disposals	0	23	0	23
At 31st March 2009	(125)	(1,748)	(3,340)	(5,213)
Balance Sheet Amount at 31st March 2009	515	39,079	35,476	75,070
Balance Sheet Amount at 1st April 2008	754	36,624	113,385	150,763
Nature of Asset Holding				
Owned	515	39,079	35,476	75,070
	515	39,079	35,476	75,070

Some capital expenditure relates to assets that the Council does not own but does gain future benefit from. Where this has occurred, the expenditure is included in the relevant asset category in the Balance Sheet and written off to revenue over the period the benefit is received. The related balances, which are included in the table above, are as follows:

<u>Movement on Revenue Funded by Capital Under Statute (Previously Deferred Charges)</u>	Other Land & Buildings	Vehicles, Plant & Equipment	Revenue Expenditure Funded From Capital Under Statute	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 st April 2008	5,447	15	0	5,462
Additions	1,462	0	19,031	20,493
At 31st March 2009	6,909	15	19,031	25,955
Depreciation and Impairments				
At 1 st April 2008	(927)	(4)	0	(931)
Charge for 2008/09	(759)	(2)	(19,031)	(19,792)
At 31st March 2009	(1,686)	(6)	(19,031)	(20,723)
Balance Sheet Amount at 31st March 2009	5,223	9	0	5,232
Balance Sheet Amount at 1st April 2008	4,520	11	0	4,531
Nature of Asset Holding				
Owned	5,223	9	0	5,232
	5,223	9	0	5,232

The Council's property assets are subject to a five-yearly revaluation, with the current rolling programme starting on the 31st March 2004. The revaluation of the Council's Land and Buildings was completed by Chestertons, and a land review was undertaken by Cooke & Arkwright.

All revaluations are reflected in the Balance Sheet. For those assets that have not been revalued in the year the Council is not aware of any material change in value.

An analysis of the Council's Fixed Assets is provided at note 20.4 to the Core Financial Statements.

The additions to the Council's fixed assets were funded from the following sources:

Funding Source	Intangible Fixed Assets	Tangible Fixed Assets	Revenue Expenditure Funded By Capital Under Statute	Total Exp. on Fixed Assets
	£'000	£'000	£'000	£'000
Borrowing	0	15,306	6,270	21,576
Capital Receipts	833	8,324	381	9,538
Contributions	0	1,468	361	1,829
Grants	138	43,797	12,019	55,954
Revenue	0	224	0	224
Total	971	69,119	19,031	89,121

20.2 Major Items of Capital Expenditure 2008/09

As can be seen from note 20.1, additions to tangible fixed assets during the year totalled £69m. In addition to £11m on infrastructure i.e. transport systems, land and environment improvements, the major items included in this total are listed in the following table:

Scheme	£'000
Waste Management	2,597
Porth Relief Road	3,598
Broadband	1,000
Tonyrefail Primary	1,870
Tonyrefail Sports Hall	1,734
Church Village Bypass	19,124
Fleet Purchase	2,808
Dolau Primary	2,061
Ynyshir Primary	1,830

20.3 Capital Commitments

The major commitments for the next three years in respect of capital schemes as at 31st March 2009 include the following schemes:

Scheme	31/03/09
	£'000
Neighbourhood Renewal Areas	5,850
Aberdare Townscapes	1,000
SEW Local Investment Fund	4,803
School Modernisation	1,553
Vehicles	7,500
Modernisation Programme Childrens	1,430
Asbestos Remediation Works	4,993
Community Regeneration	1,524
<i>Continued Overleaf...</i>	

Computer Hardware and Software Costs	1,500
Customer Services Plan Phase 2	1,136
Disabled Facilities Grants/Adaptations (DFGs)	12,000
Roof Renewal Education	1,350
Essential Works Education	1,201
Maintenance Repair Assistance (MRA)	9,000
Legionella Works	2,000
Ynyshir Primary	3,663
Public Contribution Fund	1,080
Renovation Grants Exceptional Circumstances and Home Improvement Zones	3,000
Williamstown Primary	7,945
Traffic Management	1,969
Roads	4,371
Taff Vale Precinct/Gas Lane Car Park	1,400
Modernisation Programme (Adult Community Care)	1,020

20.4 Analysis of Fixed Assets

Assets owned by Rhondda Cynon Taf CBC are summarised as follows:

Asset type	31/03/09
Caravans	2
Municipal Offices Operational	35
Municipal Offices Non Operational	16
Adult Education Centres	5
Schools - Nursery	26
- Primary	81
- Primary Welsh	12
- Secondary	14
- Secondary Welsh	3
- Special	8
Education Youth Centres	9
Other Education Establishments	7
Libraries	26
Homes for the Elderly	15
Children's Homes	3
Day Centres	30
Physical Disability Establishments	3
Garden Centre	1
Special Sites	5
Leisure Centres	9
Pools	18
Parks/Play Areas/Leisure Facilities	321
Community Centres	40
Cemeteries	14
Country Park	2
Industrial Estate	1
Depots/Stores	6
Tourism – Museum/Theatre	6
Animal Shelter	1
Heritage Structures	2
War Memorials	25
Car Parks	72
<i>Continued Overleaf...</i>	

Bus Stations	3
Allotments	65
Social Centres	6
Miscellaneous Housing Establishments	4
Works of Art/Exhibits and Statues	3
Assets Under Construction	8
<u>Infrastructure:</u>	
Principal Roads	163.8km
Other Roads	1,070.0km
Trunk Roads	29.0km

20.5 Valuation of Fixed Assets

Assets are valued according to asset type. The following table shows the type of operational assets held, the basis of valuation and the date of last valuation.

Asset Type	Date Of Last Valuation	Basis Of Valuation
Other Land & Buildings	Rolling Programme	EUV
Specialist Building	Rolling Programme	DRC
Vehicles, Plant, Equip.	N/A	Depreciated Historic Cost
Infrastructure	N/A	Depreciated Historic Cost
Community Assets	N/A	Depreciated Historic Cost

EUV - Existing Use Value

DRC - Depreciated Replacement Cost

Non-operational assets are valued on the basis of open market value with the exception of Assets Under Construction, which are valued at cost.

21.0 Operating Leases

The following table shows the amounts of rentals payable in the year in respect of operating leases:

Group	Other Land & Buildings £'000	Vehicles, Plant & Equip £'000	Total £'000
Community & Children's Services	515	0	515
Corporate Services & Chief Executives	7	47	54
Education & Lifelong Learning	495	600	1,095
Environmental Services	140	0	140
Total	1,157	647	1,804

The Council was committed at 31st March 2009 to making payments of £1,422k under operating leases in 2009/10, comprising the following elements:

	Committed Expenditure in 2009/10 for Leases Expiring:			Total £'000
	In 2009/10 £'000	Between 2010/11 and 2013/14 £'000	After 2013/14 £'000	
Other Land & Buildings	80	715	119	914
Vehicles, Plant & Equipment	86	422	0	508
Total	166	1,137	119	1,422

22.0 Associated and Subsidiary Companies/Investment in Companies

The Council is required to disclose interests in its associated and subsidiary companies, and where appropriate to consolidate the accounts of any entities meeting the criteria for group accounts into the main financial statements. The Companies Act defines a parent/subsidiary relationship as being where an organisation owns, directly or indirectly, a majority of the shares (51-100%) or where the organisation effectively controls the company (or has a dominant influence) through some other means. The criteria for an associated company is that of significant influence, which is generally taken as ownership of between 20-50% of the shares of the company.

The Council has a material interest in four companies, these being Amgen Cymru, Amgen Rhondda, the Model House Llantrisant Ltd. and Capita Glamorgan Consultancy Ltd.

Following a review of the Council's activities, Amgen Cymru and Amgen Rhondda meet the criteria of subsidiary companies, whilst Capita Glamorgan Consultancy meets the criteria of an associated company and have been included in the Group Accounts Statements. Further details of these companies are given in note 3 to the "Introduction to Group Accounts" section, and in note 5.0 of the Group Accounts Section.

The Model House Llantrisant Ltd does not meet the criteria for group accounts, and details of the company are given below:

Model House Llantrisant Ltd

This company is registered as limited by guarantee. All the members of the Model House Council are members of the company (and are also directors for the purpose of company law) and guarantee to contribute £1 in the event of liquidation. On 15th January 1991 it became a registered charity (No: 1001533). The Council has an "influence" over the company, as four out of the twelve Directors are Councillors of Rhondda Cynon Taf CBC. The principal activity of the company is to operate a regional centre of excellence in the field of contemporary craft and design.

The accounts for Model House Llantrisant for the year ended 31st March 2009 are available from the Group Director - Corporate Services, Finance Division, Bronwydd House, Porth, Rhondda, CF39 9DL.

A summary of the accounts is given in the following table:

Model House	2007/08 £'000	2008/09 £'000
Shareholding	0	0
Net Current Assets	10	7
Total Assets less Current Liabilities	23	13
Net Assets	23	13
(Loss)/Profit Before Tax	(1)	(10)
(Loss)/Profit After Tax	(1)	(10)
Company Registration No.	2208104	
Registered Office/Location of Accounts	Model House Craft & Design Centre Bull Ring Llantrisant CF72 8EB	
Accountants	Dennis, Freedman, Clayton & Co.	

23.0 Insurance

23.1 Rhondda Cynon Taf Insurance

The Council is liable for liability, property and motor insurance claims which are not covered by insurance policies i.e. below excess. An insurance provision is established for these costs. As required by FRS 12, the provision is based on the probable ultimate cost of the reported losses at the balance sheet date. The value of the provision as at 31st March 2009 was £7.27m, which has been adjusted for internal claims of £134k.

An earmarked reserve is set aside to contribute towards the cost of claims incurred but not yet received. See note 26.11 to the Core Financial Statements for further details.

23.2 Mid Glamorgan County Council Insurance Provision and Reserve

The Council retains an insurance provision and reserve for the cost of claims relating to the former Mid Glamorgan County Council. The values held are:

MGCC	£'000
Provision for Outstanding Claims	669
Insurance Reserve	1,816
Total	2,485

If, at some future point, the Mid Glamorgan provision and reserve were deemed to be no longer required, amounts would be distributed to the successor authorities.

24.0 Provisions

Provisions are amounts set-aside for specific future costs, which are certain to be incurred, but the amount or timing of which cannot be determined accurately. Provisions for bad debts are shown as a deduction from debtors.

Movements in provisions during the year were:

Provision	31/03/08	Transfers to Provisions	Transfers from Provisions	31/03/09
	£'000	£'000	£'000	£'000
Insurance	6,978	1,378	(418)	7,938
MGCC Disaggregation	724	0	0	724
Housing Benefits	8	0	0	8
Unequal Pay Costs	14,101	151	(13,189)	1,063
Housing Disrepair Claims	42	0	(1)	41
Integrated Community Equip.	0	4	0	4
Total	21,853	1,533	(13,608)	9,778

24.1 Insurance

The Council makes provision for the cost of insurance claims. See notes 23.1 and 23.2 for further information.

24.2 Mid Glamorgan County Council Disaggregation

The provision relates to estimated liabilities due to other local authorities in respect of MGCC post balance sheet events. The exact values and timing of payments is uncertain. Refer to note 27.1 for further details.

24.3 Housing Benefits

A provision of £8k is held to cover the claw-back of Housing Benefit subsidy. The balance will be reviewed in 2009/10.

24.4 Unequal Pay Costs

The Council has a provision of £1.06m in its accounts for the estimated costs of outstanding back pay claims made against it under the Equal Pay Act 1970. It is anticipated that these claims will be paid during 2009/10. See note 26.6 for further information.

24.5 Housing Disrepair Claims

This provision has been set up to cover the potential costs of claims made against the Council in respect of Housing Disrepairs. Currently there are ten cases outstanding with an estimated cost of £41k. The timing of the potential settlement of claims cannot be estimated with certainty.

24.6 Integrated Community Equipment Service Provision

The Council (and partners in the Integrated Community Equipment Service) makes a provision for the future cost of replacing the Decontamination Machinery that is integral to the cleaning and reuse of equipment provided to clients.

25.0 Government Grants Deferred

The account recognises any grants and contributions that have been applied to finance capital expenditure. For assets that are depreciated an annual contribution to revenue is made from the account to offset the depreciation charged. Where an asset is financed by grant or contribution but is not depreciated the balance remains in the account, until the asset is disposed of.

	£'000
Balance as at 1st April 2008	(148,572)
Grants/Contributions applied in year	(57,804)
Grants/Contributions written down in year	26,468
Balance as at 31st March 2009	(179,908)

26.0 Movements on Reserves

The Council maintains both Capital and Revenue reserves in the Balance Sheet. Together they are termed "Net Worth". An analysis of each reserve is detailed below:

	Balance 1st April 2008	Joint Comm's Revised Opening Balances	(Gains)/ Losses Credited/ Debited to Reserve	Transfers Between Reserves	Balance 31st March 2009
	£'000	£000's	£'000	£'000	£'000
Capital Adjustment Account	(377,515)	(819)	73,423	0	(304,911)
Revaluation Reserve	(50,322)	0	(27,994)	0	(78,316)
Deferred Capital Receipts Reserve	(449)	0	112	0	(337)
Usable Capital Receipts	(12,362)	0	7,790	0	(4,572)
Pensions Reserve	289,540	2,157	161,420	0	453,117
Unequal Pay Back Pay Account	14,101	0	0	(13,038)	1,063
Financial Instruments Adjustment Account	4,040	0	2,951	0	6,991
Council Fund Balances	(10,303)	0	(21,580)	21,763	(10,120)
MGCC Insurance Reserve	(1,441)	0	0	(375)	(1,816)
Housing Revenue Account	(2,359)	0	0	179	(2,180)
Earmarked Reserves	(43,123)	(1,895)	0	(8,297)	(53,315)
Delegated School Reserve	(6,458)	0	0	(232)	(6,690)
Net Worth	(196,651)	(557)	196,122	0	(1,086)

26.1 Capital Adjustment Account

The Capital Adjustment Account comprises balances of resources that have been applied to capital financing. They represent advance provision against the depreciation/impairment of fixed assets.

This account brings together all capital financing transactions. It includes:

- Amounts set aside from Capital Receipts and revenue for the repayment of external loans;
- The amount of Capital Expenditure financed from Capital Receipts, revenue and reserves;
- The difference between amounts provided for depreciation and that required by statute to be charged to revenue to repay the principal element of external loans.

The balance on this account cannot be used to support spending.

	RCT	Joint Comm's	Total
	£'000	£'000	£'000
Balance as at 1 st April 2008	(377,515)	(819)	(378,334)
<u>Capital Financing</u>			
-Capital Receipts	(9,538)	0	(9,538)
-Direct Revenue Financing	13,157	(291)	12,866
Fixed Assets Write Down	1,021	0	1,021
Historical Cost Depreciation Adjustment	85	0	85
Depreciation, Amortisation and Impairment	105,960	314	106,274
Deferred Government Grants	(26,468)	0	(26,468)
Minimum Revenue Provision	(10,882)	0	(10,882)
Private Mortgages Repayments	65	0	65
Balance as at 31st March 2009	(304,115)	(796)	(304,911)

26.2 Revaluation Reserve

The Revaluation Reserve records the unrealised net gain from asset revaluations made after 1st April 2007. The balance on this account cannot be used to support spending

	2008/09
	£'000
Balance as at 1st April 2008	50,322
Movements During Year:	
Revaluations	36,912
Revalued Assets Disposed of/Impairment	(8,918)
Balance as at 31st March 2009	78,316

26.3 Deferred Capital Receipts Reserve

Deferred Receipts represent the deferred sale proceeds of council houses sold to tenants and financed by the granting of mortgages. It is balanced by a similar amount in long-term debtors, being the mortgages outstanding. The balance at 1st April 2008 of £449k was reduced by repayments of £112k leaving a balance at 31st March 2009 of £337k. As mortgage repayments are made, deferred capital receipts are reduced and usable capital receipts become available.

26.4 Usable Capital Receipts Reserve

The Usable Capital Receipts reserve is the proportion of capital receipts that may be used to finance capital expenditure.

The movements on the reserve are as follows:

	General Fund £'000
Balance as at 1 st April 2008	(12,362)
<u>Receipts During the Year:</u>	
Sale of Assets	(1,525)
Mortgage Repayments	(177)
Repayment of Discount	(46)
<u>Application During the Year:</u>	
Financing of Capital Expenditure	9,538
Balance as at 31st March 2009	(4,572)

26.5 Pension Reserve

The Pension Reserve is the balancing account to offset the inclusion of Pension Liability in the Balance Sheet as required by FRS 17 "Retirement Benefits".

26.6 Unequal Pay Back Pay Account

The Council has made a provision in its accounts for the estimated costs of back pay claims made against it under the Equal Pay Act 1970. Regulations introduced by the Welsh Assembly Government give the Council discretion not to charge this cost to the Council Fund until payments have actually been made. This is achieved by reversing the provision in the Statement of Movement on the Council Fund Balance (in Net Transfer to/from earmarked reserves line) and setting up a negative reserve in the balance sheet.

26.7 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account represents the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the Council Fund Balance.

The 2007 SORP required a change to the way in which Financial Instruments are recognised in the financial statements, although the provisions of capital finance and accounting regulations ameliorate the impact this would have on the Council Fund Balance.

	2008/09 £'000
Balance as at 1 st April 2008	4,040
Amortisation to Council Fund Balance	2,951
Balance as at 31st March 2009	6,991

26.8 Council Fund Balance

Council Fund Balances are accumulated working balances and relate to general fund services. These exclude "ring-fenced" Council services such as Delegated Schools and the Housing Revenue Account balance.

Movements in General Fund revenue balances during the year are summarised as follows:

	£'000
Balance as at 31 st March 2008	(10,303)
(Increase)/Decrease in Reserve	183
Balance as at 31st March 2009	(10,120)

26.9 Mid Glamorgan County Council Insurance Reserve

This reserve is to fund the cost of insurance claims not yet received and movement in the value of received claims. These claims relate to the period when Mid Glamorgan County Council was in existence, prior to local government reorganisation in 1996. Please refer to note 23.2.

26.10 Housing Revenue Account

On 10th December 2007 the Council transferred its Housing Stock to RCT Homes, a Community Mutual Housing Trust. Under the Local Government and Housing Act 1989, the Council is required to keep its HRA until the Welsh Assembly gives consent for it to be closed. It is anticipated that subject to the issue of the final HRA subsidy determination by the Assembly, this consent will be granted in 2009/10.

Transactions posted to the HRA in 2008/09 relate to pre-transfer debtors and creditors that have now been settled.

26.11 Earmarked Reserves

Earmarked Reserves are amounts set aside from revenue resources to meet the Council's committed service initiatives that will result in expenditure being incurred after 31st March 2009. Balances are as follows:

Reserve	Purpose	31/03/08 £'000	Movement £'000	31/03/09 £'000
E-Government /Service Re-engineering	Delivery of the Council's E-Government Strategy, system replacements and service re-engineering.	173	(92)	81
Treasury Management Reserve	Funding for known and potential future pressures upon the Capital Financing budget.	6,466	134	6,600
Financial Management	Amounts set aside as financial cover for future liabilities.	7,271	4	7,275
Private Finance Initiative	Balance of excess Welsh Assembly Govt support over actual unitary charge payments to reflect the differing expenditure and income profiles. Also includes reserve for incremental recognition of the PFI asset.	6,109	1,926	8,035

Continued Overleaf...

Development Fund	To deliver high impact visible improvements to key services as an outcome of the Whole Authority Assessment carried out under the Wales Programme for Improvement.	3,231	(1,432)	1,799
Social Inclusion	To fund activities and projects carried out to improve social inclusion.	138	(7)	131
Capital Developments	Resources required to be set-aside for the funding of the Council's approved 3-year capital programme.	8,481	4,360	12,841
Job Evaluation	Resources set aside for the financial implications of the job evaluation process.	3,975	2,615	6,590
Prior Year Commitments	Carry forward of funding to finance projects for which commitments have already been made in the prior year.	2,302	592	2,894
Other Specific Reserves	Represents a number of reserves held for specific and identified purposes.	2,375	485	2,860
Insurance Reserve	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.	2,602	(1,608)	994
Joint Committee Reserve	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.	0	1,810	1,810
South Wales Fire and Rescue Service Reserve	Represents the Council's share of the South Wales Fire and Rescue Service Reserves.	0	1,405	1,405
Total		43,123	10,192	53,315
Delegated Schools	Please see note 26.12 for details.	6,458	232	6,690
Total		49,581	10,424	60,005

26.12 Delegated Schools Reserve

Delegated schools are those that are managed independently. As such, these balances are committed to be spent on delegated services and are not available to the Council for General Fund use.

The following details illustrate the movement on these balances, and any resulting over or under spend.

Type of School	31/03/07 £'000	2007/08 Movement £'000	31/03/08 £'000	2008/09 Movement £'000	31/03/09 £'000
Primary	2,834	850	3,684	105	3,789
Secondary	1,853	432	2,285	(91)	2,194
Special	270	72	342	274	616
Nursery	126	21	147	(56)	91
Total	5,083	1,375	6,458	232	6,690

27.0 Contingent Liabilities

27.1 Mid Glamorgan County Council Disaggregation

The Local Government Reorganisation on 1st April 1996 resulted in the debts and liabilities of the former Mid Glamorgan County Council passing to the successor new unitary authorities. Since this date a number of Post Balance Sheet Events relating to Mid Glamorgan County Council have been identified. The Section 56 agreement between unitary authorities includes a mechanism for dealing with these.

A number of the issues identified by the successor authorities have now been settled. The respective authorities now need to agree to include or exclude these items from the disaggregation process. The accounts of Rhondda Cynon Taf include a provision for the relevant share of the settled claims as it is currently assumed likely that these items will be accepted as Post Balance Sheet Events.

Successor authorities have also identified claims that are currently in progress and have yet to be settled. Due to the uncertainty regarding amounts, timing and likelihood of success of the claims, it is not considered appropriate to provide for these costs.

27.2 Insurance

The Council is liable for insurance claims made against it in respect of certain events. A provision is made in respect of claims received as at 31st March 2009. There is a further contingent liability in respect of events which will have occurred but which have not resulted in a claim being made as at the date of the accounts. The "statute of limitation" sets out the timescale by which a claim will have to be made in respect of such past events. An earmarked reserve has been set up to provide towards the costs of these incidents.

Due to the volume and differing circumstances of each potential claim it is impractical to provide an estimate of the possible financial effect. Similarly, it is impractical to provide an indication of uncertainties relating to the amount and timing of such liabilities.

27.3 Job Evaluation

Rhondda Cynon Taf CBC, in line with other Welsh Councils, is undergoing a Pay and Grading Review, as part of the Single Status Agreement and 2004 National Pay Award Agreement. Job Evaluation is key to establishing a fair and transparent grading structure throughout the Council. The full costs of implementing the resultant pay and grading structure will not be known until the completion of the exercise, which is anticipated to be during the course of financial year 2009/10.

28.0 Issuing of Accounts

The audited Statement of Accounts were authorised for issue on 28th September 2009 when approved by Audit Committee. The authority for issuing the Statement of Accounts has been given by the Group Director - Corporate Services, as Chief Finance Officer.

29.0 Post Balance Sheet Events

There are no post balance sheet events that have an impact on the 2008/09 accounts.

30.0 Trust Funds and Special Funds

The Council acts as sole trustees for various charities. Separate accounts are maintained for these. Net assets as at 31st March 2009 are shown as follows and are not included in the Council's Balance Sheet. The 2008/09 figures are draft, subject to audit (the Wales Audit Office for Welsh Church Act, the Council's Internal Audit for the other Funds).

	31/03/08	31/03/09
	£'000	£'000
Education & Social Services	175	176
Pontypridd & Districts Institute for the Blind	184	182
Welsh Church Act Fund	9,851	8,679

31.0 Retirement Benefits - Defined Benefit Schemes

31.1 Participation

As part of their terms and conditions Members and Officers are offered retirement benefits by the Council. Although these benefits will not actually be payable until retirement, the Council has a commitment to make these payments. The liability for these payments needs to be accounted for at the time the future entitlement is earned.

The Council participates in two pension schemes:

- Teachers - Please refer to note 32.0.
- Other employees and Members - The Local Government Pension Scheme administered by Rhondda Cynon Taf CBC. This is a funded defined benefit final salary scheme, meaning that the Council and participants pay contributions into the fund calculated at a level intended to balance the pensions liabilities with investment assets. The pension costs that are charged to the Council's accounts are defined by FRS 17 "Retirement Benefits".

Llwydcoed Crematorium and the ESIS Joint Committees charge pension costs to their accounts in line with FRS 17. The Rhondda Cynon Taf CBC share of these entries are consolidated into the main accounts, and are disclosed in notes 31.2 to 31.5 below.

The remaining Joint Committees are unable to produce FRS17 compliant accounts as they are not treated as separate employees in the relevant Pension Fund. However, where the employees of the Joint Committee contribute to the Rhondda Cynon Taf CBC pension fund, the resultant assets and liabilities are included within the Rhondda Cynon Taf CBC accounts.

31.2 Transactions

The cost of retirement benefits is recognised in the Net Cost of Services when earned by employees, rather than when the benefits are actually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year. The cost of retirement benefits is reversed out in the Statement of Movement on the Council Fund Balance to negate the effect upon the council tax payers. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on the Council Fund Balance during the year:

Income and Expenditure Account	2007/08 £'000	2008/09		
		RCT £'000	Joint Comm's £'000	Total £'000
<i>Net Cost of Services:</i>				
Current Service Cost	27,200	18,370	187	18,557
Past Service Cost	8,550	560	0	560
<i>Net Operating Expenditure:</i>				
Interest Cost	44,750	51,580	504	52,084
Expected Return on Scheme Assets	(32,040)	(33,060)	(370)	(33,430)
Settlement Cost	(2,780)	0	0	0
Net Charge to the Inc and Exp Account	45,680	37,450	321	37,771

Statement of Movement on the Council Fund Balance	2007/08 £'000	2008/09		
		RCT £'000	Joint Comm's £'000	Total £'000
Reversal of Net Charges Made for Retirement Benefits in Accordance with FRS 17	(45,680)	(37,450)	(321)	(37,771)
Actual Amount Charged Against the Council Fund Balance for Pensions in the Year - Employers' Contributions Payable to the Scheme	35,990	31,470	250	31,720

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £155.37m (loss) (£117.68m (gain) 2007/08) were included in the STRGL. The cumulative

amount of actuarial gains and losses recognised in the STRGL since 2005/06 is £44.00m (loss)

31.3 Reconciliation of Present Value of the Scheme Liabilities

	2007/08	2008/09		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
Balance b/f at 1 st April	849,090	760,580	7,335	767,915
Current Service Cost	27,200	18,370	186	18,556
Interest Cost	44,740	51,580	504	52,084
Contributions by Scheme Participants	7,990	8,360	76	8,436
Actuarial (Gains) and Losses	(120,300)	19,300	(227)	19,073
Benefits Paid	(31,490)	(31,500)	(106)	(31,606)
Past Service Costs	8,550	560	0	560
Settlements	(25,200)	0	0	0
Balance c/f at 31st March	760,580	827,250	7,768	835,018

31.4 Reconciliation of Fair Value of the Scheme Assets

	2007/08	2008/09		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
Balance b/f at 1 st April	451,560	471,040	5,179	476,219
Expected Rate of Return	32,040	33,060	370	33,430
Actuarial Gains/(Losses) on Assets	(2,620)	(134,800)	(1,498)	(136,298)
Employer Contributions	32,940	28,490	250	28,740
Contributions by Scheme Participants	7,990	8,360	76	8,436
Benefits Paid	(28,450)	(28,520)	(106)	(28,626)
Settlements	(22,420)	0	0	0
Balance c/f at 31st March	471,040	377,630	4,271	381,901

The actual return on scheme assets in the year was £104.12m (loss) (£29.4m (gain) in 2007/08)

31.5 Scheme History

	2004/05	2005/06	2006/07	2007/08	2008/09 Inc Joint Comm's
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	(699,790)	(801,470)	(849,090)	(760,580)	(835,018)
Value of Assets (Mid Market)	326,170	421,460	451,560	471,040	N/A
Surplus/(Deficit)	(373,620)	(380,010)	(397,530)	(289,540)	N/A
Restated Fair Value of Asset (Bid Price)	N/A	N/A	451,140	470,610	381,901
Restated Surplus/Deficit	N/A	N/A	(397,950)	(289,970)	(453,117)

The Council has elected not to restate fair value of scheme assets for 2004/05 and 2005/06 as permitted by FRS 17 (as revised). Due to materiality the 2007/08 Balance Sheet has not been restated to take account of the bid price value of assets.

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £453.12m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council (including its share of Joint Committees) in the year to 31st March 2010 is £32.27m.

31.6 Basis for Estimating Assets and Liabilities

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

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 Council Fund liabilities have been assessed by Hewitt Associates Ltd, an independent firm of actuaries, with estimates for the Council Fund being based on the latest full valuation of the scheme as at 31st March 2007.

The principal assumptions used by the actuary have been:

	31/03/08	31/03/09
Long-Term Expected Rate of Return on Assets in the Scheme:		
Equity Investments	7.6%	7.0%
Property	6.6%	6.0%
Government Bonds	4.6%	4.0%
Corporate Bonds	6.8%	5.8%
Other	6.0%	1.6%
Mortality Assumptions:		
Longevity at 65 for:		
Men	20.3	21.1
Women	22.7	23.5
<i>Continued Overleaf...</i>		

Rate of Inflation	3.7%	3.5%
Rate of Increase in Salaries	5.2%	5.0%
Rate of Increase in Pensions	3.7%	3.5%
Discount Rate	6.8%	6.6%
Take-up of Option to Convert Annual Pension into Retirement Lump Sum:		
Post-2008 Service	75%	75%
Pre-2008 Service	50%	50%

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

	31/03/08 %	31/03/09 %
Equity Investments	73.3	61.7
Property	3.8	4.3
Government Bonds	11.6	17.9
Corporate Bonds	2.4	8.4
Other	8.9	7.7
	100.0	100.0

31.7 History of Experience Gains and Losses

The actuarial gains identified as movements on the Councils element of the Pensions Reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2009:

	2004/05	2005/06	2006/07	2007/08	2008/09	
	%	%	%	%	Funded %	Unfunded %
Difference Between Expected and Actual Return on Assets	1.6	14.5	(2.0)	(0.6)	(35.6)	N/A
Experience Gains and Losses on Liabilities	3.6	0.1	(0.3)	(3.1)	(0.4)	(1.2)

In accordance with Paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on, or after, 6th April 2007. The history of experience gain/(loss) on liabilities shown has not been re-stated for periods prior to 2008/09 and includes the experience relating to unfunded liabilities.

This note is concerned only with the Rhondda Cynon Taf CBC element of the fund. Please refer to the Summary Pension Fund Accounts within this document for further details on the fund as a whole.

Further information can be found in the Pension Fund Annual Report, which is available on request from the Group Director - Corporate Services, Bronwydd House, Porth, Rhondda, CF39 9DL.

32.0 Retirement Benefits - Defined Contribution Schemes

This is an unfunded scheme administered by the Teachers' Pension Agency (TPA). The pension cost charged to the accounts is the contribution rate set by the TPA on the basis of a notional fund. In 2008/09 the Council paid £11.6m (£11.5m in 2007/08) to the Agency in respect of teachers' pension costs, which represents 14.1% of pensionable pay. In addition, the Council is responsible for all pension payments relating to added years that it has awarded, together with related increases. In 2008/09 these amounted to £857k (£837k in 2007/08).

33.0 Reconciliation of Income and Expenditure Account to Cashflow

2007/08 £'000		2008/09 £'000
142,138	I & E Account (Surplus)/Deficit	69,495
(309,920)	Depreciation and Impairment	(107,110)
92,873	Government Grants Deferred	26,468
(34,735)	Deferred Charges	0
(9,690)	FRS 17 Adjustment	(6,051)
(1,389)	(Increase)/Decrease in Creditors	64
936	Increase/(Decrease) in Debtors	9,138
(31)	Increase/(Decrease) in Stock	92
(9,594)	(Increase)/Decrease in Provisions	12,075
(12,286)	Financing Items	(10,033)
(141,698)	Cash (Inflow)/Outflow from Revenue Items	(5,862)

34.0 Reconciliation of Net Cashflow to Movement in Net Debt (Principal Values)

	£'000
(Decrease)/Increase in Cash	(50,017)
Cash to Increase Net Debt	26,110
Change in Net Debt	(23,907)
Net Debt 1 st April 2008	(187,532)
Net Debt 31st March 2009	(211,439)

35.0 Analysis of Changes in Net Debt (Principal Values)

	31/03/08 £'000	Cashflows £'000	31/03/09 £'000
Short-Term Investments	66,842	(42,895)	23,947
Short-Term Borrowing	(951)	(9,635)	(10,586)
Bank Overdraft	(8,025)	(7,518)	(15,543)
Cash in Hand	174	396	570
Long-Term Borrowing	(245,572)	35,745	(209,827)
Total	(187,532)	(23,907)	(211,439)

36.0 Net Financing 2008/09 (Principal Values)

The net decrease in financing of £26.1m is derived from the movements in principal values of both short and long-term borrowing:

	31/03/08 £'000	31/03/09 £'000	Movement £'000
Long-Term Borrowing	(245,572)	(209,827)	35,745
Short-Term Borrowing	(951)	(10,586)	(9,635)
Total	(246,523)	(220,413)	26,110

37.0 Movements in Cash and Cash Equivalents

This can be derived from the Balance Sheet as follows:

	31/03/08 £'000	31/03/09 £'000	Movement £'000
Cash in Hand	174	570	396
Bank Balance	(8,025)	(15,543)	(7,518)
S/term Investments	66,842	23,947	(42,895)
Total	58,991	8,974	(50,017)

38.0 Government Grants

Government Grants included in the Cashflow Statement are analysed below:

2007/08 £'000		2008/09 £'000
	Revenue	
102	Mandatory Awards	67
2,139	GEST	1,920
66,385	Benefits	72,356
4,223	Deprivation Grant	3,266
4,909	Concessionary Fares	5,689
126,780	Other	68,712
204,538	Total	152,010
	Capital	
21,077	Transport Grant	34,555
13,877	Other grants	22,402
8,421	Objective 1/LRF	2,392
4,319	Capital Grant	4,299
4,970	Major Repairs Allowance	0
52,664	Total	63,648

39.0 Financial Instruments Balances

The Rhondda Cynon Taf CBC element of borrowings and investments disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

	Long term		Short term	
	31/03/08	31/03/09	31/03/08	31/03/09
	£'000	£'000	£'000	£'000
<i>Financial Liabilities – Principal</i>	245,572	209,827	951	10,680
Financial Liabilities at Amortised Cost	246,472	211,866	951	10,880
Total Borrowings	246,472	211,866	951	10,880
<i>Investments – Principal</i>	50	0	66,550	24,530
Loans and Receivables	50	0	66,842	23,947
Total Investments	50	0	66,842	23,947

Under accounting requirements the financial instrument values shown in the Balance Sheet include the principal amount borrowed or lent plus accrued interest further adjusted for breakage costs or stepped interest loans (measured by an effective interest rate calculation).

40.0 Financial Instruments Gains/Losses

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to Financial Instruments are made up as follows:

	2007/08	2008/09		
	Total	Financial Liabilities; Liabilities Measured at Amortised Cost	Financial Assets; Loans and Receivables	Total
	£'000	£'000	£'000	£'000
Interest Expense	13,478	13,463	0	13,463
Impairment Losses	0	926	0	926
Interest Payable and Similar Charges	13,478	14,389	0	14,389
Interest Income	(2,032)	0	(3,292)	(3,292)
Interest and Investment Income	(2,032)	0	(3,292)	(3,292)
Net (Gain)/Loss for the Year	11,446	14,389	(3,292)	11,097

41.0 Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. The Rhondda Cynon Taf CBC assets and liabilities fair value can be assessed by calculating the present value of the cashflows that take place over the remaining life of the instrument, using the following assumptions:

- For loans from the PWLB and market loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- All loans receivable have a maturity of less than 12 months and the fair value is taken to be the principal outstanding.
- No early repayment or impairment is recognised.
- Fair Value of Trade and other receivables are taken to be the invoiced amount.

	31/03/08		31/03/09	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000
PWLB Debt	159,761	178,401	133,907	149,038
Market Debt	86,676	102,886	87,600	101,194
Other Debt	986	986	1,240	1,240
Trade Creditors	16,735	16,735	12,997	12,997
Total Financial Liabilities	264,158	299,008	235,744	264,469

42.0 Nature and Extent of Risks Arising From Financial Instruments

42.1 Key Risks

The Council's activities expose it to a variety of financial risks, the key risks being:

- Credit Risk – the possibility that other parties may fail to pay amounts due.
- Liquidity Risk – the possibility that the Council may not have funds available to meet its commitment to make payments.
- Refinancing and Maturity Risk – the possibility that the Council may be requiring to renew a financial instrument on maturity at less favourable interest rates or terms.
- Market Risk – the possibility that financial loss might arise for the Council as a result of external factors such as interest rate movements.

42.2 Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise these risks. The procedures for risk management are defined in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury

Management in the Public Services Code of Practice and Investment Guidance issued through the Act. This Council complies with these requirements by:

- Formally adopting the requirements of the Code of Practice.
- Approving annually in advance Prudential Indicators for the following three years.
- Approving an Annual Investment Strategy for the forthcoming year setting out criteria for both investing and selecting investment counterparties in compliance with guidance from the Welsh Assembly Government.

42.3 Credit Risk

Credit Risk arises from deposits with banks and financial institutions as well as credit exposures to the Council'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 the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes a maximum amount and duration to be invested with a financial institution. In addition, at the point of an investment being made with a counterparty, it will not exceed 10% of the Council's overall investment portfolio at the time of making the investment (excluding the Government backed Debt Management Office and AAA rated Money Market Funds which by their nature have in-built diversification). Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk. The default rates (from Fitch) gives details of global corporate finance average cumulative default rates (including financial organisations) for the period 1990-2007 on investments out to 5 years, and the Council's experience of its customer collection levels.

	31/03/09	Historical Experience of Default	Adjustment for Market Conditions at 31/03/09	Estimated Maximum Exposure to Default
	(a)	(b)	(c)	(a*c)
	£'000	%	%	£'000
Deposits with Banks and Institutions				
AA Rated	5,252	0.06	0.06	3
Counterparties Government Departments & Local Authorities	16,530	0.00	0.00	0
Trade Debtors	8,392	0.51	0.51	43

Investments with the Debt Management Office and other Government backed public bodies have the rating applicable to Government borrowing (AAA).

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £3m invested in the sector at this time (not included in table above). In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements. The impact of the principal invested has been mitigated in the accounts in accordance with Government regulations. Related investment income has been fully impaired.

The Council does not generally allow credit for its trade debtors, such that £4.2m of the £8.4m balance is past its due date for payment. The past due date can be analysed as follows:

	31/03/08	31/03/09
	£'000	£'000
Less than 3 months	1,399	863
3 – 6 months	529	692
6 months to 1 year	435	230
More than 1 year	2,123	2,443
Total	4,486	4,228

During the reporting period the Council held no collateral as security.

42.4 Liquidity Risk

The Council manages its liquidity position through effective cashflow management procedures.

The Council has ready access to borrowings from the money markets to cover any day-to-day cashflow need, and whilst the PWLB provides access to longer-term funds, it also acts as a lender of last resort to Councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to produce a balanced budget in accordance with the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

42.5 Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cashflow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing 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 prudential indicator limits for the maturity structure of debt and the limits set 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 manage operational risks within approved parameters.

This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cashflow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cashflow needs.

The maturity analysis of the principal value of the Rhondda Cynon Taf CBC element of financial liabilities is as follows:

	31/03/08 £'000	31/03/09 £'000
Less than 1 year	951	10,680
Between 1 and 2 years	0	0
Between 2 and 7 years	13,035	13,030
Between 7 and 15 years	2,547	2,547
More than 15 years	229,990	194,250
Total	246,523	220,507

The maturity analysis of financial assets is as follows:

	31/03/08 £'000	31/03/09 £'000
Less than 1 year	66,550	21,530

The investment held in Heritable Bank and Trade Debtors are not included in the table above.

42.6 Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact upon the Council, depending how variable and fixed rates move across differing financial instrument periods.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From the strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team, together with the appointed Treasury Management Advisors, monitor market and forecast interest rates within the year to adjust the Council's exposures appropriately.

If all interest rates had been 1% higher (with all other variables being constant) the financial effect would be:

	£'000
Increase in Interest Payable on Variable Rate Borrowings	11
Increase in Interest Receivable on Variable Rate Investments	N/A
Impact on Income and Expenditure Account	11
Decrease in Fair Value of Fixed Rate Borrowing Liabilities (No Impact on I&E or STRGL)	37,465

The approximate impact of a 1% fall in interest rates would be as above but with the same methodology as used in the note of Fair Value of Assets and Liabilities carried at Amortised Cost.

43.0 Exceptional Items

Due to their nature and values, the following items were identified as "Exceptional Items" in the 2007/08 prior year comparators:

- The Council made a provision of £14.1m in its accounts for the estimated costs of back pay claims made against it under the Equal Pay Act 1970. See note 26.6 for further information.
- As part of the Housing Stock Transfer the Council received £118m from the Welsh Assembly Government to repay debt related to the Housing Revenue Account. The Council incurred premia/breakage costs of £12m on the debt repayment resulting in a credit to Net Cost of Services of £106m.
- In accordance with WAG guidelines, the Council was reimbursed for costs that it incurred (£233k) in relation to the transfer of the Housing Stock (set up costs).

Housing Revenue Account 2008/09

Income and Expenditure Account

2007/08		2008/09	
£'000		£'000	£'000
	INCOME		
(18,471)	Dwelling Rents (Gross)	0	
(304)	Non Dwelling Rents (Gross)	0	
(609)	Charges for Services and Facilities	0	
(19,384)	Total Income		0
	EXPENDITURE		
11,464	Management and Maintenance	184	
236	Rents, Rates, Taxes and Other Charges	(5)	
550	Housing Subsidy Payable	0	
231,657	Depreciation and Impairment of Fixed Assets	0	
55	Debt Management Costs	0	
243,962	Total Expenditure		179
224,578	Net Cost of HRA Services as Included in the Whole Authority Income and Expenditure Account		0
565	HRA Services Share of Corporate and Democratic Core	0	0
225,143	Net Cost of HRA Services		179
	HRA Share of Operating Income and Expenditure Included in the Whole Authority Income and Expenditure Account		
224	Gain or Loss on Sale of HRA Fixed Assets	0	
2,737	Interest Payable and Similar Charges	0	
(68)	HRA Interest and Investment Income	0	0
228,036	(Surplus)/Deficit for the Year on HRA Services		179

Statement of Movement on the Housing Revenue Account Balance 2008/09

2007/08		2008/09	
£'000		£'000	£'000
228,036	(Increase)/Decrease in the Housing Revenue Account Balance Comprising: (Surplus)/Deficit for Year on the HRA Income and Expenditure Account		179
	Items Included in the HRA Income and Expenditure Account but Excluded from the Movement on HRA Balance for the Year:		
(231,613)	Depreciation and Impairment of Fixed Assets	0	
1,418	Difference between Finance Costs Calculated in Accordance with SORP and Finance Costs Calculated in Accordance with Statutory Requirements	0	
(224)	Gain or Loss on Sale of HRA Fixed Assets	0	
(889)	Net Charges Made for Retirement Benefits in Accordance with FRS 17	0	0
(3,272)			179
	Items not Included in the HRA Income and Expenditure Account but Included in the Movement on HRA Balance for the Year:		
1,177	Employer Contributions Payable to the Pension Fund	0	
1,475	HRA Minimum Revenue Provision	0	
(620)			179
(196)	Gain Arising on Transition to SORP 2007 Requirements (Recognised in STRGL) that Impacts Upon HRA Reserve Balance		0
(816)	HRA (Surplus)/Deficit for the Year		179
(1,543)	Reserve Balance b/fwd as at 1 st April 2008		(2,359)
(2,359)	Reserve Balance c/fwd as at 31st March 2009		(2,180)

Notes to the Housing Revenue Account

1.0 Discontinued Operations

On 10th December 2007 the Council transferred its Housing Stock to RCT Homes, a Community Mutual Trust. Under the Local Government and Housing Act 1989, the Council is required to keep its HRA until the Welsh Assembly gives consent for it to be closed. It is anticipated that subject to the issue of the final HRA subsidy determination by the Assembly, this consent will be granted in 2009/10.

Transactions posted to the HRA in 2008/09 relate to pre-transfer debtors and creditors that have now been settled.

Group Accounts

1. Introduction

To reflect the changing nature of service provision in the public sector, all local authorities are required to prepare a full set of group financial statements, in addition to their single entity accounts, where they hold material interests in subsidiaries, associates or joint ventures.

The Group Accounts Statements comprise:

- Statement of Group Accounting Policies.
- Group Income and Expenditure Account.
- Reconciliation of the Single Entity Surplus or Deficit for the Year to the Group Surplus or Deficit.
- Group Statement of Total Recognised Gains and Losses.
- Group Balance Sheet.
- Group Cash Flow Statement.

2. Basis of Consolidation

It is a requirement that Group Accounts are prepared using consistent accounting policies, which can differ between company and local authority accounts. The main amendments made to the single entity and company accounts are:

- Entities must fully implement FRS 17 (Retirement Benefits) into their accounting statements.
- Fixed asset valuations should be based on the measurement principles given in the Statement of Recommended Practice (SORP), which generally means assets are carried at a current valuation.

3. Bodies Consolidated

Following a review of the Council's activities, the following have been identified as group companies and have been consolidated into the group financial statements:

- **Amgen Cymru** - This company was set up by the former Cynon Valley Borough Council as an arms length company under the 1990 Environment Act. It is registered as "Cynon Valley Waste Disposal" but trades as "Amgen Cymru". The principal activities of the company are the provision of waste management services and waste disposal facilities. The Council has a 100% interest in the company of £2.8m. The company is a subsidiary of the Council.

-
- **Amgen Rhondda** - This company was set up during September 1999 as a wholly owned subsidiary of Amgen Cymru. The principal activity of the company is the stewardship of waste management and waste disposal facilities. The company has taken over the management of Nantygwyddon Landfill site from Rhondda Waste Disposal Limited, which went into administration during the year ended 31st March 1999. In April 2005 the company entered into a formal stewardship agreement with Rhondda Cynon Taf CBC, which provides for the remediation and long-term stewardship of the facility in conjunction with the shareholder.

Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru, who in turn hold 100% of the voting rights of Amgen Rhondda, and is therefore classed as a subsidiary.

The Council also holds 100% of the allotted preference shares in Amgen Rhondda.

- **Capita Glamorgan Consultancy** - This company was set up on 1st September 2008 following the transfer of the former Glamorgan Engineering Consultancy (RCT, Bridgend and Merthyr Tydfil Councils) to a new joint venture with Capita Symonds. The company provides highways, transportation, structures and environmental management services across South Wales. The Council holds 27.93% of the shares in the company, and has been identified as an associate.

No subsidiaries, associates or joint ventures have been excluded from consolidation into the group accounts.

Statement of Group Accounting Policies

The group financial statements have been prepared in accordance with the accounting policies adopted for the single entity accounts, with the exception of the following items:

1. **Tangible Fixed Assets (Subsidiary Companies)**

Amgen Cymru and Amgen Rhondda fixed assets are valued in the company balance sheets at depreciated historical cost. This accounting policy is not consistent with that used by the Council. However, as the land and buildings are specialist assets used in the running of a waste disposal facility, and in the case of landfill cells a distinct class of asset not currently held by the authority, they have been consolidated into the Group Balance Sheet on this basis.

2. **Basis of Charges for Use of Fixed Assets**

Depreciation is charged to services on a straight-line basis and included within Net Cost of Services in the Group Income and Expenditure Account.

3. **Pensions**

Amgen Cymru makes pension contributions in respect of defined benefit and defined contribution schemes. Due to the small number of members in the defined benefit scheme it is considered that the disclosures required under FRS 17 for the company would not have a material impact on the group accounts. Amgen Rhondda makes contributions in respect of a defined contribution scheme only. For these reasons the pension costs charged to the Group Income and Expenditure Account in respect of the Amgen companies represent the actual contributions paid in the year.

4. **Basis of Consolidation**

Subsidiary Companies are consolidated into the group statements using the acquisition method.

Associate Companies are consolidated using the equity method.

5. **Accounting Periods**

The financial year-end of Amgen Cymru Ltd. and Amgen Rhondda Ltd. correspond with that of the Council.

The first accounting period for Capita Glamorgan Consultancy Ltd. covers a sixteen month period from 1st September 2008 to 31st December 2009, therefore statutory financial statements have not yet been produced. To allow consolidation into the Group Accounts interim financial statements have been prepared for the seven months ending 31st March 2009.

Group Income and Expenditure Account for the year ended 31st March 2009

2007/08			2008/09		
Net Exp			Gross Exp	Gross Income	Net Exp
£'000		Note	£'000	£'000	£'000
	Continuing Operations				
2,933	Central Services to the Public		25,357	(21,898)	3,459
50,618	Cultural, Environmental, Regulatory and Planning Services	1.0	98,731	(37,036)	61,695
202,383	Children's and Education Services		318,390	(60,550)	257,840
24,325	Highways and Transport Services		33,158	(6,500)	26,658
9,174	Housing Services		64,504	(57,604)	6,900
72,250	Adult Social Care		106,282	(31,221)	75,061
7,915	Corporate and Democratic Core		7,783	(383)	7,400
8,060	Non-Distributed Costs		7,042	(376)	6,666
0	Share of Operating Result of Associate		0	(8)	(8)
(91,726)	Exceptional Items		0	0	0
	Discontinued Operations				
225,143	Housing Revenue Account		179	0	179
511,075	Net Cost of Services		661,426	(215,576)	445,850
(12)	Gain on Disposal of Fixed Assets		1,782	(1,480)	302
22,607	Precepts		22,068	0	22,068
(376)	(Surplus)/Deficit on Trading Activities		22,948	(23,020)	(72)
13,485	Interest Payable and Similar Charges		14,389	0	14,389
(2,114)	Interest and Investment Income		0	(3,356)	(3,356)
12,710	Pensions Interest Cost and Expected Return on Pensions Assets		52,084	(33,430)	18,654
26	Taxation of Group Entities		30	0	30
557,401	Net Operating Expenditure		774,727	(276,862)	497,865
(80,106)	Net Proceeds of Council Tax				(84,410)
(280,320)	General Government Grants				(282,853)
(55,141)	NNDR Pool Contribution				(61,137)
141,834	Group (Surplus)/Deficit for Year				69,465

Reconciliation of the Single Entity Surplus or Deficit for the Year to the Group (Surplus)/Deficit

2007/08 £'000		2008/09 £'000
142,138	(Surplus)/Deficit on the Authority's Single Entity Income and Expenditure Account For the Year	69,495
(304)	Authority's Share of the Surplus Achieved by Subsidiaries	(22)
0	Authority's Share of Surplus Achieved by Associate	(8)
141,834	Group Account (Surplus)/Deficit for the Year	69,465

Group Statement of Total Recognised Gains and Losses

2007/08 £'000		2008/09 £000
141,834	Deficit on the Income and Expenditure Account for the Year	69,465
(50,868)	(Gains)/Loss Arising on Revaluation of Fixed Assets	(28,746)
(117,680)	Actuarial (Gains)/Loss on Pension Assets and Liabilities	155,371
3,067	(Gains)/Losses on Financial Instruments	0
(23,647)	Total Recognised (Gains)/Losses For The Year	196,090
0	Prior Year Adjustment to Consolidate Joint Committee Opening Balances	(557)
(23,647)		195,533

Group Balance Sheet as at 31st March 2009

31/03/08			31/03/09		
£'000			Note	£'000	£'000
3,003	<u>Fixed Assets</u>	<u>Intangible Fixed Assets</u>		2,994	
		<u>Tangible Fixed Assets</u>			
		<u>Operational Assets</u>	3.1		
458,937		Other Land & Buildings		448,013	
16,975		Vehicles, Plant, Furniture & Equipment		17,869	
452		Landfill Cells		225	
227,900		Infrastructure Assets		324,235	
90		Community Assets		82	
		<u>Non Operational Assets</u>			
754		Investment Properties		515	
36,624		Surplus Assets		39,079	
113,385		Assets Under Construction		35,476	
858,120					868,488
50		Long Term Investments		0	
0		Share in Net Assets of Associate		8	
3,255		Long Term Debtors		4,086	4,094
861,425		TOTAL LONG TERM ASSETS			872,582
794	<u>Current Assets</u>	Stocks & Work in Progress		886	
47,414		Debtors		46,141	
66,842		Investments		23,947	
1,698		Cash and Bank		2,624	73,598
978,173		TOTAL ASSETS			946,180
(951)	<u>Current Liabilities</u>	Borrowing Repayable on Demand or within 12 months		(10,586)	
(62,568)		Creditors		(60,654)	
(8,025)		Bank Overdraft		(15,543)	(86,783)
906,629		TOTAL ASSETS LESS CURRENT LIABILITIES			859,397
(246,472)	<u>Long Term Liabilities</u>	Borrowing Repayable within a period in excess of 12 months		(211,866)	
(22,228)		Provisions		(10,323)	
(149,237)		Government Grants Deferred	7.2	(180,472)	
(289,540)		Defined Pension Scheme Liability		(453,117)	(855,778)
199,152		TOTAL ASSETS LESS LIABILITIES			3,619

Continued overleaf...

(379,827)	Represented by:			
(50,322)	Capital	Capital Adjustment Account	7.1	(307,225)
(449)	Reserves	Revaluation Reserve		(78,316)
(12,362)		Deferred Capital Receipts Reserve		(337)
		Usable Capital Receipts Reserve		(4,572)
(442,960)				(390,450)
289,540	Revenue	Pensions Reserve		453,117
14,101	Reserves	Equal Pay Back Pay Account		1,063
4,040		Financial Instruments Adjustment Account		6,991
(10,303)		General Fund Balances		(10,120)
(1,441)		MGCC Insurance Reserve		(1,816)
(2,359)		Housing Revenue Account		(2,180)
(43,123)		Earmarked Reserves		(53,315)
(6,458)		Delegated Schools		(6,690)
(189)		Group Companies Reserve	4.0	(219)
(199,152)	Group Net Worth			386,831
				(3,619)

Group Cashflow Statement 2008/09

2007/08		2008/09	
£'000		£'000	£'000
	<u>Revenue Activities</u>		
(142,587)	Net Cash (Inflow)/Outflow from Revenue Activities		(6,613)
	<u>Returns on Investments and Servicing of Finance</u>		
14,270	Interest Paid	12,253	
(2,186)	Interest Received	(3,385)	8,868
26	Taxation	30	30
	<u>Capital Activities</u>		
	<u>Cash Outflows</u>		
89,113	Purchase of Fixed Assets	88,844	
	<u>Cash Inflows</u>		
(15,896)	Sale of Fixed Assets	(1,749)	
(52,765)	Capital Grants Received	(63,649)	
(1,884)	Other Capital Cash Receipts	(2,354)	21,092
(111,909)	Net Cash (Inflow)/Outflow Before Financing		23,377
	<u>Financing</u>		
	<u>Cash Outflows</u>		
224,971	Repayments of Amounts Borrowed	42,273	
	<u>Cash Inflows</u>		
(175,340)	New Loans Raised	(5,000)	
0	New Short Term Loans Raised	(11,163)	
(1)	Issue of Preference Shares	0	26,110
(62,279)	(Increase)/Decrease in Cash & Equivalents		49,487

Notes to the Group Accounts

These notes should be read in conjunction with the notes to the Council's Core Financial Statements. Unless specifically identified below, the information provided for the single entity accounts also applies to the group statements.

1.0 Segmental Analysis (Subsidiary Companies)

The operating income and expenditure of Amgen Cymru and Amgen Rhondda has been included within Cultural, Environmental, Regulatory and Planning services.

2.0 Publicity

During 2008/09 the group spent a total of £1.52m in respect of the following:

Category	2007/08 £'000	2008/09 £'000
Recruitment Advertising	269	263
Statutory Notices	119	123
Other Publicity/Advertising	1,094	1,131
Total	1,482	1,517

3.0 Tangible Fixed Assets

3.1 Movements in Tangible Fixed Assets

Movements in tangible fixed assets during the year were as follows:

<u>Operational Assets</u>	<u>Other Land & Buildings</u> £'000	<u>Vehicles, Plant & Equip.</u> £'000	<u>Infra-structure</u> £'000	<u>Landfill Cells</u> £'000	<u>Communi-ty Assets</u> £'000	<u>Total</u> £'000
Cost or Valuation						
At 1 st April 2008	539,818	35,782	257,610	611	495	834,316
Joint Committees	861	324	0	0	0	1,185
Opening Balance						
Additions	25,010	7,315	11,019	16	73	43,433
Disposals	0	(149)	0	0	0	(149)
Reclassifications	12,547	0	94,143	0	(103)	106,587
Impairments	(55,354)	(17)	0	0	(81)	(55,452)
Revaluations	23,023	560	0	0	103	23,686
At 31st March 2009	545,905	43,815	362,772	627	487	953,606
Depreciation and Impairments						
At 1 st April 2008	(80,881)	(18,807)	(29,710)	(159)	(405)	(129,962)
Joint Committees	(173)	(233)	0	0	0	(406)
Opening Balance						
Charges for 2008/09	(21,734)	(6,985)	(8,827)	(243)	0	(37,789)
Disposals	0	79	0	0	0	79
Revaluations	4,896	0	0	0	0	4,896
At 31st March 2009	(97,892)	(25,946)	(38,537)	(402)	(405)	(163,182)

Continued Overleaf...

Balance Sheet Amount at 31st March 2009	448,013	17,869	324,235	225	82	790,424
Balance Sheet Amount at 1st April 2008	458,937	16,975	227,900	452	90	704,354
Nature of Asset Holding						
Owned	448,013	17,869	324,235	225	82	790,424
	448,013	17,869	324,235	225	82	790,424

3.2 Valuation of Fixed Assets

Assets are valued according to asset type. The following table shows the type of operational assets held, the basis of valuation and the date of last valuation.

Asset Type	Date Of Last Valuation	Basis of Valuation
Other Land & Buildings (Excl. Amgen)	Rolling Programme	EUV
Amgen Land & Buildings	N/A	DHC
Specialist Building	Rolling Programme	DRC
Vehicles, Plant & Equip	N/A	DHC
Infrastructure	N/A	DHC
Community Assets	N/A	DHC
Landfill Cells	N/A	DHC

EUV - Existing Use Value

DRC - Depreciated Replacement Costs

DHC - Depreciated Historic Cost

4.0 Group Companies Reserve

Movements in the Group Companies Reserve are summarised as follows:

	Amgen Cymru £'000	Amgen Rhondda £'000	Capita Glam. £'000	Total £'000
Balance as at 31st March 2008	(2,505)	2,316	0	(189)
(Increase)/Decrease 2008/09	(26)	4	(8)	(30)
Balance as at 31st March 2009	(2,531)	2,320	(8)	(219)

5.0 Subsidiary Companies Statutory Accounts

A summary of the statutory accounts for the Amgen group is given in the following table. These accounts have been prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

	Amgen Cymru		Amgen Rhondda	
	March 2008	March 2009	March 2008	March 2009
	£'000	£'000	£'000	£'000
Shareholding	2,806	2,806	664	664
Net Current Assets	707	1,405	289	294
Total Assets less Current Liabilities	6,351	6,475	661	657
Net Assets	5,311	5,366	661	657
(Loss)/Profit Before Tax	332	56	(2)	(4)
(Loss)/Profit After Tax	307	55	(3)	(4)
Registration No.	2660628		3687641	
Registered Office/Location of Accounts	Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX		Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX	
Auditors	KTS Owens Thomas Ltd		KTS Owens Thomas Ltd	
Audit Opinion	True and Fair View		True and Fair View	

The accounts will be approved at the companies' Annual General Meeting in October.

6.0 Associate Company Statutory Accounts

The first accounting period for Capita Glamorgan Consultancy Ltd. covers a sixteen month period from 1st September 2008 to 31st December 2009, therefore statutory accounts have not yet been produced for the company.

7.0 Consolidation Adjustments

7.1 Capital Adjustment Account

	£'000
Balance as at 31st March 2008	(379,827)
(Gains)/Losses in Single Entity Accounts	72,602
Balance as at 31st March 2009	(307,225)

In RCT accounts the value of the share holding in Amgen Cymru is written down to the value of the net assets of the company. To allow consolidation of the accounts the value of shareholding must be reinstated, which results in a credit to the Capital Adjustment Account of £2,312k.

7.2 Government Grants Deferred

	Rhondda Cynon Taf £'000	Amgen Cymru £'000	Total £'000
Balance as at 1st April 2008	(148,572)	(665)	(149,237)
Grants/Contributions Applied in Year	(57,804)	0	(57,804)
Grants/Contributions Written Down in Year	26,468	101	26,569
Balance as at 31st March 2009	(179,908)	(564)	(180,472)

8.0 Reconciliation of Group Income and Expenditure Account to Cashflow

2007/08 £'000		2008/09 £'000
141,834	(Surplus)/Deficit on Group I&E Account	69,465
(310,615)	Depreciation	(107,946)
92,974	Government Grants Deferred	26,569
(34,735)	Deferred Charges	0
(9,690)	FRS 17 adjustment	(6,051)
(9,952)	(Increase)/Decrease in Provisions	11,905
(1,507)	(Increase)/Decrease in Creditors	259
1,371	Increase/(Decrease) in Debtors	9,086
(31)	Increase/(Decrease) in Stock	92
(12,211)	Financing Items	(9,970)
(26)	Other Items	(22)
(142,588)	Cash (Inflow)/Outflow from Revenue Items	(6,613)

9.0 Movements in Cash and Cash Equivalents

	31/03/08 £'000	31/03/09 £'000	Movement £'000
Cash In Hand			
- RCT	174	570	396
- Amgen Cymru	0	0	0
- Amgen Rhondda	0	0	0
Sub Total	174	570	396
Bank Balance			
- RCT	(8,025)	(15,543)	(7,518)
- Amgen Cymru	1,486	1,755	269
- Amgen Rhondda	38	299	261
Sub Total	(6,501)	(13,489)	(6,988)
Short Term Investments			
- RCT	66,842	23,947	(42,895)
- Amgen Cymru	0	0	0
- Amgen Rhondda	0	0	0
Sub Total	66,842	23,947	(42,895)
Overall Total	60,515	11,028	(49,487)

Rhondda Cynon Taf Pension Fund Accounts

Background to the fund

The Rhondda Cynon Taf County Borough Council Pension Fund was established with effect from 1st April 1996, upon the reorganisation of Local Government in Wales under the Local Government Pension Scheme (Local Government Reorganisation in Wales) Regulations, 1995.

The Local Government Pension Scheme is open to all employees in Local Government apart from teachers, police officers and firefighters, who have their own schemes. It is also open to employees of other organisations that have been accepted into the fund.

The Rhondda Cynon Taf Pension Fund provides pension benefits for employees of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils, together with employees from more than 40 other bodies.

Fund Administration

Rhondda Cynon Taf CBC has responsibility for the interpretation of pension legislation, the creation and maintenance of records, the calculation and payment of benefits and the provision of information to employees, employers and other relevant bodies.

Fund Investments

Investment strategy is considered and agreed by the Pension Fund Investments Panel, which is chaired by the Rhondda Cynon Taf Group Director - Corporate Services and consists of two Rhondda Cynon Taf Council Members, two independent investment advisors and other senior finance officers.

The Panel meets quarterly to determine policy in the light of market movements and to question and challenge the Investment Managers on their performance. The Fund has five Investment Managers that carry out the actual day-to-day investment management of the Fund:

Baillie Gifford
Newton
F & C
ING Real Estate
Record Currency Management

Fund Account

2007/08 £'000		2008/09		
		£'000	£'000	£'000
	<u>Contributions and Benefits</u>			
	Contributions Receivable			
(82,184)	From Employers	(76,549)		
(22,569)	From Members	(25,201)		
			(101,750)	
(14,634)	Transfers In		(5,914)	
(3,444)	Other Income		(3,471)	
				(111,135)
	Benefits Payable			
59,804	Pensions	63,373		
10,988	Lump Sum Retirement Benefits	15,168		
785	Lump Sum Death Benefits	1,388		
			79,929	
	Payments to and on Account of Leavers			
5,201	Transfers Out	2,197		
37	Other Payments	17		
			2,214	
1,686	Administrative Expenses		1,687	83,830
(44,330)	Net (Additions)/Withdrawals from Dealings With Members			(27,305)
	<u>Returns On Investments</u>			
(40,003)	Investment Income		(39,400)	
	Change in Market Value of Investments			
(106,193)	Realised (Gains)/Losses	92,705		
146,615	Unrealised (Gains)/Losses	215,415		
			308,120	
	Investment Management Expenses			
2,648	Fund Management Fees	3,342		
475	Investment Administration Expenses	281		
			3,623	
3,542	Net Returns on Investments			272,343
(40,788)	Net (Increase)/Decrease in Fund During the Year			245,038
(1,315,955)	Opening Net Assets			(1,356,743)
(1,356,743)	Closing Net Assets			(1,111,705)

Net Assets Statement

31/03/08		31/03/09	
		£'000	£'000
	<u>Investment Assets</u>		
	<u>Fixed Interest Securities</u>		
156,560	Public Sector	185,737	
32,583	Corporate Bonds	92,442	
			278,179
817,704	Equities		645,036
	<u>Index Linked Securities</u>		
0	Public Sector	10,817	
			10,817
	<u>Pooled Investment Vehicles</u>		
62,991	Open Ended Investment Companies	32,462	
105,687	Managed Funds	1,066	
54,481	Forward Foreign Exchange Contracts	40,414	
51,071	Property	46,848	
			120,790
63,482	Cash Investments		49,153
	<u>Other Investment Balances</u>		
10,039	Investment Debtors	5,119	
300	Tax Recoverable	648	5,767
1,354,898			1,109,742
	<u>Investment Liabilities</u>		
(4,911)	Investment Creditors		(5,374)
1,349,987	Net Investment Assets		1,104,368
	<u>Current Assets</u>		
5,230	Contributions Due from Employers	5,270	
1,508	Cash Balances	1,600	
246	Other Assets	163	
183	Amounts Owed From RCT	648	
			7,681
	<u>Current Liabilities</u>		
(411)	Other Liabilities	(344)	
			(344)
1,356,743	Total Assets		1,111,705

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

The actuarial position of the scheme, which does take account of such obligations, is dealt with in the Actuarial Report, a summary of which is included in note 3. These accounts should be read in conjunction with that report.

1.0 Introduction

These accounts have been prepared in accordance with the requirements of the Pensions SORP (The Financial Reports of Pension Schemes (Revised May 2007)) and the Code of Practice on Local Authority Accounting.

The revised SORP introduced a new valuation basis for investments, using a bid price rather than mid price method. Since the difference in overall valuation is immaterial, comparative figures for 2007/08 have not been restated.

2.0 Accounting Policies

2.1 Accruals Concept

All material categories of income and expenditure are accounted for using the accruals concept, except transfer values that are recognised on a cash basis. These categories include fund contributions, investment income, benefits paid, administration costs, investment management fees and advisors fees.

2.2 Fund Manager and Advisors Fees

Equity and bond managers' fees are charged on a reducing scale based upon the market value of the fund. The property (ING) and currency (Record) managers are paid a fee based on the market value of the fund plus a share of any outperformance if targets are achieved.

Of the two pension fund advisors, one receives a fixed fee and the other receives a fixed fee plus expenses, plus a fee for additional meetings above the four quarterly Panel meetings.

2.3 Investment Valuation

Listed securities are valued in accordance with FRS 26, using bid prices as at 31st March 2009 obtained from recognised Stock Exchanges. Sterling valuations of securities denominated in foreign currencies are based on closing exchange rates as at 31st March 2009. Valuations of property investments are based on independent professional valuations.

2.4 Additional Voluntary Contributions (AVC's)

Scheme members may elect to make additional voluntary pension contributions from their salaries. These AVC's are not included in the Pension Fund Accounts in accordance with regulation 5(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 1998.

The amount of AVC contributions paid during the year amounted to £725k (£552k in 2007/08) and the market value of separately invested AVC's at the balance sheet date was £3,908k (£3,670k in 2007/08).

2.5 Acquisition and Disposal Costs

Transaction costs incurred in acquiring or disposing of investments are included as part of the purchase cost or netted off against sales proceeds, as appropriate. Transaction costs include fees, commissions and duties. Transaction costs incurred during 2008/09 amounted to £2.2m.

In addition to the direct costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

3.0 Actuarial Position

The Fund's Actuary, Hewitt Bacon & Woodrow carried out an actuarial valuation of the Fund as at 31st March 2007, as required by Regulation 77 of the Local Government Pension Scheme Regulations 1997.

Where a valuation reveals a deficiency (or surplus), employer contribution rates are adjusted to seek restoration of a 100% funding ratio. The recovery period for each employer is set by the Administering Authority in consultation with the Actuary.

The funding policy of the scheme is to ensure that:

- Employer contribution rates are kept as constant as possible and at reasonable cost to the employers and taxpayers.
- Sufficient resources are available to meet all liabilities as they fall due.
- Employers' liabilities are managed effectively by seeking regular actuarial advice.
- Income from investments is maximised within reasonable risk parameters.

The result of the 2007 valuation is shown in the table below.

	31/03/2004 £'m	31/03/2007 £'m
Funding Target	1,417.8	1,908.6
Market Value of Assets	885.4	1,327.3
Funding Deficit	532.4	581.3
Funding Ratio	62%	70%

The funding level has therefore improved from 62% to 70% since the previous triennial valuation, mainly due to higher than assumed investment returns.

The aggregate employer contribution rate for future service (benefits accruing after the valuation date) is calculated to be 14.7%. In order to restore the funding ratio to 100% using a recovery period of 25 years the aggregate employer contribution rate is calculated to be 20.3%. Rates of contribution

payable by individual scheme employers vary depending on their particular circumstances and are given in the table below.

Employer	% Pensionable Pay Year Commencing 1 st April		
	2008	2009	2010
Administering Body			
Rhondda Cynon Taf CBC	20.2	20.2	20.2
Scheduled and Resolution Bodies			
Amgen Cymru	19.2	19.2	19.2
Brackla Community Council	16.3	16.3	16.3
Bridgend CBC	21.0	21.0	21.0
Bridgend Town Council	17.2	17.9	18.7
Colleges	17.4	17.4	17.4
Coychurch Crematorium	21.1	22.1	23.1
ESIS	23.6	24.4	25.1
Gelligaer Community Council	17.9	17.9	17.9
Llantrisant Community Council	19.4	19.4	19.4
Llantwit Fardre Community Council	20.5	20.5	20.5
Llwydcoed Crematorium	18.4	18.4	18.4
Maesteg Town Council	15.0	16.0	16.9
Merthyr Tydfil CBC	23.1	23.1	23.1
National Probation Service	14.7	14.7	14.7
Pontyclun Community Council	18.0	18.0	18.0
Pontypridd Town Council	21.8	21.8	21.8
Royal Welsh College of Music & Drama	15.6	16.1	16.7
South Wales Fire Authority	19.0	19.0	19.0
South Wales Police Authority	16.3	16.3	16.3
South Wales Sea Fisheries Committee	19.4	19.4	19.4
South Wales Tribunal Panel	21.9	22.5	23.2
Tonyrefail Community Council	20.5	20.5	20.5
University of Glamorgan	16.7	16.7	16.7
Admitted Bodies			
Academi	24.7	25.5	25.5
Care Council for Wales	13.8	14.6	15.5
Careers Wales – Mid Glamorgan & Powys	20.0	20.8	21.6
Careers Wales Association	12.0	13.0	14.0
Finance Wales Investment	12.1	13.1	14.1
Finance Wales Plc	18.2	18.2	18.2
Local Government Data Unit	15.4	15.4	15.4
Maesteg Town Hall	23.3	24.5	25.7
Merthyr Tydfil Institute for the Blind	18.6	19.6	20.6
Penywaun Enterprise Council	15.3	16.3	17.1
RCT Homes	17.1	17.1	17.1
SEWOCN	15.2	16.2	17.2
Valleys to Coast Housing	16.4	17.2	18.1
WDA	18.3 + £0.38m	18.3 + £0.92m	18.3 + £1.46m
Welsh Joint Education Committee	22.6	22.6	22.6
WJEC/CBAC Services Ltd	17.5	18.8	20.1

Contribution rates were calculated using the Projected Unit Method for employers with stable membership. For employers closed to new entrants the Attained Age Method was used.

Any extra liabilities falling on the Fund in respect of additional benefits granted, such as early retirement, are financed by additional employer contributions as advised by the actuary.

The main financial actuarial assumptions made are listed below:

	2004 Valuation	2007 Valuation
Assumption	% p.a.	% p.a.
Rate of Price Inflation	2.9	3.2
Rate of Pension Increases	2.9	3.2
Rate of Pay Increases	4.4	4.7
In Service Discount Rate	6.2	6.2
Left Service Discount Rate (Scheduled Bodies)	6.2	6.2
Left Service Discount Rate (Admitted Bodies)	5.2	5.2
Short Term Investment Return on Equity and Property	7.7	7.1
Short Term Investment Return on Other Assets	5.2	5.2

The key demographic actuarial assumption is member mortality, which can be split into two main elements:

- Current levels of mortality
- Expected future improvements in life expectancy

Current levels of mortality are based on new mortality tables, PNA00, with medium cohort improvements to 2007, and further adjusted to reflect the experience of the Fund.

Since the previous valuation, research generally indicates that life expectancy is improving faster than previously anticipated, so the Fund's mortality improvement assumption has been revised to reflect this.

Life expectancy assumptions have a significant impact on the actuarial valuation of the fund and will be kept under close scrutiny in future.

4.0 Analysis of Investments

	2007/08		2008/09	
	£'000	£'000	£'000	£'000
<u>Equities</u>				
UK	412,866		251,144	
Overseas	404,838		393,892	
		817,704		645,036
<u>Fixed Interest</u>				
UK	134,014		259,021	
Overseas	55,129		19,158	
		189,143		278,179
<u>Index Linked</u>				
UK	0		10,817	
		0		10,817
<u>Pooled Investments</u>				
UK – Property	4,866		5,957	
Overseas – Property	46,205		40,891	
UK – Forward Forex Contracts	54,481		40,414	
UK - Other	18,089		3,103	
Overseas – Other	150,589		30,425	
		274,230		120,790
Total Long-Term Investments		1,281,077		1,054,822

The Investments Panel has decided that the Fund will not enter into any stock lending arrangements. The Panel will review this decision periodically. All investments held are “quoted” investments.

5.0 Details of Fund Managers

The market values of investments held by the fund managers employed by the fund are detailed in the following table.

Fund Manager	Market Value		Proportion of Fund	
	31/03/08 £'000	31/03/09 £'000	31/03/08 %	31/03/09 %
Baillie Gifford (Equities)	325,857	187,792	24.2	17.1
Baillie Gifford (High Alpha Equities)	218,486	170,151	16.2	15.5
Newton (High Alpha Equities)	0	177,599	0.0	16.1
F&C (UK Equities)	473,143	160,697	35.2	14.6
F&C (Bonds)	191,370	292,171	14.3	26.5
ING (Property)	51,601	49,912	3.8	4.5
Record (Currency)	54,481	40,414	4.1	3.7
Internally Managed	29,788	21,893	2.2	2.0
Total	1,344,726	1,100,629	100.0	100.0

No single investment accounted for more than 5% of the Fund's assets.

The market value of investments shown in this table includes short-term investments such as cash balances and money deposits, and so differs from the total of long-term investments only, as shown in note 4.0.

6.0 Contingencies

There is a contingent liability of £375k (£380k in 2007/08) in respect of potentially refundable contributions for leavers who have not yet claimed refunds.

7.0 Membership of the Fund

Fund membership at 31st March is as follows:

	2008	2009
Active Employers	44	45
Contributors	23,103	23,390
Pensioners	12,563	12,778
Dependants	2,373	2,423
Deferred Beneficiaries	9,594	11,042
Frozen Refunds	2,352	2,348

8.0 Purchases and Sales

The value of purchases and sales during 2008/09 analysed by fund manager are shown in the table below.

Fund Manager	Purchases £'000	Sales £'000
Baillie Gifford (Equities)	106,851	164,090
Baillie Gifford (High Alpha Equities)	74,520	86,947
Newton (High Alpha Equities)	346,726	158,349
F&C (UK Equities)	137,819	371,944
F&C (Bonds)	885,888	781,425
ING (Property)	2,148	3,526
State Street (Transition Only)	359,625	359,256
Total	1,913,577	1,925,537

9.0 Statement of Investment Principles

As the local authority responsible for the administration of the Rhondda Cynon Taf Pension Fund, the Council has prepared, maintains and publishes a Statement of Investment Principles (SIP) in accordance with the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2002.

The SIP provides details of responsibility, funding and investment objectives, risk policy and other operational factors of relevance to the management of the Pension Fund. It also provides a Statement of Compliance with the 10

investment principles contained in the CIPFA document "Principles for Investment Decision Making in the Local Government Pension Scheme" published in April 2002 (Myners).

The full SIP is published in the Pension Fund Annual Report and is available on the Pension Fund website (www.rctcbc.gov.uk).

10.0 Contributions Receivable and Benefits Payable

Contributions received and benefits paid are shown in the following table, analysed by type of employing body.

Type of Body	Employee Contributions		Employer Contributions		Pensions, Lump Sums and Death Benefits	
	2007/08 £'000	2008/09 £'000	2007/08 £'000	2008/09 £'000	2007/08 £'000	2008/09 £'000
Administering	7,984	8,357	31,501	27,112	14,429	14,449
Admitted	2,773	3,575	7,828	9,680	4,867	5,987
Scheduled	11,812	13,269	42,855	39,757	52,281	59,493
Total	22,569	25,201	82,184	76,549	71,577	79,929

Included in employer contributions are £442k of augmented contributions (£54k in 2007/08).

Employers' contributions (as a percentage of pensionable pay) also include normal contributions for current service benefit accruals (14.7%), plus deficit funding contributions for past service benefit accruals (7.1%), less an amount for assumed additional short-term investment returns (-1.7%).

11.0 Transactions with Related Parties

In the course of fulfilling its role as administering authority to the Fund, Rhondda Cynon Taf CBC provided services to the Fund for which it charged £1.3m (£1.3m in 2007/08). These costs are mainly in respect of those staff employed in ensuring that the pension service is delivered.

At the year-end contributions outstanding from the Employing Bodies in the Fund amounted to £5.3m (£5.2m in 2007/08), of which £4.0m related to employer contributions and £1.3m to employee contributions.

12.0 Other Income

In the Fund Account "Other Income" comprises of the following:

	2007/08	2008/09
	£'000	£'000
Capital Charge for Early Access to Retirement Benefits	3,158	3,199
Reimbursements re Former Glamorgan CC	282	268
Other	4	4
Total "Other Income"	3,444	3,471

13.0 Investment Income

In the Fund Account "Investment Income" comprises of the following:

	2007/08	2008/09
	£'000	£'000
Interest from Fixed Interest Securities	7,472	9,687
Dividends from Equities	27,202	26,995
Income from Pooled Investment Vehicles	1,969	1,135
Interest on Cash Deposits	3,360	1,583
Total Investment Income	40,003	39,400

14.0 Group Transfers

There were no group transfers in or out of the fund during the year.

Statement on Internal Control: Rhondda Cynon Taf County Borough Council

1. Scope of Responsibility

Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is also used economically, efficiently and effectively.

The Council also has a duty under the Wales Programme for Improvement to make arrangements to secure continuous improvement in the way its functions are exercised.

In discharging this overall responsibility, the Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

The system of internal control provides a reasonable assurance that the risks to the achievement of the Council's policies, aims and objectives have been identified, prioritised and evaluated in terms of their likelihood and impact if realised.

The system of internal control set out in this Statement has been in place throughout the 2008/09 financial year and continues to operate at the current time.

This Statement on Internal Control applies to Rhondda Cynon Taf County Borough Council as a single entity and also to group companies consolidated in the Group Accounts. The section of this statement relating to the Council's subsidiaries, Amgen Cymru and Amgen Rhondda, is at section 6.

3. The Internal Control Environment

The Council's overarching objectives are set out in its Community Plan. Its short-term aims and performance assessment is set out in the annual Improvement Plan. Within the current Improvement Plan, the Council sets out 11 Service Priorities for Improvement agreed by Cabinet in September 2008. These priorities were identified as a result of a rigorous WPI Risk Assessment, undertaken jointly by the Council and the Wales Audit Office in early 2008. The 2009/10 Improvement Plan, scheduled for publication in September 2009 will take into account any outcomes arising from the 2009 WPI Risk Assessment.

In order to effectively deliver its priorities, the components summarised overleaf are in place that make up the overall Internal Control Framework:

- Decision Making and the Scheme of Delegation
- Wales Programme for Improvement
- Performance Management
- Financial Management
- Project Management
- Risk Management
- Member & Officer Codes of Conduct
- Anti-Fraud and Corruption and Whistle-Blowing Policies
- Internal and External Audit Work
- Other Regulatory Inspections

4. Review of the Effectiveness of the System of Internal Control

4.1 Decision Making and the Scheme of Delegation

The Council - sets the Policy Framework for the Council, its Annual Budgets and its Council Tax levy. It can delegate Council functions to Committees e.g. Planning Committee.

The Executive (Cabinet) - makes all major decisions in line with the policy framework and annual budgets set by Council. The Leader can delegate Executive functions to Cabinet Committees and Chief Officers.

Individual Cabinet Members - can make urgent decisions, within their agreed portfolio, having taken advice from the relevant officer.

Chief Officer Scheme of Delegation - Council/Executive functions are delegated from Council or Cabinet to Chief Officers for decision.

Authorised Officers - A Chief Officer with functions delegated to him or her can "authorise" an officer to take certain "delegated" decisions on his or her behalf.

The various levels of decision-making, outlined above, are incorporated into the Council's Constitution and are regularly reviewed by the Monitoring Officer. This framework provides an assurance that all decisions taken comply with relevant policies, procedures, laws and regulations.

4.2 Wales Programme for Improvement

Introduced by the Welsh Assembly Government to replace Best Value, the objective of the Wales Programme for Improvement is to achieve the delivery of high quality services to the public which meet identified local needs. It focuses the Council's attention on delivering improvements to those services that have the greatest impact on the public and enables elected Members and Officers to focus their energies and resources on tackling the biggest issues by providing a sense of clear priorities.

As a result of the WPI Risk Assessment in 2008, undertaken jointly with the Wales Audit Office, the Council identified the following priorities:-

Education	Better Customer Contact
Street Care Services & the Natural Environment	Enforcement and Regulation
Children and Family Centred Services	Maximising Partnership Opportunities
Maintaining People's Independence	Communication
Regeneration of our Communities	Managing our Assets
Medium Term Financial Planning	

Monitoring reports are to be provided to Cabinet on a quarterly basis and will also be subjected to the scrutiny process.

4.3 Performance Management

The key elements of the Performance Management Framework are as follows:

Improvement Plan - The Improvement Plan is the Council's strategic plan that sets out the Council's own contribution to delivering the Community Plan and also reports the Council's performance each year in achieving those objectives. The Plan is currently a publicly available document and is used as a mechanism to monitor and report on the performance of the Council. A summary version of the Plan is available on the Council's Website.

Business Plans – All services prepare annual business plans that set out how they contribute to delivering both the key strategies set out in the Community Plan and the targets in the Improvement Plan, through short-term operational objectives and action plans. Following the annual WPI Risk Assessment in 2005, the Performance Management Framework was further strengthened, requiring Services to prepare 3-year Business Plans linked to the improvement framework and budget cycle, thereby taking more of a medium term approach to service delivery and improvement. The operational objectives will continue to be the driving force behind the Council's system of performance measurement, with all Action Plans having a mechanism for the monitoring, review and reporting of progress towards agreed improvement targets.

Individual Plans - The Business Plans are also the driver for assessing individual staff performance ("Performance Plus") by enabling officers to understand how their work contributes to the overall achievement of the Community Plan objectives.

In particular, Business Plans support the setting of individual performance targets and are the reference point for the identification of learning and development needs, thus ensuring that the service has the capacity/capability to improve.

A comprehensive set of performance measures have been developed to assess how well the Council is performing against its objectives. Measures have been developed at each level of the Council, from high-level Community Plan objectives to individual measures and targets.

The Council uses these performance measures as the basis on which Members and the Corporate Management Team receive quarterly management reports that provide a complete and accurate picture of the Council's performance on a timely basis.

4.4 Financial Management

Financial Management is an essential function that underpins all the Council's activities.

The Council's financial management framework is at the heart of its System of Internal Control and its Improvement Agenda. The framework includes:

A Robust System of Budget Setting and Monitoring – Financial resources are clearly linked to Council and service priorities. Detailed annual reviews of budget need are undertaken, that determine resource allocations each year. Currently, revenue budgets are agreed annually and are linked with decisions made on Council Tax levels. Capital budgets are considered on a three-year timeframe, and the Council is currently undertaking a comprehensive and holistic approach to Medium Term financial planning.

Budgets are monitored and controlled using agreed protocols. Budget monitoring is seen as both an early warning mechanism to alert services to financial pressures and, also, as an opportunity to review overall spending patterns regularly and divert resources to meet identified service needs. The Director of Financial Services coordinates monthly Section 151 meetings across the Service Groups to identify budget pressures. An annual review of budget holder performance was also introduced from the 2006/07 financial year.

Clear Links Between Financial and Operational Performance – The Council is committed to closely integrating service and financial planning. Examples of this are a greater emphasis on the Business Plans for service areas being used to inform decision-making on resource allocation and a closer analysis of the correlation between financial and operational performance.

An example of the latter is that reporting mechanisms have been set up to provide financial monitoring and service performance indicators side by side, so that the impact of changes in resource levels on performance can be assessed and vice versa.

Effective Internal Financial Procedures - As part of the Council's establishment of a new Constitution in May 2002, Financial and Contract Procedure Rules were updated to reflect the requirements of a large, complex organisation in terms of strong internal controls and stewardship over its resources. Allied with this is a need to maintain flexibility in order to encourage Services to innovate and improve.

The Procedures do this, for example, by providing guidance on dealing with new forms of partnership, securing external grant funding and other potential new ways of working.

The Procedure Rules Working Group ensures that the Financial and Contract Procedure Rules are regularly reviewed, training is provided to staff on their implementation and compliance is monitored through internal audit programmes. Links to electronic versions are available on the Council's intranet site.

Proactive Financial Management – Financial Management is proactive and goes beyond what can be considered the traditional 'accounting' role. An example of this is the importance of sourcing new types of funding, including grants from existing Welsh Assembly Government initiatives and from other external sources. The Council has secured significant additional resources from various external grants in 2008/09 and into the medium term.

Community Focus – Effective Financial Management contributes to the openness and transparency of Council affairs and decision-making. Financial information is available to the community through published annual accounts, various budget information leaflets and a summary of income and expenditure is also placed in the Council's annual Improvement Plan. Regular financial information is also presented to Members at meetings that are open to the press and public, which again promotes the transparency needed to engage local communities. This engagement is further built upon by the detailed consultation undertaken with a variety of different local interest groups as an integral part of the revenue budget strategy and service allocations each year.

4.5 Project Management

The Council utilises the PRINCE 2 model for Project Management and 2-day training modules have been undertaken by over 200 Heads of Service and Senior Managers.

This model has been successfully used in major projects, including the Porth Relief Road.

4.6 Risk Management

The Council has a Corporate Risk Management Group, chaired by the Head of Internal Audit & Risk Management. The Group has developed a Corporate Risk Register that identifies key business risks, who is responsible for managing them and the progress made in limiting their potential to impede the Council's

key objectives. A Corporate Risk Management Strategy has been developed and was adopted by Cabinet in May 2007.

Heads of Service and Senior Managers have received Risk Management training, facilitated by Marsh UK. The Council is also affiliated to the Association of Local Authority Risk Managers (ALARM).

4.7 Members and Officers Codes of Conduct

The Members Code of Conduct is clearly set out in the Council's Constitution and every Member has been provided with advice and guidance on the Code. As part of the Constitution, it is also available on the Council's Internet and intranet sites. The Council also has a Standards Committee to deal with issues in respect of Member conduct.

An Officers' Code of Conduct is a key element of the Constitution and the Council also has clear guidelines in terms of the receipt of gifts and hospitality.

The Council's Disciplinary Procedures are made available to new members of staff at the Corporate Induction days and can also be found on the Council's Intranet site.

4.8 Anti-Fraud and Corruption Policy and Whistle-Blowing Policy

As part of its 'zero tolerance' of fraudulent or corrupt activities, the Council has a defined Anti-Fraud and Corruption Policy and offers guidance to officers on 'whistle-blowing'. Both can be found on the intranet site. The Council also has a dedicated Benefits Fraud Team ensuring that all suspicions regarding attempted benefits fraud are properly investigated.

4.9 Internal Audit

Internal Audit's Operational Work Plan for 2008/09 has been substantially completed. This Plan was formulated in consultation with Group Directors, Directors and Heads of Service and was agreed by Audit Committee.

Audit Committee regularly receives reports on Internal Audit's performance and are advised of all high priority recommendations made. Committee also receives update reports on special audit investigations where fraud or misappropriation is suspected.

The latest annual inspection of the Internal Audit Service, undertaken by the Wales Audit Office, comments that the operational standards set out in the CIPFA Code of Practice 2006 are being met.

4.10 External Audit and other Regulatory Inspections

The Wales Audit Office undertakes the Council's external audit requirements. In fulfilling this role, it provides improvement, assessment and assurance services. Reports are prepared, in relation to audit, under the relevant enabling legislation and the responsibilities detailed in the Code of Audit and Inspection

Practice, and in the context of the 'Statement of Responsibilities', issued by the Auditor General for Wales.

Reports are prepared in relation to inspection, following inspection work carried out under the Local Government Act 1999, as amended by the Public Audit (Wales) Act 2004, and in accordance with guidance issued by the Welsh Assembly Government.

5 Significant Internal Control Issues

To the best of our knowledge, the System of Internal Control, as summarised above, operated effectively throughout 2008/09 and continues to operate effectively at the current time. All services are subjected to annual assessment, robust performance and financial monitoring is in place at Senior Management and Cabinet level and Audit Committee provides effective scrutiny of the internal control environment.

Based on the work undertaken by Internal Audit in 2008/09, significant weaknesses in the internal control framework for several service areas have been identified although in the opinion of the Head of Internal Audit & Risk Management, none had a material impact on the Council's affairs.

Recommendations have been made to ensure management review and strengthen the control environment in those specific service areas and Internal Audit will undertake follow up reviews in 2009/10.

Following the independent enquiry into the Home-to-School Transport arrangements for the commencement of the 2008/9 academic year, swift action has been taken to strengthen management of the Service and to fundamentally review the systems in place. An Integrated Transport Unit Transformation Project Board has been appointed, including representation from Internal Audit.

A Member Scrutiny Working Group will monitor the progress made by the Project Board.

6 Group Companies

The following statements have been provided by the management of the Amgen Companies:

The directors of the companies are responsible for ensuring there is a sound system of internal control.

It is acknowledged that the system of internal control can provide reasonable but not absolute assurance that risks have been identified and addressed. The system of internal control has been in place for the year ending 31st March 2009 and continues to operate at the current time.

The Internal Control Environment

Business Planning – A three-year business plan is in place to provide the future framework of the company. The document, which will be reviewed and updated at Board level, details the aspirations and objectives of the company on a project-by-project basis.

Budget Monitoring/Financial and Performance Management – Budgets are set annually with the performance against actual results reviewed at Board level monthly. Budget heads are part of the budget setting process to secure ownership of budgets. Variances are discussed with budget heads when required.

Monthly management accounts are circulated to the Board together with a written report on significant results in the month. On a quarterly basis a departmental analysis of the company performance is prepared to assist in strategy and decision-making.

Cash forecasts are prepared annually to complement the company budget. Rolling 12 month forecasts are prepared on a quarterly basis to provide an updated position to assist decision-making.

Process for Decision-Making / Authorisation Protocols / Project Management – All projects are discussed at Senior Management Team level. Once a project is progressed, a Project Team consisting of key staff members runs the project and reports back to the Senior Management Team.

All the Management Team have authorisation to raise orders subject to Budget Head approval.

Risk Management – A corporate risk register is in place. This will be used to document all business risks and also identify weaknesses that require further resource to reduce or remove the risk. The register will be regularly reviewed.

Role of Auditors – The statutory audit takes place annually. A management letter is produced to identify any areas of risk or weaknesses that need to be addressed. There has been no requirement for such a letter in the last seven years. An audit report is circulated as part of the statutory accounts that contain the audit opinion. The auditors attend the AGM to present their audit report.

Significant Control Issues – There are no significant control issues that have been identified by the Amgen Companies or the auditors.

Signature: _____

Date: _____

Keith Griffiths
Chief Executive

Signature: _____

Date: _____

Russell Roberts
Leader of the Council

Independent Auditor's Report to the Members of Rhondda Cynon Taf County Borough Council

I have audited the accounting statements and related notes of:

- Rhondda Cynon Taf County Borough Council;
- Rhondda Cynon Taf County Borough Council Group; and
- Rhondda Cynon Taf Pension Fund

for the year ended 31 March 2009 under the Public Audit (Wales) Act 2004. Rhondda Cynon Taf County Borough Council's accounting statements comprise the Income and Expenditure Account, Statement of Movement on Council Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, Housing Revenue Account Income and Expenditure Account and Statement of Movement on Housing Revenue Account Balance. Rhondda Cynon Taf County Borough Council's Group accounting statements comprise Group Income and Expenditure Account, Reconciliation of the Single Entity Income and Expenditure Account Surplus or Deficit to the Group Income and Expenditure Account Surplus or Deficit, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Group Cash Flow Statement. Rhondda Cynon Taf Pension Fund accounting statements comprise the Fund Account and the Net Assets Statement. The accounting statements have been prepared under the accounting policies set out in the Statements of Accounting Policies.

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

Respective responsibilities of the responsible financial officer and the independent auditor

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

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

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

- the financial position of the local government body and its income and expenditure for the year;

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

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

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

Basis of Audit Opinion

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

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

Opinion on the accounting statements of Rhondda Cynon Taf County Borough Council

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

Opinion on the accounting statements of Rhondda Cynon Taf County Borough Council Group

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

Opinion on the accounting statements of Rhondda Cynon Taf Pension Fund

In my opinion the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice, the financial transactions of Rhondda Cynon Taf Pension Fund during the year ended 31 March 2009 and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

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

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

Certificate of completion

I certify that I have completed the audit of the accounts of Rhondda Cynon Taf County Borough Council, Rhondda Cynon Taf County Borough Council Group and Rhondda Cynon Taf Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice issued by the Auditor General for Wales.

Signature: _____ **Date:** _____

Gill Lewis

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the Council's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Glossary of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Actuary

An actuary is an individual or organisation that calculates insurance and pension premiums and liabilities.

Agency Services

Agency services are services provided by an outside organisation.

Amortisation

Charges to revenue for the reduction in the value of an asset.

Audit

An audit is an independent examination of the Council's activities.

Best Value Accounting Code of Practice (BVACOP)

The Best Value Accounting Code of Practice modernises the system of Local Authority accounting and reporting to ensure it meets the needs of modern local government, in particular the duty to secure and demonstrate Best Value in the provision of services to the community.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure is subsequently monitored against this plan.

Capital Expenditure

Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is responsible for issuing financial guidance to public bodies.

Contingent Liabilities

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events not wholly within the organisation's control.

Corporate and Democratic Core (CDC)

CDC is a service defined by the Best Value Accounting Code of Practice representing costs relating to Member activity (Democratic Representation

and Management) and costs that provide the infrastructure to ensure that services can be provided (Corporate Management).

Corporate Management (CM)

CM is a division of service within Corporate and Democratic Core. It represents costs that provide the infrastructure to ensure that services can be provided. Specifically it contains costs of Chief Executive, maintaining statutory registers, provision of public information, treasury and bank charges and completing, publishing and auditing statutory returns.

Creditor

A creditor is an organisation/individual owed money by the Council at the end of the financial year for goods/services received.

Current Assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

DET

Department of Economy and Transport.

DWP

Department for Work and Pensions.

Debtor

A debtor is an organisation/individual who owes the Council money at the end of the financial year for goods/services received.

Deferred Grants

The Government Grants Deferred account recognises any grants and contributions that have been applied to finance capital expenditure. For assets that are depreciated an annual contribution to revenue is made from the account, for the useful economic life of the asset, to offset the depreciation charged. Where an asset is financed by grant or contribution but is not depreciated the balance remains in the account.

Defined Benefit

A defined benefit pension scheme is one that bases retirement benefits upon final salary.

Delegated Schools

A Delegated School is one managed independently. The funds of these schools are held outside of the Council's General Fund balances.

Democratic Representation and Management (DRM)

DRM is a division of service within Corporate and Democratic Core. It represents all costs relating to Member activity (e.g. allowances, officer support time).

Depreciated Historic Cost

Depreciated Historic Cost is obtained by recording the purchase price of an asset and writing this down over its useful economic life.

Depreciated Replacement Cost (DRC)

DRC is an estimation of the market value for existing use plus current gross replacement costs less allowances for deterioration.

Depreciation

Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.

Direct Labour Organisation or Direct Service Organisation (DLO or DSO)

This was a term referring to parts of the Council's own organisation. It consisted of workers directly employed (including supervisory staff), accommodation, equipment etc used to carry out specified tasks for the Council.

Earmarked Reserves

These are reserves set aside for a specific purpose.

Financial Year

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

Fixed Asset

These are long-term assets that are used in the provision of services (usually for more than one year).

Financial Reporting Standard (FRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Housing Revenue Account (HRA)

This account contains all council housing income and spending.

Impairment Review

Impairment occurs when the value of a fixed asset falls below the value it is currently held at in the Balance Sheet and Asset Register.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an obligation to transfer economic benefits as a result of past transactions or events.

Minimum Revenue Provision (MRP)

This is an amount that has been set aside to repay loans.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. NNDR is set by central government and is a percentage of rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Non-Distributable Costs (NDC)

NDC is a category of costs defined by the Best Value Accounting Code of Practice. It includes;

- costs of unused I.T. facilities,
- costs of long term unused, unrealisable assets,
- certain pension fund costs.

Open Market Value in Existing Use (OMVEU)

OMVEU is a basis for valuation of fixed assets.

Operating Leases

These are leases where risks of ownership of the asset remain with the owner.

Post Balance Sheet Events

Post Balance Sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-rating body (for example a community council).

Prior Year Adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision

A provision is an obligation to transfer economic benefits as a result of past events where a reliable estimate can be made of the obligation, but the amount or timing of which cannot yet be determined accurately.

Public Works Loan Board (PWLB)

This is a Government agency that provides loans to local authorities for periods between 1 and 50 years. It charges interest rates only slightly higher than those at which the Government can borrow.

Related Party

A related party exists where there is control or influence by one party over another.

Statement of Standard Accounting Practice (SSAP)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Stocks

Stocks are raw materials purchased for day- to-day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

Temporary Borrowing or Investment

This is money borrowed or invested for an initial period of less than one year.

Trust Fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Wales Programme for Improvement (WPI)

As part of the requirement of the Wales Programme for Improvement, all Welsh Councils have to produce an annual Improvement Plan. This plan sets the Council's priorities for the coming year, identifies where improvements can be made and explains how performance can be measured.