

GROUP ACCOUNTS

The 2005/06 annual accounts are the first where local authorities are required to produce group accounts which include interests in subsidiaries, associates and joint ventures.

Brent has one subsidiary, Brent Housing Partnership (BHP) Limited. This is an arms length management organisation (ALMO) which was set up in October 2002 to manage council properties on behalf of Brent. The Council fully owns BHP.

The following group financial statements have been prepared:

- Group Income and Expenditure Account
- Group Balance Sheet
- Group Statement of Total Movement in Reserves
- Group Cash Flow Statement

A significant amount of information in these statements is identical to Brent's accounts on the preceding pages of this document. Information has not been reproduced in the group accounts where it can be readily seen in Brent's accounting statements.

There are some differences between Brent's accounts which precede these pages and the group accounts which follow. This ensures that the group accounts comply with Generally Accepted Accounting Practice (GAAP). The main differences are as follows:

- Capital charges: In the Council's Consolidated Revenue Account, gross and net expenditure of services includes a capital charge which consists of notional interest and depreciation. These are then reversed out '*below the line*' through the Asset Management Revenue Account which includes actual interest charges and depreciation. In the group accounts, gross and net expenditure of services includes depreciation but does not include notional interest. Actual interest is shown '*below the line*'. The Asset Management Revenue Account is not therefore required to reverse out the capital charges.
- Government capital grants (government grants deferred): In the Council's Consolidated Revenue Account, the value of these grants, which is spread over the life of the capital asset, is shown in the Asset Management Revenue Account. In the group accounts, the value of these is shown as income in the gross and net expenditure of services.
- Profits or losses on disposals of assets: The Council's Consolidated Revenue Account does not include profits or losses on disposal of assets (the sale proceeds less the value of the asset in the balance sheet accounts). Profits or losses on disposal of assets are however included in gross income or expenditure in the group accounts, but the amounts are reversed out '*below the line*' so they have no impact on the surplus or deficit for the year or overall balances.

GROUP INCOME AND EXPENDITURE ACCOUNT

The Group Income and Expenditure Account shows expenditure and how it was financed.

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006

	2005/06 Gross Expenditure £000	2005/06 Income £000	2005/06 Net Expenditure £000	2004/05 Net Expenditure £000
Education	247,396	(88,797)	158,599	149,768
Cultural Services	15,255	(1,416)	13,839	15,133
Highways, Roads and Transport	30,075	(14,963)	15,112	15,985
Environmental	29,079	(4,444)	24,635	18,507
Planning and Development	43,269	(19,498)	23,771	14,802
Housing (General Fund)	229,835	(202,006)	27,829	27,398
Social Services	129,109	(39,317)	89,792	83,055
Courts	786	(642)	144	973
Central Services	58,652	(45,079)	13,573	17,245
Net Cost of General Fund Services	783,456	(416,162)	367,294	342,866
Housing Revenue Account	49,568	(66,012)	(16,444)	(10,333)
Government Grants Deferred	3,128	-	3,128	2,393
Net Cost of Services	836,152	(482,174)	353,978	334,926
Levies			6,506	6,342
(Surplus)/Deficit on Trading Accounts			470	468
Interest Payable			34,736	32,479
Interest Receivable			(4,507)	(3,355)
Contribution to Housing Pooled Capital Receipts			5,430	15,718
Pensions interest cost and expected return on pensions assets			12,240	14,160
Pensions Actuarial Grain/Loss			14,910	72,750
Taxation Paid			-	2
Net Expenditure Before Reserve Movements			423,763	473,490
Transfer to/(from) HRA Balances			(5,967)	(5,648)
Capital Expenditure Charged to Revenue Account			4,760	3,766
Contribution to Capital Financing Account			(7,232)	(6,854)
Contribution from Capital Financing Account			(26,103)	(23,432)
Transfer to/(from) Schools Balances			1,661	877
Transfer to Section 106 Reserve			157	2,001
Transfer to/(from) Capital Funding Reserve			(1,851)	(3,600)
Transfer to/(from) Housing Revenue Account Earmarked Reserve			2,947	111
Transfer to/(from) Other Earmarked Reserves			3,399	7,077
Movement on Pensions Reserve			(7,376)	(10,444)
Pensions Actuarial Gains/Losses			(14,910)	(72,750)
Housing Pooled Capital Receipts Adjustment			(5,430)	(15,718)
Transfer to Group Income and Expenditure Reserve				
BHP Profits			605	1
Profit/Losses on Disposals			(2,052)	(6,982)
Amount to be met from Government Grants and Local Taxpayers			366,371	341,895
Financed By:				
Revenue Support Grant			192,038	189,131
Non-Domestic Rate Pool			89,231	76,108
Income from Local Taxation			86,333	83,363
Collection Fund Deficit			(1,183)	(1,187)
Budget Requirement			366,419	347,415
Surplus/(Deficit) for the Year			48	5,520
GF Balances at the start of the Year were			10,215	4,695
Leaving Year End General Fund Balances of			10,263	10,215

GROUP BALANCE SHEET

The Group Balance Sheet shows the financial position of the group as a whole and summarises its assets and liabilities.

GROUP BALANCE SHEET AS AT 31st MARCH 2006

	31.03.06		31.03.05	
	£000	£000	£000	£000
Fixed Assets		1,446,841		1,348,647
Investments (Long Term)		100		100
Long Term Debtors		1,236		1,417
Total Long Term Assets		1,448,177		1,350,164
Current Assets:				
Stock and Work in Progress	519		356	
Payments in Advance	7,617		2,974	
Debtors	118,473		109,209	
Less provision for bad debts	(56,745)		(52,493)	
Cash in Hand	121		192	
Short Term Investments	100,273		67,177	
		170,258		127,415
Current Liabilities:				
Short Term Borrowing	-		(30,000)	
Creditors	(64,226)		(61,565)	
Deposits	(1,630)		(854)	
Receipts in Advance	(7,703)		(4,535)	
Cash Overdrawn	(5,394)		(12,509)	
		(78,953)		(109,463)
Net Current Assets/(Liabilities)		91,305		17,952
Total Assets Less Current Liabilities		1,539,482		1,368,116
Long Term Borrowing		(571,757)		(466,757)
Long Term Creditors		(308)		(392)
Provisions		(4,391)		(4,015)
Liability related to defined benefit pension schemes		(359,790)		(337,540)
Total Assets Less Liabilities		603,236		559,412
This is financed from:				
Miscellaneous Brent Reserves		586,624		545,492
Balances:				
General Fund	15,220		13,511	
Housing Revenue Account	778		400	
BHP	614		9	
		16,612		13,920
		603,236		559,412

Summary of transactions included in Group Balance Sheet

<u>2004/05</u>		LBB £000	BHP £000	Total £000
	Debtors	109,182	27	109,209
	Short Term Investments	66,267	910	67,177
	Creditors	60,601	964	61,565
	Cash Overdrawn	9,838	2,671	12,509

<u>2005/06</u>		LBB £000	BHP £000	Total £000
	Debtors	118,416	57	118,473
	Short Term Investments	99,523	750	100,273
	Creditors	63,058	1,168	64,226
	Cash Overdrawn	5,462	(68)	5,394

GROUP STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Brent Reserves £000	BHP Reserves £000	Group Reserves £000
Balance as at 01.04.05	(496,197)	(9)	(496,206)
Net (Surplus)/Deficit for the Year	(6,908)	(605)	(7,513)
Actuarial Gains/Losses	15,050		15,050
Other Movements	7,200		7,200
Unrealised (Gains)/Loss, from Revaluation of Fixed Assets	5,951		5,951
Effects of Disposals of Fixed Assets:			
Cost or Value of Assets Disposed of	1,923		1,923
Proceeds of Disposals	(8,240)		(8,240)
Net (Surplus)/Deficit	(6,317)		(6,317)
Amounts Payable to Housing Capital Receipts Pool	5,430		5,430
Financing of Fixed Assets	(36,510)		(36,510)
Balance at 31.03.06	(512,301)	(614)	(512,915)

GROUP CASH FLOW STATEMENT

This statement groups together both revenue and capital income and expenditure. It provides a link between the Balance Sheet at the beginning of the year, the revenue account for the year and the Balance sheet at the end of the year. It summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

	2005/06		2004/05	
	£000	£000	£000	£000
Net Cash(Inflow)/Outflow from Revenue Activities		(48,468)		(69,757)
Servicing of Finance				
- Cash Outflows				
Interest Paid	34,736		32,479	
- Cash Inflows				
Interest Received	(4,507)	30,229	(3,290)	29,189
Total Revenue Activities Cash Surplus (See Note 2)		(18,239)		(40,568)
Taxation Paid		-		1
Capital Activities				
- Cash Outflows				
Purchase of Fixed Assets	87,362		86,439	
Deferred Charges	26,103		23,432	
Other	658		659	110,530
- Cash Inflows		114,123		
Sale of Fixed Assets	(8,240)		(21,910)	
Capital Grants Received	(36,928)	(45,168)	(33,866)	(55,776)
Net Cash (Inflow)/Outflow Before Financing		50,716		14,187
Management of Liquid Resources				
Net (Inflow)/Outflow from Short Term Deposits		31,240		(9,190)
Financing				
- Cash Outflows				
Repayments of Amounts Borrowed		160,550		737,220
- Cash Inflows				
New Loans Raised	(110,000)		(105,000)	
New Short Term Loans	(139,550)	(249,550)	(633,050)	(738,050)
(Increase)/Decrease in Cash (See Note 3)		(7,044)		4,167

NOTES TO THE GROUP CASH FLOW STATEMENT

NOTE 1: RECONCILIATION OF SURPLUS TO NET CASH FLOW

	2005/06 £000	2004/05 £000
Surplus/(Deficits) for the Year		
Schools	1,661	840
Other General Fund	48	5,520
HRA	378	(926)
BHP Surplus	605	1
	2,692	5,435
Non Cash Transactions		
Minimum Revenue Provision	7,397	7,164
Other Provisions/Earmarked Reserves	14,916	10,648
Accruals Items		
(Increase)/Decrease in Stock and WIP	(163)	(15)
(Increase)/Decrease in Debtors	(9,264)	6,318
Increase/(Decrease) in Creditors	2,661	11,018
Net Revenue Cash Flow Surplus	18,239	40,568

NOTE 2: INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

	Balance 31.03.06 £000	Balance 01.04.05 £000	Movement In Year £000
Cash	(5,273)	(12,317)	7,044
2004/05 Comparative			<u>(4,167)</u>