Statement of Accounts

Bristol City Council

For the Year Ended 31 March 2015

The Accounts and Audit Regulations 2011 require the City Council to prepare a set of Financial Statements. The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Contents

Explanatory Foreword

Introduction

The Statement of Accounts for Bristol City Council provides a picture of the Council's financial position at 31 March 2015 and a summary of its income and expenditure for the year to 31 March 2015. It is in parts a technical and complex document the format of which sets out to ensure that the accounts of all Government funded bodies provide comparable and consistent information and comply with proper accounting practices. The aim of this foreword is to provide a general guide to the items of interest and highlight some of the more significant matters that have determined the position for the financial year ending 31 March 2015.

The Statement of Accounts is made up of a number of statements and notes, the most important of which are:

The Auditor's Statement

This is the Independent Auditor's Report to Members on the financial statements and the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Chief Financial Officer and the Council for the accounts.

The Core Financial Statements

- **Movement in Reserves Statement**

  This statement (page 14) shows the movement in the year on the different reserves held by the authority analysed into "useable" (i.e. those that can be applied to fund expenditure or reduce local taxation) and "unusable" (i.e. those which represent difference between accounting and funding under statutory provisions). It provides an explanation of the changes and movements between reserve accounts which increase or reduce the resources available to the Council. It shows how the Council's surplus or deficit on the provision of services (Comprehensive Income and Expenditure Statement page 15) is allocated to the Council's reserves.

- **Comprehensive Income and Expenditure Statement**

  This statement (page 15) shows the income generated and expenditure made by the Council in providing services during 2014/15. The statement also shows how the Council's services are funded through council tax, business rates, government grants and fees and charges made for services.

- **Balance Sheet**

  The Balance Sheet (page 16) shows what the Council owns (assets) and what it owes (liabilities). The net assets (assets less liabilities) are matched by the total reserves held by the authority.

- **Cash Flow Statement**

  This statement (page 17) shows the inflows and outflows of cash arising from capital and revenue transactions in the year and links the Comprehensive Income and Expenditure Statement and the Balance Sheet movements during the year.

These statements are supported by the Council's accounting policies and explanatory notes which provide additional information and explanation as to what makes up the Council's Statement of Accounts for the year ended 31 March 2015 together with supplementary accounting statements:

- **Housing Revenue Account**

  This shows (page 99) the Council's expenditure on maintenance, administration and capital financing costs of its housing stock and how these are met by rents, service charges and other income.

- **Collection Fund Statement**

  This fund (page 105) shows the income due from council tax and non-domestic rates and the application of the proceeds which are distributed to the Council itself, the Government and major preceptors (fire and police authorities).

The Annual Governance Statement

This Statement of Accounts is accompanied by the Annual Governance Statement. This Statement gives a formal assurance that the Council has proper arrangements in place to manage all of its affairs. It summarises the Council's responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in mainstreaming, reviewing and developing the effectiveness of these control systems.

Overview of the financial year 2014/15

Revenue outturn and balances

Performance was monitored against budget on a quarterly basis throughout the year to enable resources to be re-directed toward corporate priorities in a timely manner, should the need arise, whilst remaining within budget. Overall the General Fund revenue outturn was within approved budget, an improvement on the forecast reported to Cabinet at the end of Quarter 3. Efficiency/savings programme was broadly delivered with the overall cost of council services per head of population continuing to fall whilst customer feedback remains positive, which is perceived as indicating value for money in the provision of council services.

The balance on the General Fund/Strategic Reserve is maintained at £20m as per the MTFS. In total, the General Fund balances at 31 March 2015 amounted to £118.4m compared to £86.6m at 31 March 2014, an increase of £31.8m.

Directorate	**2014/15 Budget**	**2014/15 Actual**	**2014/15 (Under)/ Overspend**
	£m	**£m**	**£m**
People	298.5	300.9	2.4
Place	44.6	43.3	(1.3)
Neighbourhoods	61.0	54.0	(7.0)
Business Change	33.6	30.0	(3.6)
City Director	5.6	5.7	0.1
Sub-total	**443.3**	**433.9**	**(9.4)**
Other Budgets	(86.1)	(88.7)	(2.6)
Total	**357.2**	**345.2**	**(12.0)**
Transfers to/(-) from Reserves and Balances		31.8	
Total Net Expenditure		**377.0**	

The following table reconciles the outturn position reported to Council for management purposes and the Comprehensive Income and Expenditure Statement (Page 15) which represents the true economic cost of service provision measured in accordance with international financial reporting standards as applicable to government accounts.

The outturn has been updated to reflect the reversal of the provision in respect of potential future costs of the early termination of the waste contract (August 2015), which is no longer required. A reserve has now been created for future service costs. The total net expenditure remains unchanged at £377m.

	2014/15 £'m	Restated 2013/14 £'m
Council's outturn for the year	377.0	352.2
Revaluations and pension costs charged to services	(79.1)	27.0
(Surplus)/Deficit on Continuing Operations	**297.9**	**379.2**
Other Operating Expenditure	41.5	(1.5)
Net Interest received or paid on investments and loans	39.5	46.5
Council Tax, Business Rates and Grant Income	(439.7)	(443.6)
(Surplus)/Deficit on the Provision of Services	**(60.8)**	**(19.4)**
(Surplus)/Deficit on revaluation of non-current assets	(59.6)	1.7
(Gains) or losses on Pension Fund	166.2	(155.3)
Total Comprehensive Income and Expenditure	**45.8**	**(173.0)**

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

People

Throughout the year, there have been continued and significant demands on placement budgets across both Children and Adult Services as well as spending pressures relating to increased use of bed and breakfast as homelessness rises.

Place

An overall underspend has been achieved largely as a result of increased income (including Development Management, Engineering Design and Transport Services). There was an underspend in Energy Services against utility payments and lower borrowing repayment costs for wind turbines.

Neighbourhoods

The significant variance within the directorate was in Waste Services, which reported an underspend of £4.5m

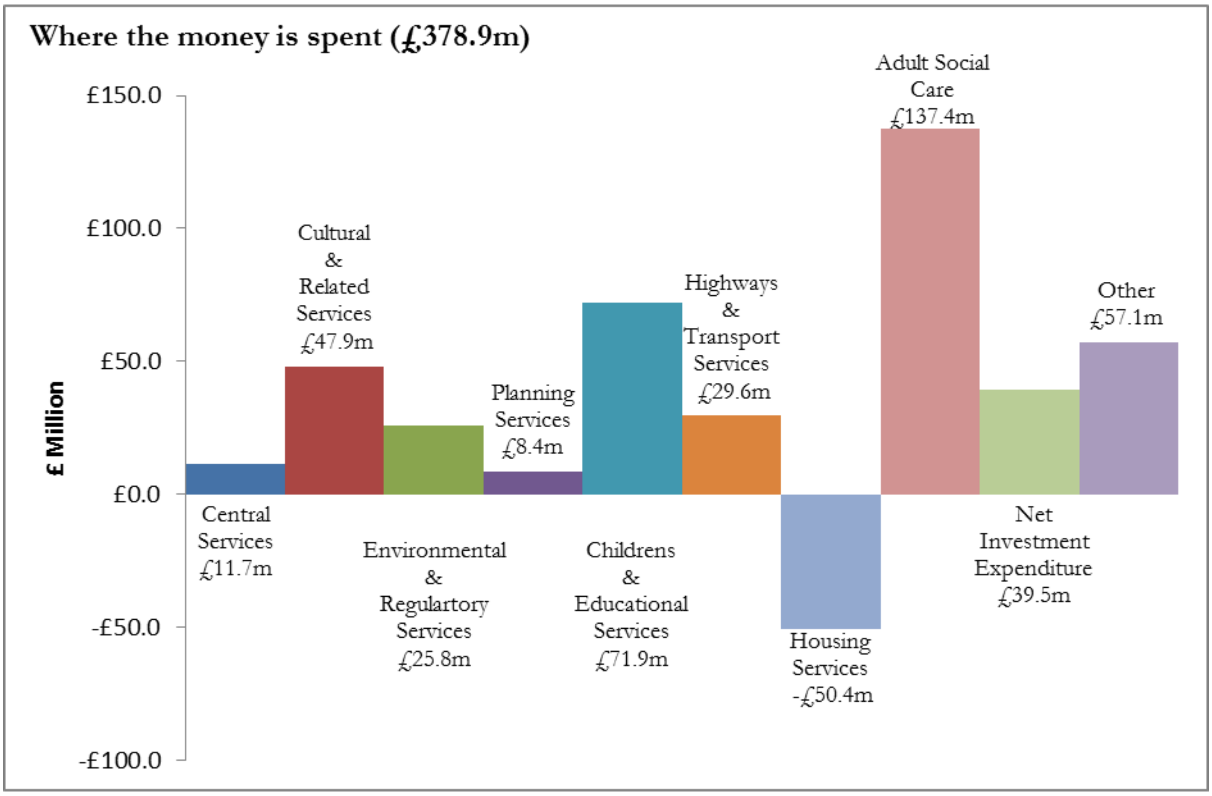
There was an underspend of £3.4m against the ringfenced Public Health grant which has been taken to an earmarked reserve.

Business Change

There were in-year savings of £2.5m on Housing Benefit budgets. This is due to higher spend on rent rebates that are recovered at the full rate. In addition, during the year we have been more successful in recovering overpayments and have reduced the level of errors (avoiding loss of subsidy).

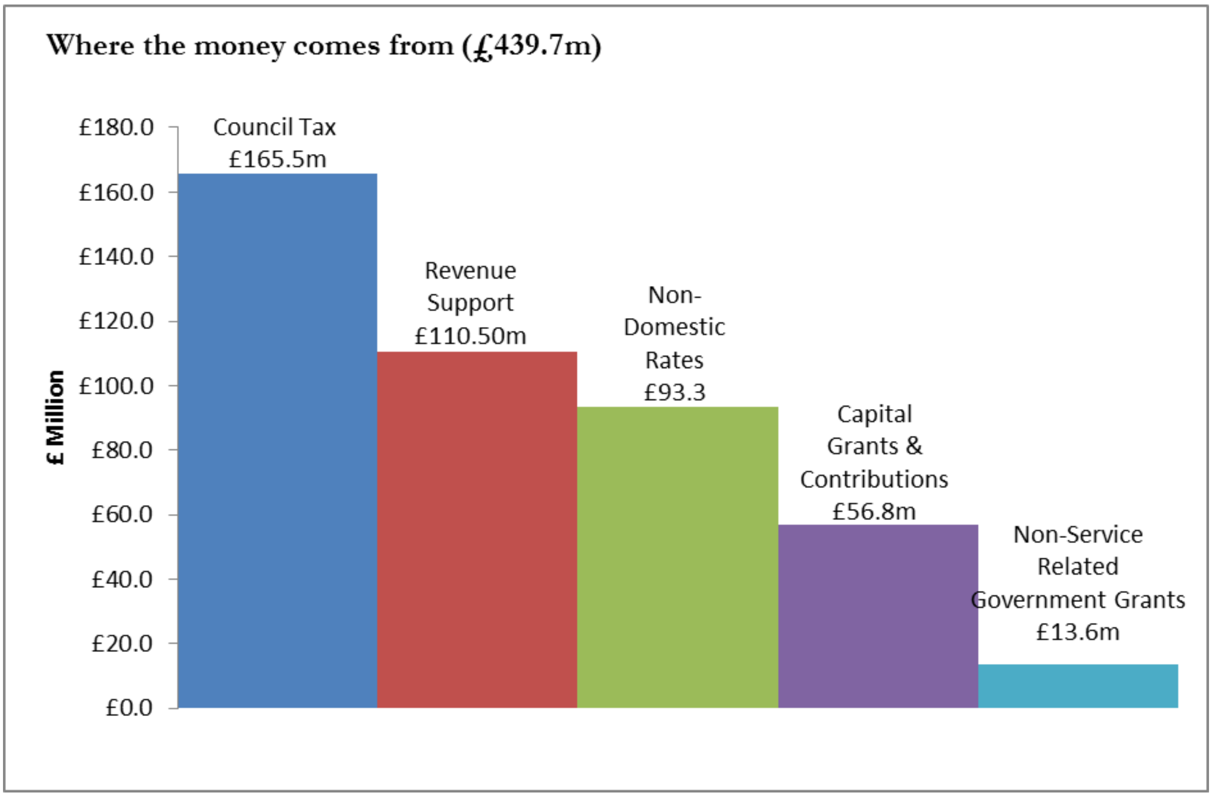
Where the money was spent

The Comprehensive Income and Expenditure Statement shows the net expenditure and the total cost of services for 2014/15 for the Council.



Where the money came from

The Council receives income from many sources but the main ones are Council Tax, Business Rates, Government grants and capital grants as detailed in note 11 to the accounts.



Capital Expenditure

Total capital investment in 2014/15 was £166.2m (£145.6m in 2013/14) compared to a forecast spend of £190.1m at Quarter 3. The major areas of investment were:

- £58m invested in school buildings to provide additional primary places to meet increased demand.
- £9m invested in the Filwood Green Business Park, a new sustainable workplace located in Knowle West, South Bristol, providing superb accommodation and development support for small and medium sized businesses in growth environmental and low carbon sectors.
- £5m Super Connected Cities - eligible small and medium-sized businesses within the City (including registered charities, social enterprises or sole traders) access to high-speed business internet connectivity.
- £27m invested in transport schemes including 'Metrobus', Bus Network and traffic management and infrastructure.
- £31m invested in the Council's housing stock
- £12m Bristol Work Place programme will provide an effective environment to support agile working and to deliver efficiency savings. The spend relates to the design and construction of effective working environments and the provision of technology solutions to enable agile working practices.

Total capital expenditure of £166.2m was funded as follows;

Grants	55.0
Major Repairs Allowance	29.9
Revenue Contributions / REFCUS	19.6
Capital Receipts	14.7
Borrowing	47.0
Total Financing	**166.2**

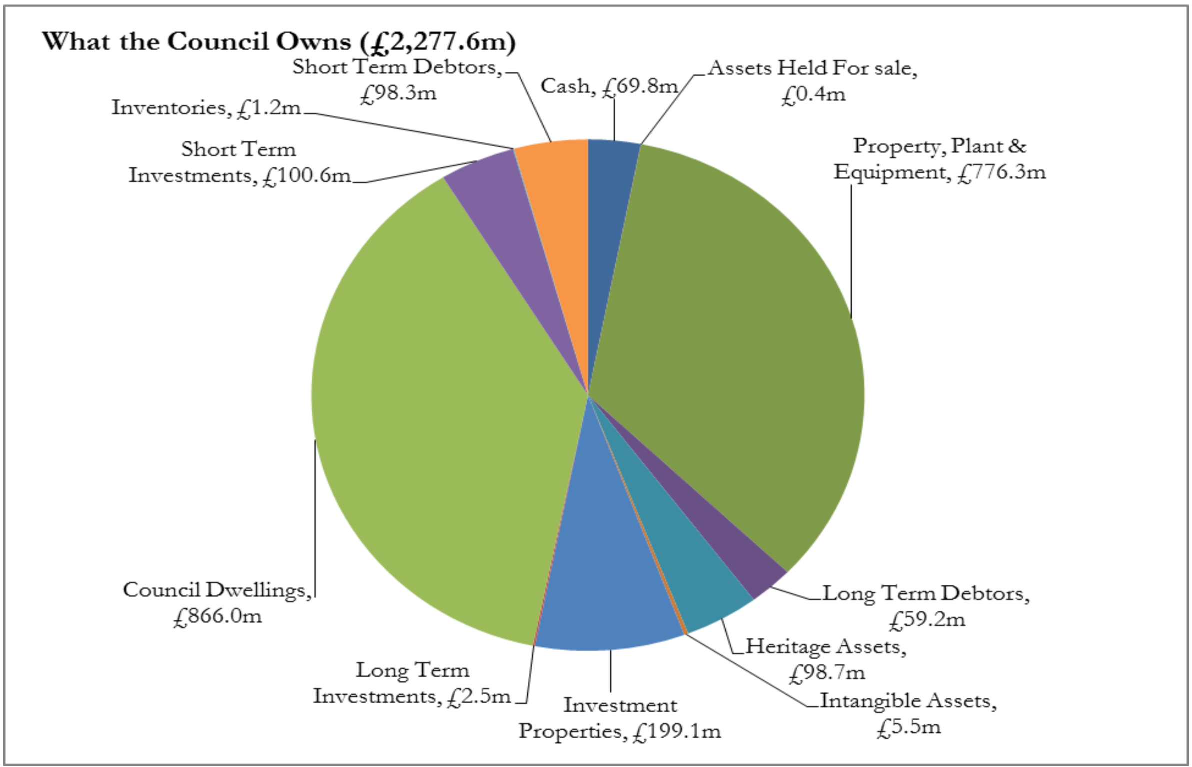
The Balance Sheet

The Balance Sheet (page 16) shows the balances held by the Council at the end of the year. The top part of the Balance Sheet shows the value of the Councils assets, how much is owed to the Council and how much the Council owes to others. The bottom half summarises the financing of those assets between usable and unusable (technical accounting) reserves.

The Balance Sheet shows a net worth (assets exceed liabilities) of £737.5m as at 31 March 2015, compared to £783.2m as at 31 March 2014. The reduction of £45.7m can largely be attributed to an increase in the pension liability of £ 152.6m (Note 42) offset an increase in the value of property, plant and equipment including Council dwellings (Note 12) of £103.5m.

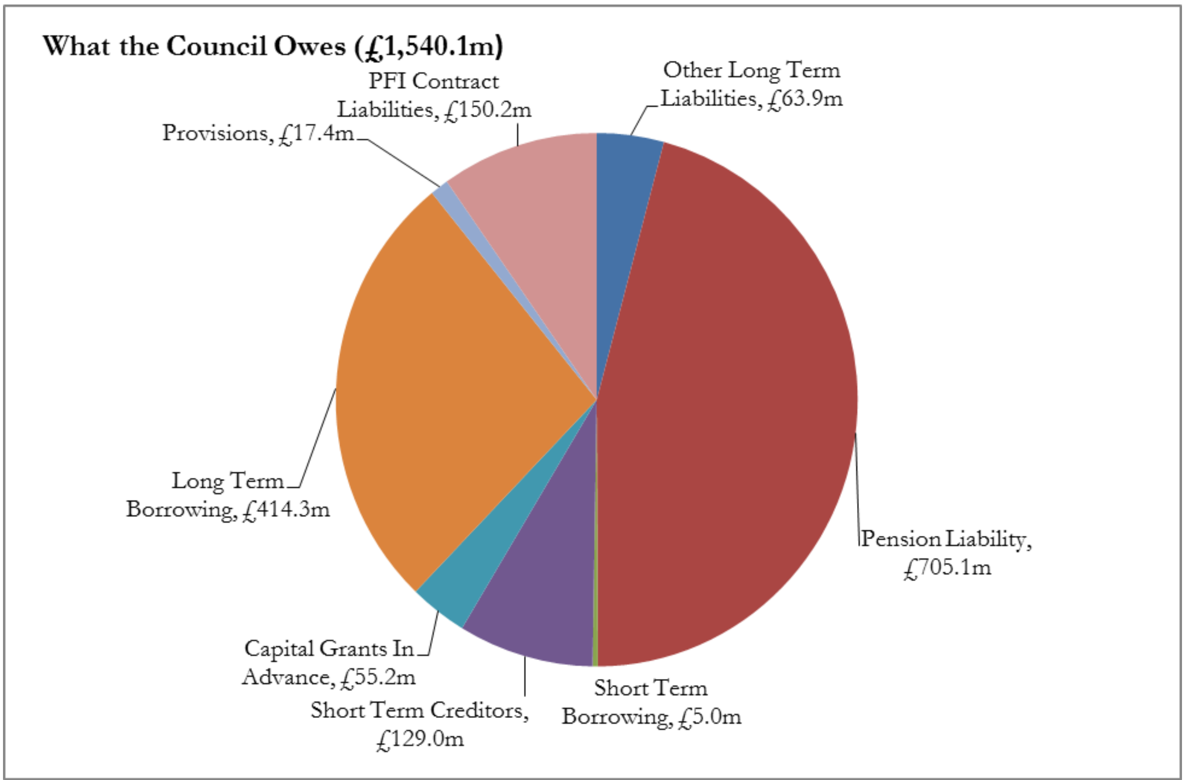
What the Council owns

The chart below summarises the assets held by the council which includes its Property, Plant and equipment (detailed in Note 12 of the accounts) together with debtors (money owed to the Council) and cash. In total this adds up to £2,278m and demonstrates the financial strength of the Council



What the Council Owes.

The chart below provides a summary of the amounts owed by the Council which are mainly in respect of long term loans and the long term liability to the pension fund together with creditors (money owed by the Council to its suppliers) and its PFI contract liabilities in respect of schools and a leisure centre.

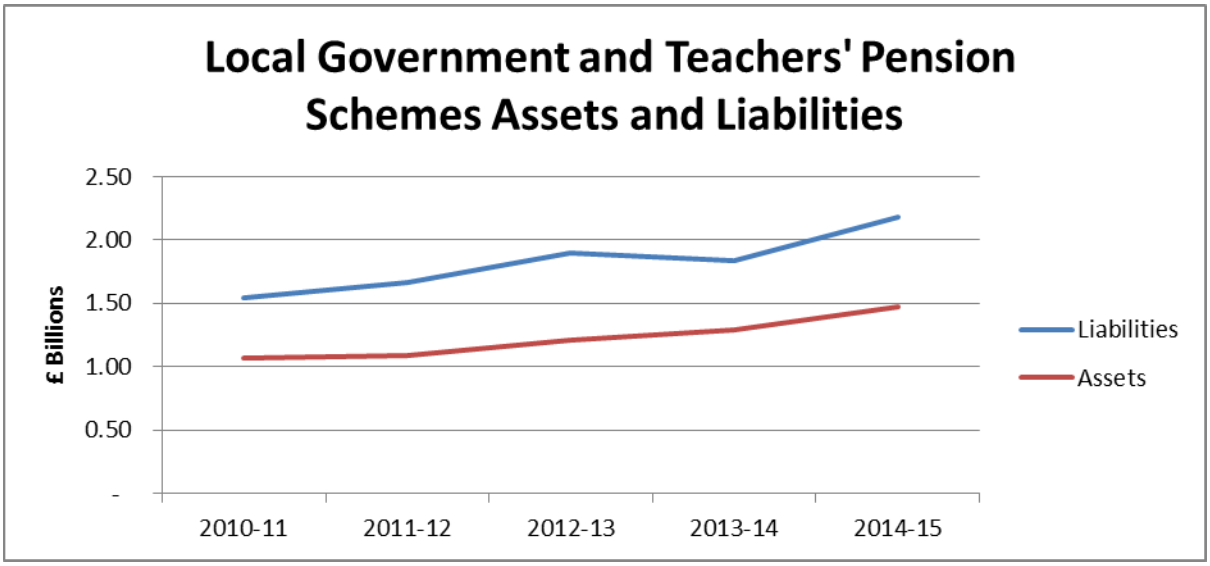


Pensions

The Pension Liability represents the best estimate of the current value of pension benefits that will ultimately have to be funded by the Council. The overall net liability for retirement benefits at 31 March 2015 is £705m an increase of £153m from the end of the previous year (£552m at 31 March 2014). The Pension Fund's actuary has calculated this estimated cost of providing retirement benefits by comparing the current market value of the Council's share of the pension fund assets with the current value of liabilities. This figure will vary each year depending on the actuary's assumptions on how the funds' investments have performed.

The table and graph below show the history of the pension fund deficit in the Local Government and Teachers' Pension Schemes:

	31/03/11 £'m	31/03/12 £'m	31/03/13 £'m	31/03/14 £'m	31/03/15 £'m
Liabilities	(1,543.4)	(1,665.7)	(1,897.0)	(1,840.9)	(2,180.1)
Assets	1,068.9	1,088.8	1,214.2	1,288.5	1,475.1
Surplus / (Deficit) in the scheme	**(474.5)**	**(576.9)**	**(682.8)**	**(552.4)**	**(705.0)**



Borrowing and lending

The Council's borrowing strategy is to delay its long term borrowing to support the Capital Programme and use its existing resources as this minimises financing costs and reduces exposure to counterparty risk. Therefore the Council has not undertaken any new borrowing during the year.

Cash payments for capital projects financed by borrowing which has been deferred, has resulted in a decrease in the short term lending position which ended the year at £170m. This has been partially offset by grants paid in advance reducing the decrease to £15m over the balance brought forward from the previous year

Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) is a separately maintained ring fenced account. The year-end position indicated an increase in reserves of £6.2m. Further details are disclosed from page 99.

Main Changes in accounting requirements 2014/15

There have been several significant changes in accounting requirements for 2014/15.

Accounting for Schools

In line with accounting standards and the Accounting Code of Practice 2014/15 on group accounts and consolidation, all maintained schools in the City are now considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. This means that the Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school governing body own the assets or right to use the assets have been transferred from another entity. Where the land and building assets used by the school are owned by an entity other than the Council, school or school governing body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of assets to the Council, school or school governing body.

City Region Deal

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31/3/2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth. Retained funds will be distributed or invested annually in accordance with the 2014 Regulations as:

- Tier 1: to ensure that no individual Authority is any worse off than it would have been under the national local government finance system,
- Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,
- Tier 3: for the relief of demographic and service pressures associated with growth.

(See note 30 for more details)

Looking Forward to 2015/16 and beyond

The Council is striving to deliver the outcomes for people place and prosperity that are necessary for it to enhance its reputation as the most liveable city in the UK. At the same time the prolonged period of austerity requires the Council to reduce its operating budget by a further £31m in 2015/16 and £45.4m in 2016/17.

The savings proposals contained within the MTFS include the Mayoral saving proposals consulted on and agreed in February 2014, ongoing efficiency programmes (primarily in People and Health and Social Care) and the major transformational change programme, the Single Change Programme.

It is likely that the period of austerity will continue until the end of the decade with some commentators indicating that the scale of the cuts to come will exceed those already experienced. Over the medium term the Council will face significant and increasing financial pressures. The outturn position at the end of 2014/15 enabled further resources to be carried forward. These are needed to deliver savings in future years, manage risk and to reinvest in services in future years.

The Council continues to invest millions of pounds each year in the local economy and has ambitious investment plans including a 12,000 capacity arena and the implementation of the Metrobus scheme.

On 7 August 2015 the Council and its approved waste contractor entered a Settlement Agreement for the early termination of the waste services contract for waste collection, street cleaning and winter maintenance. The contract was due to remain in force until 31 October 2018. Under the terms of the Agreement there would be no penalty for the early termination and all claims would be discharged.

Employees, vehicles and facilities have now moved across to the council-owned Bristol Waste Company (BWC).

The Council has also established a further company, Bristol Energy and Technology Services Limited. It is expected that the company will become operational during 2015. Bristol Energy will supply energy, champion sustainable energy projects and help people use energy more efficiently. Income generated will be reinvested in the City. As at 31 March 2015 the company had not started trading.

FURTHER INFORMATION

Further information about the City Council's accounts can be obtained from Corporate Finance Section, Business Change Directorate, Parkview Office Campus, Whitchurch Lane, Bristol BS14 0DD. Following completion of the audit, the full statement will also be available on the Council's website at http://www.bristol.gov.uk/page/council-and-democracy/bristol-city-council-audited-accounts

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

Statement of Responsibilities

The Authority's Responsibilities

The 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 Chief Finance Officer;

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

- approve the Statement of Accounts by the 30th September 2015.

The Chief Finance Officer's Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the local authority Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Finance Officer

I hereby certify that this Statement of Accounts, provides a true and fair view of the financial position, financial performance and cash flows of Bristol City Council for the period ending 31 March 2015.

Peter Gillett

Peter Gillett
Service Director Finance (Section 151 Officer)
25th September 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOL CITY COUNCIL

We have audited the financial statements of Bristol City Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Bristol City Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in Match 2010. Our audit work has been undertaken so that we might state to the members those matters we ate requited to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities: The Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that
they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Bristol City Council as at 31 March 2015 and of its expenditure and income for the year then ended; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We are required to report to you if:

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

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

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

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

1998. We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and

- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Bristol City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Bristol City Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Barrie Morris

Barrie Morris
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House, 55-61 Victoria Street, Bristol, BS1 6FT Date

25th September 2015

Movement in Reserves Statement for the year ended 31 March 2015

	Note	General Fund Balance	Restated Earmarked Reserves	Restated School Reserves	Housing Revenue Account	Housing Revenue Account Earmark Reserves	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Restated Unusable Reserves (Note 24)	Restated Total Council Reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 March 2013 Carried Forward		7,900	82,691	22,537	39,019	2,429	18,928	4,369	43,281	221,154	389,058	610,212
Movement in Reserves during 2013/14												
Surplus/(Deficit) on the provision of services		(5,679)	-	-	25,047	-		-		19,368	-	19,368
Other Comprehensive Expenditure and Income		-	-	-	-	-		-		-	153,662	153,662
Total Comprehensive Expenditure and Income		**(5,679)**	**-**	**-**	**25,047**	**-**		**-**		**19,368**	**153,662**	**173,030**
Adjustments between accounting basis and funding basis under regulations	Note 7	19,799	-	-	(16,887)	-	3,935	947	(42,050)	(34,256)	34,256	-
Net Increase/Decrease before Transfers to Earmarked Reserves		**14,120**	**-**	**-**	**8,160**	**-**	**3,935**	**947**	**(42,050)**	**(14,888)**	**187,918**	**173,030**
Transfers to/from Earmarked Reserves	Note 8	(2,020)	(16,170)	18,190	(1,857)	1,857	-	-	-	-	-	-
Increase/Decrease in 2013/14		**12,100**	**(16,170)**	**18,190**	**6,303**	**1,857**	**3,935**	**947**	**(42,050)**	**(14,888)**	**187,918**	**173,030**
Balance at 31 March 2014 Carried Forward		20,000	66,521	40,727	45,322	4,286	22,863	5,316	1,231	206,266	576,976	783,242
Movement in Reserves during 2014/15												
Surplus/(Deficit) on the provision of services		(7,879)	-	-	68,636	-	-	-	-	60,757	-	60,757
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	(106,532)	(106,532)
Total Comprehensive Expenditure and Income		**(7,879)**	**-**	**-**	**68,636**	**-**	**-**	**-**	**-**	**60,757**	**(106,532)**	**(45,775)**
Adjustments between accounting basis and funding basis under regulations	Note 7	38,442			(64,162)		5,101	1,734	1,779	(17,106)	17,106	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**30,563**	**-**	**-**	**4,474**	**-**	**5,101**	**1,734**	**1,779**	**43,651**	**(89,426)**	**(45,775)**
Transfers to/(from) Earmarked Reserves	Note 8	(30,563)	31,830	(1,267)	(10,194)	10,194				-	-	-
Increase/(Decrease) in 2014/15		**-**	**31,830**	**(1,267)**	**(5,720)**	**10,194**	**5,101**	**1,734**	**1,779**	**43,651**	**(89,426)**	**(45,775)**
Balance at 31 March 2015 Carried Forward		**20,000**	**98,351**	**39,460**	**39,602**	**14,480**	**27,964**	**7,050**	**3,010**	**249,917**	**487,550**	**737,467**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

2013/14 Gross Exp £'000	2013/14 Gross Income £'000	2013/14 Net Exp Restated £'000		2014/15 Gross Exp £'000	2014/15 Gross Income £'000	2014/15 Net Exp £'000
28,981	11,575	17,406	Central services to the public	22,496	10,766	11,730
52,421	16,265	36,156	Cultural and related services	62,257	14,366	47,891
49,547	14,290	35,257	Environmental and regulatory services	42,326	16,490	25,836
15,303	5,938	9,365	Planning services	19,248	10,893	8,355
395,469	305,619	89,850	Children's and educational services	322,500	250,578	71,922
61,207	30,086	31,121	Highways and transport services	62,719	33,079	29,640
82,820	116,229	(33,409)	Local authority housing (HRA)	49,994	120,968	(70,974)
228,899	201,098	27,801	Other Housing Services	219,100	198,516	20,584
179,634	38,681	140,953	Adult social care	182,027	42,734	139,293
28,431	26,389	2,042	Public Health	30,452	32,371	(1,919)
26,880	5,910	20,970	Corporate and democratic core	21,291	6,958	14,333
1,801	101	1,700	Non distributed costs	1,191	10	1,181
1,151,393	**772,181**	**379,212**	**Cost of services**	**1,035,601**	**737,729**	**297,872**
		(1,482)	Other operating expenditure (Note 9)			41,592
		46,488	Financing and investment income and expenditure (Note 10)			39,479
		(443,586)	Taxation and non-specific grant income (Note 11)			(439,700)
		(19,368)	**(Surplus) on provision of services**			**(60,757)**
		1,658	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(59,629)
		(155,320)	Remeasurement of the net defined benefit liability/asset			166,161
		(153,662)	Other comprehensive income and expenditure			106,532
		(173,030)	**Total comprehensive income and expenditure**			**45,775**

2013/14 has been restated to reflect changes to the accounting treatment of schools.

Balance Sheet as at 31 March 2015

31 March 2014 Restated £'000		Note	31 March 2015 £'000
719,876	Property, plant and equipment	12	776,266
819,641	Council dwellings	12	866,041
98,705	Heritage assets	13	98,705
4,899	Intangible assets	15	5,531
195,478	Investment properties	14	199,067
2,502	Long-term investments	16	2,502
62,706	Long-term debtors	18	59,225
1,903,807	**Long-term assets**		**2,007,337**
117,716	Short-term investments	16	100,614
1,640	Inventories	17	1,175
70,583	Short-term debtors	18	98,262
67,758	Cash and Cash Equivalents	19	69,806
547	Assets held for sale	20	366
258,244	**Current assets**		**270,223**
(4,962)	Short-term borrowing	21	(4,966)
(138,138)	Short-term creditors	22	(128,980)
(19,136)	Provisions	23	(5,884)
(8,104)	Capital grants received in advance	35	(38,091)
(170,340)	**Current liabilities**		**(177,921)**
(414,292)	Long-term borrowing	21	(414,292)
(9,755)	Provisions	23	(11,488)
(775,188)	Other long-term liabilities	22	(919,235)
(9,234)	Capital grants received in advance	35	(17,157)
(1,208,469)	**Long-term liabilities**		**(1,362,172)**
783,242	**Net assets**		**737,467**
206,266	Usable reserves	8	249,917
576,976	Unusable reserves	24	487,550
783,242	**Total reserves**		**737,467**

2013/14 £'000		Note	2014/15 £'000
19,368	Net surplus on the provision of services		60,757
102,034	Adjustment to net surplus on the provision of services for non-cash movements	25	71,595
(61,904)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(78,441)
59,498	Net cash flows from Operating Activities		53,911
(22,225)	Investing Activities	26	(50,160)
(89)	Financing Activities	27	(1,703)
37,184	Net increase in Cash and Cash Equivalents		2,048
30,574	Cash and Cash Equivalents at the beginning of the reporting period		67,758
67,758	**Cash and Cash Equivalents at the end of the reporting period**	19	**69,806**

1 Accounting Policies

i General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice (SERCOP) 2014/15, supported by International Financial Reporting Standards (IFRS).

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

The Accounting Policies outlined are the specific principles, bases, conventions, rules and practices applied in preparing and presenting these financial statements.

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

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

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

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

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

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

iii Cash and Cash Equivalents

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

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

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

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

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

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

v Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant & equipment during the year:

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

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

vi Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme (called the Avon Pension Fund), administered by Bath and North East Somerset Council.
- The National Health Service Scheme, for Public Health employees, administered by the NHS Business Service Authority.

The schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' and Public Health schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they are defined contribution schemes and no liability for future payments of benefits are recognised in the Balance Sheet.

The Children's and Education Services line and the Public Health line in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to Teachers' and NHS Pension schemes in the year.

The Local Government Pension Scheme

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

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

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

- The assets of Avon Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

- Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- net interest on the net defined benefit liability/asset, ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period – taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.

- Re-measurements comprising:

- return on plan assets – excluding amounts included in net interest on the net defined benefit liability/ asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

Discretionary benefits

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

vii Events After the Balance Sheet Date

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

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

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

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

viii Financial Instruments

Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

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

ix Foreign Currency Translation

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

x Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:
- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

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

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

xi Heritage Assets

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

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

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

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

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

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

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

xii Intangible Assets

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

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

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

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

Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii Interests in Companies and Other Entities

If the Council has a material interest in either a subsidiary, associate or joint venture (e.g. jointly controlled entities) it is required to prepare Group Accounts in addition to single entity financial statements. In 2014/15, the Council had no material interests in such bodies (see Note 44).

xiv Inventories and Long Term Contracts

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

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

xv Investment Property

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

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

- the top 250 commercial properties are valued every two years.
- the remaining properties are valued at least once every five years.
- current "in year" valuations are also used to adjust any non-valued properties (where appropriate) in order to ensure that properties are held at fair value.

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

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

xvi Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

xvii Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.

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

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

xviii Property, Plant and Equipment

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

Recognition

Assets costing individually or collectively less than £20,000 are classed as de-minimis and are not capitalised. The expenditure is charged direct to the appropriate revenue service line. Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Capital schemes above £200k are reviewed by our internal valuer's and those that are deemed to add Capital value, the "in year" expenditure is recorded against the asset as an addition. The remaining expenditure that enhances the life of the asset but not necessarily add to the Capital value is charged to the appropriate service line, with future valuations capturing this spend.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- infrastructure and community assets – depreciated historical cost.
- assets under construction – historical cost.
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain(s).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

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

Deprecation is calculated on the following bases:

- dwellings (excluding HRA) and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.
- infrastructure, excluding quay walls and lock gates in city docks – straight-line allocation over 25 years.
- infrastructure, quay walls and lock gates in city docks are not depreciated as their economic life is beyond 100 years.

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

During 2013/14, the authority reviewed surface car parking assets and determined where these assets had previously carried a 999 year asset life as land have been revised to apply an asset life of 75 years.

The capital expenditure on Property, Plant and Equipment for –

- mercury abatement at South Bristol and Canford Crematoria has been componentised and is linked to the building assets with an asset life of 20 years.
- lifts at The City Museum and Art Gallery have been componentised and are linked to the building asset with an asset life of 20 years.

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

HRA dwellings

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

xix Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- **finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- **lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xx Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

xxi Reserves

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

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

xxii Revenue Expenditure Funded from Capital under Statute

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

xxiii VAT

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

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

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The Council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

xxv Accounting for Schools

Consolidation

In line with accounting standards and the ACOP on group accounts and consolidation, all maintained schools in the City are now considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts.

Balance Sheet Recognition

The Council recognises the land and buildings used by schools in line with the provisions of the Code. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school governing body own the assets or right to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school governing body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of assets to the Council, school or school governing body.

xxvi City Region Deal

The council has applied the principles of IPSAS23 'Revenue from non-Exchange transactions' (taxes and transfers) in accounting for the transactions and balances relating to the City Region Deal.

Growth paid to the accountable body (South Gloucestershire Council) for the Business Rates Pool (BRP) is recognised by the council as a debtor until such point that the funds are paid out by the BRP or committed by the Economic Development Fund (EDF) to fund future EDF payments in respect of approved programmes.

- Income - Income receivable by the council from the BRP is recognised as revenue in the year in which it occurs. The council recognises revenue and a debtor balance to the extent that future EDF disbursements are to be received, have been committed to by the EDF, and sufficient uncommitted cash remains in the BRP to fund future payments.

- Expenditure – Expenditure is recognised by the council on the earlier of payments being made by the BRP or where future EDF payments are committed to. Expenditure is recognised in proportion to the degree that the council has contributed to the BRP through its growth figure, and is capped at the limit of the council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid or committed by the BRP.

xxvii - Local Taxation

Bristol City Council is a council tax billing authority, collecting council tax on behalf of Avon and Somerset Police and Crime Commissioner and Avon Fire Authority as well as itself. The collection of Council Tax on behalf of other authorities is treated as being on an agency basis, and thus only the elements of council tax collection that relate to the authority's own income are included in its main financial statements.

Bristol City Council is a Non Domestic Rates billing authority, collecting Non Domestic Rates on behalf of itself, the government and the Avon Fire Authority. The collection of Non Domestic Rates on behalf of these other bodies is treated as being on an agency basis, and thus only the elements of Non Domestic collection that relate to the authority's own income are included in its main financial statements.

The Collection Fund account covers all local taxation collected by the authority on behalf of itself, other authorities and the government.

2 Accounting Standards that have been Issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code.

- IFRS 13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. The adoption of this standard will require surplus assets to be revalued to market value rather than value in existing use as at present. Overall this standard is not expected to have a material impact on the Statement of Accounts.

- IFRIC 21 Levies. This standard provides guidance on levies imposed by government and will not have a material impact on the Statement of Accounts.

- Annual Improvements to IFRSs (2011 – 2013 cycle). These improvements are minor and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

3 Critical Judgements in Applying Accounting Policies

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

- The Council has completed a school by school assessment across the different types of school it controls within the City. Judgements have been made to determine the arrangements in place and the accounting treatment of the non-current assets. The types of schools that have been assessed are shown in the table below:

Type of School	No of Primary Schools	No of Secondary Schools	No of Special Schools	Total
Community	42	-	8	50
Voluntary Controlled (VC)	8	-	-	8
Voluntary Aided (VA)	9	2	-	11
Foundation Trust	6	1	1	8
Maintained Schools	**65**	**3**	**9**	**77**
Academies	40	19	-	59
Total	**105**	**22**	**9**	**136**

All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

Legal ownership of VC and VA school land and buildings usually rests with a charity, normally by a religious body. Legal ownership of 10 VA schools rests with Clifton Diocese. Legal ownership of the remaining VA and VC schools rests with Bristol Diocese. We understand that the Diocese have granted a licence to the schools to use the land and buildings. Under this licence arrangement, the rights of use have not transferred to the schools and thus are not included on the Council's Balance Sheet.

There are three Foundation Trusts in Bristol - the South East Bristol Educational Trust, the South West Bristol Co-operative Learning Trust and Trust in Learning – who own 12 schools in the City. With regard to the South West Bristol Co-operative Learning Trust, the school governing body's can exercise control over the school premise's and must consent to any development, improvement, letting or disposal of the School's property. Accordingly the land and buildings are included in Council's Balance sheet. For the remaining Foundation Trust schools, no such control exists and so these assets are not included on the Council's Balance Sheet.

The amount restated as at 31 March 2014 in each line of the accounting statements is shown below:

	Movement in Reserves Statement £'000	**Comprehensive Income and Expenditure Statement £'000**	**Balance Sheet £'000**
Deficit on the revaluation of Property, Plant and Equipment		1,391	
Property, Plant and Equipment			(387)
Usable Reserves	387		387

Academies are not considered to be maintained schools in the Councils control. The land and building assets are either, not owned by the Council, or let on a long term lease (125 years) by the Council and therefore not included on the Council's Balance Sheet.

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

- In May 2014, the Council made a payment of £42m to the Avon Pension Fund in respect of the 2014/15, 2015/16 and 2016/17 pension deficit. This figure was provided by the Pension fund and included a saving to the Council for making the payment early. The payment to the pension fund has been accounted for as a balance sheet entry that reduces the net defined benefit liability (as reflected in the actuaries report). In accordance with regulatory requirements, the revenue account has been charged with the amount payable for the year, as a movement in reserves in the Movement in Reserves Statement (MiRS). These accounting entries mean that the pension reserve does not equal the pension liability at the year end. This is a natural consequence of three year's payment being made but only one year being charged to the revenue account.

- The costs of the Schools PFI Contracts exceed the income received from the Government Grant and School Contributions, leaving the Council with a liability under the PFI Contracts. All PFI Schools have now transferred to Academy status and these assets have been removed from the Council's balance sheet. Following a review of the costs and benefits, the Council consider the contract not to be onerous as the benefits significantly outweigh the costs.

- The Council participates in three pension schemes; The Local Government Pension Scheme, the Teachers' Pension Scheme and the NHS Pension Scheme – see Note 42. The schemes provide defined benefits to members. The arrangements for the Teachers' and NHS schemes, however, do not allow the liabilities to be easily identified for the Council and therefore these schemes are accounted for as defined contribution schemes, with no liability for future payment of benefits recognised in the Balance Sheet. The liability included in the Council's Balance Sheet and the adjustments made to the Comprehensive Income and Expenditure Account are based on calculations made by the Pension Fund actuary. The Balance Sheet also includes a liability in respect of the unfunded benefits paid to former teaching staff, arising from early retirement decisions made in previous years. The Council has reviewed the key assumptions used to undertake these calculations and considers them appropriate for inclusion into the financial statements.

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

- The Council has to prepare Group Accounts where the Authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. The Council has reviewed each relationship that exists and determined that there are no material group relationships that require the production of group accounts for 2014/15.

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

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

The items in the Council's Balance Sheet at 31 March 2015 for which there is a risk of adjustment in the forthcoming financial year are as follows:

- Business Rates – since the introduction of the Business Rates Retention Scheme, effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2014/15 and earlier years in their proportionate share. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2015. The estimate has been calculated using the Valuation Office ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2015. The Council's share of the balance of business rate appeals provisions held at this date amounted to £8.6m this has increased by £1.7m from the previous year.

- Debtors - at 31st March 2015 the Council had a balance of debtors of £157.0m. A review of significant balances suggested that an impairment of doubtful debts of £42.3m was appropriate. However, in the current climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

- Pensions - The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. During 2014/15 the Council's actuaries advised that the net pension liability had increased by £152.6m. This is made up of:
  - £160.9m actuarial loss
  - £8.3m gain from employer contributions exceeding the pension obligations

  The effect of changes in the individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £186.5m, a one year increase in member life expectancy would result in a £202.5m increase in the pension liability. A 0.5% increase in the assumed salary increase rate would result in a £40.5m increase in the pension liability and an increase of 0.5% in the assumed pension rate would increase the pension liability by £190.1m.

- Property, Plant and Equipment - Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances.

  If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. However, the Authority has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.

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

5 Material Items of Income and Expense

For the purposes of this note the Council considers material items to be those greater than £10m.

There are no material items of income and expenditure that are not disclosed elsewhere within the Statement of Accounts.

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 25 September 2015. Events taking place after this date are not reflected in the financial statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and Notes have been audited in all material respects to reflect the impact of this information.

7 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2014/15	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(65,178)	22,307				(42,871)
Movement in the market value of Investment Properties	1,888	(321)				1,567
Amortisation of Intangible Assets	(1,233)	0				(1,233)
Capital grants and distributions	54,975					54,975
Revenue and expenditure funded from capital under statute	(2,770)					(2,770)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(52,505)	(7,763)				(60,268)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	16,325					16,325
Capital expenditure charged against the General Fund and HRA balances	6,101	144				6,245
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,392	19,295	(21,687)			0
Use of the Capital Receipts Reserve to finance new capital expenditure			14,708			14,708
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,878)		1,878			0
Adjustment Involving the Major Repairs Reserve (MRR):						
Excess depreciation transferred to the MRR		5,294		(5,294)		0
HRA depreciation credited to MRR		26,333		(26,333)		0
Use of the MRR to finance new capital expenditure				29,893		29,893
Adjustments involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Unapplied Capital Grants	1,779				(1,779)	0
Application of grants and contributions to capital financing						-
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177	872				1,049
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(55,623)	(8,262)				(63,885)
Employer's pensions contributions and direct payments to pensioners payable in the year	42,170	6,263				48,433
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	5,980					5,980
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	8,958					8,958
Other Reserve Movements						
Total Adjustment	**(38,442)**	**64,162**	**(5,101)**	**(1,734)**	**(1,779)**	**17,106**

2013/14	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(68,469)	(16,616)	-	-	-	(85,085)
Movement in the market value of Investment Properties	(1,798)	(17)	-	-	-	(1,815)
Amortisation of Intangible Assets	(1,054)	(9)	-	-	-	(1,063)
Capital grants and distributions	55,714	-	-	-	-	55,714
Revenue and expenditure funded from capital under statute	(1,781)	-	-	-	-	(1,781)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,268)	(5,910)	-	-	-	(8,178)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	17,317	-	-	-	-	17,317
Capital expenditure charged against the General Fund and HRA balances	10,361	1,070	-	-	-	11,431
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,582	10,903	(12,485)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	6,840	-	-	6,840
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,710)	-	1,710	-	-	-
Adjustment Involving the Major Repairs Reserve (MRR):						
Excess depreciation transferred to the MRR	-	4,929	-	(4,929)	-	-
HRA depreciation credited to MRR	-	24,716	-	(24,716)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	28,698	-	28,698
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to CIE	-	-	-	-	(1,231)	(1,231)
Application of grants and contributions to capital financing					43,281	43,281
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177	1,119				1,296
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(63,657)	(6,817)				(70,474)
Employer's pensions contributions and direct payments to pensioners payable in the year	41,992	3,519				45,511
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(3,862)					(3,862)
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,343)					(2,343)
Other Reserve Movements						
Total Adjustment	**(19,799)**	**16,887**	**(3,935)**	**(947)**	**42,050**	**34,256**

8 Usable Reserves

Reserves represent the authority's net worth and show its spending power. Usable reserves result from the authority's activities and can be spent in the future. This note sets out the amounts set aside and posted back to Usable Reserves in 2014/15, they include:

- General Fund Strategic Reserve – to cushion the impact of unexpected events or emergencies
- Earmarked Reserves – to provide financing to meet known or predicted future General Fund expenditure plans
- School Balances/DSG – amounts required by statute to be set aside for future expenditure in schools
- Housing Revenue Account Reserves – amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans

	1 April 2013	Transfers Out	Transfers in	1 April 2014 Restated	Transfers out 2014	Transfers in 2014	31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total General Fund Strategic Reserve	(7,900)	1,900	(14,000)	(20,000)	0	0	(20,000)
General Fund Earmarked Reserves							
Capital Investment Reserve	(29,341)	10,587	(2,153)	(20,907)	402	(3,769)	(24,274)
Business Transformation Reserve	(11,454)	14,986	(21,023)	(17,491)	986	(10,350)	(26,855)
Risk Management Reserve	(5,171)	0	(2,517)	(7,688)	0	(2,969)	(10,657)
Statutory/Ring-fenced Reserve	(1,740)	0	(57)	(1,797)	0	(5,539)	(7,336)
Financing Reserve	(6,706)	101	(2,026)	(8,631)	2,999	(1,043)	(6,675)
Service Specific Reserves	(28,279)	24,665	(6,393)	(10,007)	1,970	(14,517)	(22,554)
Total	(82,691)	50,339	(34,169)	(66,521)	6,357	(38,187)	(98,351)
School Reserves							
Schools – DSG	(10,418)	10,418	(23,615)	(23,615)	23,615	(20,561)	(20,561)
Schools - Balances	(9,784)	0	(2,556)	(12,340)	12,340	(14,127)	(14,127)
Schools - Other	(2,335)	13	(2,450)	(4,772)	0	0	(4,772)
Total Schools	(22,537)	10,431	(28,621)	(40,727)	35,955	(34,688)	(39,460)
HRA							
HRA General Reserve	(39,019)	0	(6,303)	(45,322)	5,720	0	(39,602)
Major Repairs Reserve	(4,369)	28,698	(29,645)	(5,316)	29,893	(31,627)	(7,050)
HRA Earmarked Reserves	(2,429)	86	(1,943)	(4,286)	445	(10,639)	(14,480)
Total HRA Reserves	(45,817)	28,784	(37,891)	(54,924)	36,058	(42,266)	(61,132)
Capital Reserves							
Capital Receipts	(18,927)	8,550	(12,486)	(22,863)	16,856	(21,957)	(27,964)
Capital Grants Unapplied	(43,281)	43,281	(1,231)	(1,231)	2,861	(4,640)	(3,010)
Total Usable Capital Reserves	(62,208)	51,831	(13,717)	(24,094)	19,717	(26,597)	(30,974)
TOTAL USABLE RESERVES	(221,153)	143,285	(128,398)	(206,266)	98,087	(141,738)	(249,917)

Details of the earmarked reserves are set out below:

RESERVE	PURPOSE
Capital Investment Reserve	The capital reserve is maintained to provide funding for the Council's capital programme. The Balance at 31 March includes the Council's share of business rate growth in Enterprise areas.
Business Transformation Reserves	Invest to save funds set aside to deliver the Council's major Transformational Change Programme to improve services, improve productivity and to reduce costs. The reserve will be used to fund one-off costs and the required investment.
Risk Reserves	Funds set aside to mitigate risks not otherwise provided for including, volatility in business rate income (in particular appeals), uninsured risks and potential litigation/claims.
Statutory/Ring-fenced reserves	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, e.g. Public Health Reserve, Business Rate growth in Enterprise Areas (pooled amount).
Technical/Financing Reserve	Includes PFI sinking fund, grant income (without conditions) carried forward in accordance with accounting regulations and resources set aside to match liabilities elsewhere on the Balance Sheet.
Service specific reserves	Amounts set aside to finance specific projects or to meet known expenditure plans, including: - Development Fund (£1.7m) to provide match funding to progress existing and proposed regeneration schemes - Housing Support (£1.0m) to provide support for homelessness issues - Bristol Green Capital (£0.7m) support for the programme of events to attract visitors and investment to Bristol.

9 Other Operating Expenditure

	2014/15 £'000	2013/14 £'000
Precepts and levies	1,136	1,115
Payments to the Government housing capital receipts pool	1,878	1,710
Losses/(gains) on the disposal of non-current assets	38,578	(4,307)
Total	**41,592**	**(1,482)**

10 Financing and Investment Income and Expenditure

	2014/15 £'000	2013/14 £'000
Interest payable and similar charges	38,803	37,125
Pensions net interest cost	21,623	27,311
Interest receivable and similar income	(9,803)	(9,466)
Income and expenditure in relation to Investment Properties	(9,577)	(10,280)
Changes in fair value of Investment Properties	(1,567)	1,798
Total	**39,479**	**46,488**

11 Taxation and Non-Specific Grant Income

	2014/15 £'000	2013/14 £'000
Council tax income	(165,566)	(153,752)
Non-domestic rates	(93,280)	(89,051)
Revenue support grant	(110,472)	(134,643)
Non-service related government grants	(13,628)	(10,426)
Capital grants and contributions	(56,754)	(55,714)
Total	**(439,700)**	**(443,586)**

12 Property, Plant and Equipment Movements in 2014/15

The valuations, excluding vehicles, plant, equipment, infrastructure assets and community assets are carried out by Robert Orrett, MRICS, Service Director for Strategic Property. The basis for the valuation of all assets is set out in the statement of accounting policies.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2014	**844,355**	**581,781**	**32,783**	**129,629**	**5,867**	**19,325**	**20,773**	**790,158**	**51,261**
Additions	30,288	58,109	10,001	18,825	2,167	21,862	2,212	113,176	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	35,763	0	0	0	0	614	36,377	(2,313)
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	25,439	(41,331)	0	0	0	(3,800)	26	(45,105)	(26,385)
De-recognition - Disposals	(7,355)	(51,454)	0	0	(3)	0	(1,103)	(52,560)	0
Assets reclassified to/from Held for Sale	(355)	(39)	0	0	0	0	0	(39)	0
Assets reclassified to/from Investment Property	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	2	9,060	7,415	0	0	(15,430)	1,278	2,323	0
At 31 March 2015	**892,374**	**591,889**	**50,199**	**148,454**	**8,031**	**21,957**	**23,800**	**844,330**	**22,563**
Accumulated Depreciation and Impairment									
At 1 April 2014	**(24,716)**	**(39,715)**	**(13,856)**	**(13,711)**	**0**	**(1,913)**	**(1,085)**	**(70,280)**	**(2,854)**
Depreciation Charge	(26,333)	(13,907)	(3,311)	(3,583)	(18)	(155)	(336)	(21,310)	(851)
Depreciation written out to Revaluation Reserve	24,527	23,237	0	0	0	0	18	23,255	2,313
Impairment losses/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service	0	0	0	0	0	0	0	0	0
De-recognition - disposals	186	119	0	0	0	0	152	271	0
De-recognition - other	0	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	3	317	(50)	0	0	(131)	(136)	0	0
At 31 March 2015	**(26,333)**	**(29,949)**	**(17,217)**	**(17,294)**	**(18)**	**(2,199)**	**(1,387)**	**(68,064)**	**(1,392)**
Balance Sheet at 31 March 2015	**866,041**	**561,940**	**32,982**	**131,160**	**8,013**	**19,758**	**22,413**	**776,266**	**21,171**
Balance Sheet at 1 April 2014	**819,639**	**542,066**	**18,927**	**115,918**	**5,867**	**17,412**	**19,688**	**719,878**	**48,407**

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2013	**835,839**	**535,820**	**28,468**	**112,448**	**4,529**	**16,326**	**18,919**	**714,510**	**51,261**
Additions	30,735	63,037	4,315	17,181	1,472	21,948	1,837	**109,790**	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(40,570)	8,651	-		(2)	-	129	**8,778**	-
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	24,250	(42,676)	-	-	(132)	-	-	**(42,808)**	-
De-recognition - Disposals	(5,770)	-	-	-	-	-	(112)	**(112)**	-
Assets reclassified to/from Held for Sale	(129)	-	-	-	-	-	-	**-**	-
Assets reclassified to/from Investment Property	-	-	-	-	-	-	-	**-**	-
Other movements in cost or valuation		18,949	-	-	-	(18,949)	-	-	-
At 31 March 2014	**844,355**	**581,781**	**32,783**	**129,629**	**5,867**	**19,325**	**20,773**	**790,158**	**51,261**
Accumulated Depreciation and Impairment									
At 1 April 2013	**(24,864)**	**(40,792)**	**(10,476)**	**(10,697)**	**-**	**(1,870)**	**(791)**	**(64,626)**	**(1,924)**
Depreciation Charge	(24,716)	(14,034)	(3,341)	(3,014)		(80)	(301)	**(20,770)**	(930)
Depreciation written out to Revaluation Reserve	24,720	15,191	-	-	-	-	-	**15,191**	-
Impairment losses/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	**-**	-
Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service	-	(43)	(39)	-	-	-	-	**(82)**	-
De-recognition - disposals	144	-	-	-	-	-	7	**7**	-
De-recognition - other	-	-	-	-	-	-	-	**-**	-
Other movements in Depreciation and Impairment	-	(37)	-	-	-	37	-	**-**	-
At 31 March 2014	**(24,716)**	**(39,715)**	**(13,856)**	**(13,711)**	**_**	**(1,913)**	**(1,085)**	**(70,280)**	**(2,854)**
Balance Sheet at 31 March 2014	**819,639**	**542,066**	**18,927**	**115,918**	**5,867**	**17,412**	**19,688**	**719,878**	**48,407**
Balance Sheet at 1 April 2013	**810,975**	**493,028**	**17,992**	**101,751**	**4,529**	**14,456**	**18,128**	**649,884**	**49,337**

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

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

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

Capital Commitments

At 31 March 2015 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £69.4m, of which £26m relates to the transport metrobus scheme contract, (£27.1m at 31 March 2014).

Significant contractual commitments outstanding at 31 March 2015 were as follows:

		£m
Ashton Vale To Temple Meads - contract 4	Balfour Beatty	24.9
Priority Stock - New kitchens with Lovell Construction Ltd	Lovells	5.8
Priority Stock - Install replacement central heating Systems	Glevums	5.3
Priority Stock - Cladding of M/storey blocks	Mears	5.2
Priority Stock - Supply of materials to deliver response repairs programme	Jewsons / Edmunsons/Grahams	4.0
Redfield Educate Together New Primary School @ Avonvale Road	Bristol LEP Ltd	3.3
Priority Stock - Cladding of M/storey blocks	Herbert T Forest	2.8
New Housing Provision	Oakland Construction Ltd	2.6
Southville Primary expansion @ Hayleigh EPH	Bristol LEP Ltd	2.4
Priority Stock - Electrical rewires with Lovell Construction Ltd	Lovells	1.8
Colston's Primary expansion	Bristol LEP Ltd	1.6
Priority Stock - Council House New Builds	Art Contracts Ltd	1.5
Ashton Gate Primary expansion @ Imperial	Bristol LEP Ltd	1.5
Bridge Farm Primary Expansion	Bristol LEP Ltd	1.3
Priority Stock - Replacement / Installation lifts in Multi Storey Blocks	Otis	1.0
Total		**65.0**

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, Plant and Equipment are valued at historic cost, which is considered to be a suitable proxy for fair value.
The following table shows the effective valuation dates for all Property Plant and Equipment:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, etc	Infrastructure	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	**0**	**53,070**	**50,199**	**148,454**	**7,609**	**3,650**	**2,190**	**265,172**
31 March 2015	889,714	184,809				9,117	2,734	**196,660**
31 March 2014		66,285					321	**66,606**
31 March 2013		18,400			170	3,513		**22,083**
31 March 2012	85	155,050			30			**155,080**
31 March 2011	2,575	110,790			222	5,677	18,555	**135,244**
Total cost valuation	**892,374**	**588,404**	**50,199**	**148,454**	**8,031**	**21,957**	**23,800**	**840,845**

In addition the Council has instructed its valuers to undertake a review of all assets held in the Other Land and Buildings category to ensure that the carrying value of assets last valued in previous years is not materially different from their fair value. In order to perform this exercise the Other Land and Building category was split into sub categories, e.g. schools, car parks, leisure and culture etc. The review concluded that the fair value was not materially different from the carrying value at the Balance Sheet date.

School Assets

Details of schools assets included in the Council's Balance Sheet and in the table of movements (as Other Land and Buildings) in Note 12 are as follows:

Type	**Number**	**Net Book Value**
		£m
Community	50	143
Foundation Trust	3	8
St Ursula's E-ACT Academy (Premises let on a 7 year lease)	1	2
Total	**54**	**153**

A further 23 schools are not included in the Council's Balance Sheet, these are largely voluntary aided, academy or trust schools, with the Council retaining responsibility for the repair and maintenance of the schools granted trust status.

In 2014/15 schools transferring to Academy Status represented £51m of assets being de-recognised as disposals.

13 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council.

	Art Collection	Ethnography & Foreign Archaeology	Antiquarian Books	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
1 April 2014	60,367	29,796	7,050	1,492	98,705
Additions	-	-	-	-	-
Revaluations	0	0	0	0	0
31 March 2015	**60,367**	**29,796**	**7,050**	**1,492**	**98,705**
Cost or valuation					
1 April 2013	85,609	35,289	7,050	1,492	129,440
Additions	-	-	-	-	-
Revaluations	(25,242)	(5,493)	-	-	(30,735)
31 March 2014	**60,367**	**29,796**	**7,050**	**1,492**	**98,705**

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

Additions of Heritage Assets

	2010/11	2011/12	2012/13	2013/14	2014/15
	£,000	£'000	£'000	£'000	£'000
Revaluations	8,503	8,914	-	(30,735)	-
Additions	-	241	113	-	-
Carrying value	120,172	129,.327	129,440	98,705	98,705

Heritage Assets: Further Information on the Museum's collections

Loans

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

Preservation

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

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

14 Investment Properties

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

	2014/15	2013/14
	£'000	£'000
Rental income from Investment Property	12,405	11,945
Direct operating expenses arising from Investment Property	(2,828)	(1,665)
Net gain	**9,577**	**10,280**

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

The following table summarises the movement in the fair value of Investment Properties over the year:

	2014/15	2013/14
	£'000	£'000
Balance at start of the year	195,478	195,899
Additions – purchases	4,676	1,467
Disposals	(329)	(73)
Net gains/losses from fair value adjustments	1,567	(1,815)
Transfers to/from Property, Plant and Equipment	(2,325)	-
Balance at end of the year	**199,067**	**195,478**

15 Intangible Assets

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

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £1.233m charged to revenue in 2014/15 was charged to the central ICT cost centre. No charge to the Housing Revenue Account as there was no direct assets acquired during the year. The charge to central ICT was absorbed as an overhead across all the service headings in the Net Cost of Service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2014/15 £'000	2013/14 £'000
Balance at start of the year		
Gross carrying amounts	7,847	6,884
Accumulated amortisation	(2,948)	(1,885)
Net carrying amount at start of year	4,899	4,999
Additions:		
Purchases	1,870	963
Amortisation for the period	(1,238)	(1,063)
Net carrying amount at the end of year	**5,531**	**4,899**
Comprising:		
Gross carrying amounts	9,717	7,847
Accumulated amortisation	(4,186)	(2,948)
Balance at end of the year	**5,531**	**4,899**

16 Financial Instruments

Categories of Financial Instruments

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

	Long-Term		Current	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
Investments				
Loans and receivables	-	-	100,614	117,716
Loans and receivables - Port Investment (at cost)	2,502	2,502	-	-
Total investments	**2,502**	**2,502**	**100,614**	**117,716**
Debtors				
Debtors as per Balance Sheet	59,225	62,706	98,262	70,583
Adjustments for statutory debtors (not qualifying as loans and receivables)	-	-	(31,986)	(17,361)
Total debtors qualifying as loans and receivables	**59,225**	**62,706**	**66,276**	**53,222**
Cash and Cash Equivalents	**-**	**-**	**69,805**	**67,758**
Total Financial Assets	**61,727**	**65,208**	**236,695**	**238,696**
Borrowings				
Financial liabilities at amortised cost	414,292	414,292	4,966	4,962
Total borrowings	**414,292**	**414,292**	**4,966**	**4,962**
Other long-term liabilities				
PFI and finance lease liabilities	155,332	161,563	6,339	6,049
Deferred liability	58,647	60,942	-	-
Total other long-term liabilities	**213,979**	**222,505**	**6,339**	**6,049**
Creditors				
Creditors as per Balance Sheet qualifying as financial liabilities at amortised cost	-	-	128,980	138,138
Adjustments for statutory creditors (not qualifying as loans and receivables)	-	-	(12,002)	(14,335)
Adjustment to include finance lease and PFI liabilities included within creditors	-	-	(6,339)	(6,049)
Adjusted creditors qualifying as financial liabilities at amortised cost	**-**	**-**	**110,639**	**117,754**
Total Financial Liabilities	**628,271**	**636,797**	**121,944**	**128,765**

Movements

- Short-term investments – Year-on-year short-term investments decreased by 15% to maintain the current Cash and Cash equivalents position for liquidity purposes.
- Cash and Cash Equivalents has increased marginally by 3%.
- The decrease in investments primarily relates to deferring borrowing for Capital Projects, using existing cash resources to finance these schemes to reduce the Net financing costs and counter party risk of the authority.
- Retirement benefit provision increased by 28% year on year as a result of a change in the underlying valuation assumptions applied by the Actuary as well as losses incurred by asset classes within the fund.

Allowance for Credit Losses

The Council incurred impairment losses on an Icelandic investment, Glitnir (£5m) in 2009/10. The administrator has since repaid 100% of investment, with 79% being received by the Council, while the remainder (Icelandic Kroner) is being held in an escrow account currently earning interest at 3.65% until foreign exchange restrictions are resolved.

Income, Expense, Gains and Losses

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

	2014/15					2013/14				
	Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets			
	Liabilities measured at Amortised Cost	Loans and Receivables	Available - for-sale assets	Assets and liabilities at fair value CI&ES	Total	Liabilities measured at Amortised Cost	Loans and Receivables	Available-for-sale assets	Assets and liabilities at fair value through CI&ES	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	(38,803)				(38,803)	(37,633)	-	-	-	(37,633)
Premium on early repayment of debt					-	-	-	-	-	-
Losses on De-recognition					-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	**(38,803)**	**0**	**0**	**0**	**(38,803)**	**(37,633)**	**-**	**-**	**-**	**(37,633)**
Interest Income		9,234			9,234	-	9,466	-	-	9,466
Total income in Surplus or Deficit on the Provision of Services	**0**	**9,234**	**0**	**0**	**9,234**	**-**	**9,466**	**-**	**-**	**9,466**
Gains on revaluation					-	-	-	-	-	-
Losses on revaluation					-	-	-	-	-	-
Net gain/loss for the year	**(38,803)**	**9,234**	**0**	**0**	**(29,569)**	**(37,633)**	**9,466**	**-**	**-**	**(28,167)**

For Information excludes for provision of Banking Services +£80k, and (£589k) for Prudential Borrowing Recharges for DSG

Fair Values of Assets and Liabilities

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

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

- Estimated ranges of interest rates at 31 March 2015 of 1.31% to 3.28% for loans from the PWLB, Market and lease arrangement, and 1.01% to 1.52% for other loans receivable, based on new lending rates for equivalent loans at that date.

- No early repayment or impairment is recognised.

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

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

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

The fair values calculated are as follows:

Financial Liabilities	**31 March 2015**		31 March 2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Financial Liabilities	**750,215**	**1,139,723**	765,562	1,550,775

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2015) arising from a commitment to pay interest to lenders above current market rates.

Financial assets	**31 March 2015**		**31 March 2014**	
				Restated
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Long-term investments	2,502	2,502	2,502	2,502
Short-term investments	100,614	100,614	117,716	117,716
Debtors qualifying as loans and receivables	66,276	66,276	53,222	53,222
Cash and Cash Equivalents	69,805	69,805	67,758	67,758
Total loans and receivables	**239,197**	**239,197**	**241,198**	**241,198**
Long term debtors	**59,225**	**61,867**	**62,706**	**64,839**
Total financial assets	**298,422**	**301,064**	**303,904**	**306,037**

The fair value of the assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2015) attributable to the commitment to receive interest above current market rates.

17 Inventories

	31 March 2015 £'000	31 March 2014 £'000
Balance outstanding at start of the year	1,640	1,279
Purchases	3,219	4,602
Recognised as an expense in the year	(3,684)	(4,241)
Balance outstanding at year-end	**1,175**	**1,640**

18 Debtors

		31 March 2015 £'000	31 March 2014 £'000
i	**Current debtors**		
	Central government bodies	23,028	8,872
	Other local authorities	10,826	3,371
	NHS bodies	283	77
	Public corporations and trading funds	-	-
	Other entities and individuals	64,125	58,263
	Total	**98,262**	**70,583**

Details of amounts provided as bad debt provisions are included in Note 45.

		31 March 2015 £'000	31 March 2014 £'000
ii	**Long-term debtors**		
	Mortgages	232	261
	Capital loans (Probation/Fire/LEP)	7,326	8,745
	South Gloucestershire Council	518	545
	Former county council debt	48,149	50,155
	Local Authority Mortgage Scheme	3,000	3,000
	Total	**59,225**	**62,706**

19 Cash and Cash Equivalents

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

	31 March 2015 £'000	31 March 2014 £'000
Cash held by the Council	351	712
Bank current accounts	(19,270)	(9,744)
Short-term deposits with banks / building societies	88,725	76,790
Total Cash and Cash Equivalents	**69,806**	**67,758**

The Council also manages a number of euro bank accounts on behalf of other partner organisations. The sterling equivalent of the total balances held for and managed on behalf of other partner organisations, and not included within the Council's accounts, at 31 March 2015 was £357k (31 March 2014 £2,941).

20 Assets Held for Sale

	31 March 2015 £'000	31 March 2014 £'000
Non-current Assets Held for Sale	366	545

The movement for the year represents a reclassification from Property, Plant & Equipment £391k, disposals (£481k) and revaluation losses of (£89k).

21 Borrowing

Short-term borrowing	**31 March 2015 £'000**	31 March 2014 £'000
Deposit loans (repayable at notice - up to 7 days)	257	257
Other short term borrowing (repayable within 1 year):		
– Public Works Loan Board	3,449	3,449
- Banks and other monetary sector	1,239	1,235
– Local bonds and property rent disposals	11	11
– Stocks	10	10
Total	**4,966**	**4,962**

Long-term borrowing	**31 March 2015 £'000**	31 March 2014 £'000
Public Works Loan Board	291,242	291,240
Market debt	123,000	123,000
Stocks	50	52
Total	**414,292**	**414,292**

The long term debt of the authority has remained constant throughout the year as recommended within the 2014/15 Treasury Management Strategy. New borrowing to finance capital expenditure has been suspended to reduce the level of investments thus reducing investment / counterparty risk.

22 Creditors

Current liabilities	31 March 2015 £'000	31 March 2014 £'000
Central government bodies	16,803	15,356
Other local authorities	7,038	3,395
NHS bodies	2,608	1,887
Public corporations and trading funds	-	-
PFI contract liabilities	4,930	4,794
Other entities and individuals	97,601	112,706
Total	**128,980**	**138,138**

Other long-term liabilities	31 March 2015 £'000	31 March 2014 £'000
PFI contract liabilities (see Note 39)	150,170	155,100
Retirement benefit obligations (see Note 42)	705,102	552,500
Deferred liabilities	63,809	67,405
Deferred capital receipts	154	183
Total	**919,235**	**775,188**

Deferred liabilities are amounts which, by arrangement, are payable beyond the next year, at some point in the future or are to be paid off by an annual sum over a period. As at the 31 March 2015 the liability in the Council's Balance Sheet of £63.8m (2014: £67.4m) comprised of former county council loan debt of £50.2m (2014: £52.2m), £8.5m (2014: £8.5m) in respect of a loan for the Hengrove Park development, and £5.1m embedded lease liability for the waste contract (2014: £6.5m). The PFI contract liabilities as at 31 March 2015 includes £150.2m long-term PFI liability (2014: £155.1m).

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

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23 Provisions

	Balance at 1 April 2014 £'000	Additional provisions made in 2014/15 £'000	Amounts used in 2014/15 £'000	Balance at 31 March 2015 £'000	Due < 1 year £'000	Due > 1 year £'000
Severance costs	(14,791)	0	12,853	(1,938)	(1,938)	0
Insurance fund	(4,124)	(41)	0	(4,165)	(2,983)	(1,182)
NDR Provision for appeals	(6,900)	(3,477)	1,755	(8,622)		(8,622)
Other	(3,076)	(526)	955	(2,647)	(963)	(1,684)
	(28,891)	(4,044)	15,563	(17,372)	(5,884)	(11,488)

	Balance at 1 April 2014 £'000	Balance at 31 March 2015 £'000
Due < 1 year	(19,136)	(5,884)
Due > 1 year	(9,755)	(11,488)
	(28,891)	(17,372)

The Insurance Fund covers certain risks arising from fire, employer's liability and public liability, supplementing the Council's arrangement with external insurers, together with other risks. The provision for severance costs covers future exit costs arising from the Council's restructure proposals. The NDR provision has been created to allow for the cost of future appeals. All other provisions are individually not material. The provision for Outstanding Claims has been created to cover any costs arising from the changes to the Waste Contract.

24 Unusable Reserves

	31 March 2015 £'000	31 March 2014 Restated £'000
Revaluation Reserve	(221,392)	(168,962)
Capital Adjustment Account	(1,012,520)	(988,750)
Financial Instruments Adjustment Account	8,589	9,638
Pensions Reserve	734,113	552,500
Collection Fund Adjustment Account	(2,452)	3,528
Accumulated Absences Account	6,112	15,070
	(487,550)	**(576,976)**

Revaluation Reserve

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

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

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

	2014/15 £'000	2014/15 £'000	2013/14 £'000	2013/14 Restated £'000
Balance at 1 April		(168,962)		(176,920)
Upward revaluation of assets	(72,212)		(29,337)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	12,583		30,995	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(59,629)		1,658
Difference between fair value and historical cost depreciation	5,667		5,107	
Accumulated gains on assets sold or scrapped	1,532		1,193	
Amount written off to the Capital Adjustment Account		7,199		6,300
Balance at 31 March		**(221,392)**		**(168,962)**

Capital Adjustment Account

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

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

	2014/15 £'000	2013/14 Restated £'000
Balance at 1 April	(988,750)	(918,322)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	47,642	45,488
Revaluation losses on Property, Plant and Equipment	(4,771)	39,597
Amortisation of Intangible Assets	1,233	1,063
Revenue Expenditure Funded from Capital Under Statute	2,770	1,781
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	60,268	8,178
	(881,608)	(822,215)
Adjusting amounts written out of the Revaluation Reserve	(7,199)	(6,300)
Net written out amount of the cost of non-current assets consumed in the year	(888,807)	(828,515)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(14,708)	(6,840)
Use of the Major Repairs Reserve to finance new capital expenditure	(29,893)	(28,698)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(54,975)	(97,764)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(16,325)	(17,317)
Capital expenditure charged against the General Fund and HRA balances	(6,245)	(11,431)
	(1,010,953)	(990,565)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,567)	1,815
Balance at 31 March	(1,012,520)	(988,750)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2015 will be charged to the General Fund over the next 34 years.

	2014/15	2014/15	2013/14	2013/14
	£'000	£'000	£'000	£'000
Balance at 1 April		9,638		10,934
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(1,049)		(1,296)	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(1,049)		(1,296)
Balance at 31 March		**8,589**		**9,638**

Pensions Reserve

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

	2014/15	2013/14
	£'000	£'000
Balance at 1 April	552,500	682,857
Remeasurements on pensions assets and liabilities	166,161	(155,320)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	63,885	70,470
Employer's pensions contributions and direct payments to pensioners payable in the year	(48,433)	(45,507)
Balance at 31 March	**734,113**	**552,500**

Collection Fund Adjustment Account

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

	2014/15 £'000	2013/14 £'000
Balance at 1 April	3,528	(334)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(5,980)	3,862
Balance at 31 March	**(2,452)**	**3,528**

Accumulated Absences Account

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

	2014/15 £'000	2014/15 £'000	2013/14 £'000	2013/14 £'000
Balance at 1 April		**15,070**		**12,727**
Settlement or cancellation of accrual made at the end of the preceding year	(15,070)		(12,727)	
Amounts accrued at the end of the current year	6,112		15,070	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(8.958)		2,343
Balance at 31 March		**6,112**		**15,070**

25 Cash Flow Statement

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

	2014/15 £'000	2013/14 £'000
Interest received	(9,803)	(11,119)
Interest paid	38,795	37,306
Dividends received	(1,842)	(1,050)

The deficit on the provision of services has been adjusted for the following non-cash movements:

	2014/15 £'000	2013/14 £'000
Depreciation, impairment and downward revaluations	43,012	85,085
Amortisation	1,233	1,063
Increase/(decrease) in impairment for bad debt	-	-
(Decrease)/increase in creditors	(7,784)	20,267
(Increase)/decrease in debtors	(27,965)	(9,109)
(Increase)/decrease in inventories	465	(361)
Movement in pension liability	15,452	(24,963)
Contributions to/(from) Provisions	(11,519)	19,521
Other non-cash items charged to the net surplus or deficit On the provision of services	58,701	10,531
Net cash flows from non-cash movements	**71,595**	**102,034**

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	2014/15 £'000	2013/14 £'000
Capital grants credited to surplus or deficit on the provision of services	(56,754)	(55,714)
Net adjustment from the sale of short and long term investments	-	5,000
Premiums or discounts on the repayment of financial liabilities	-	1,296
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(21,687)	(12,486)
	(78,441)	**(61,904)**

26 Cash Flow Statement - Investing Activities

	2014/15 £'000	2013/14 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(150,010)	(142,951)
Other (payments)/receipts for investing activities	61,687	92,422
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	21,687	12,486
Decrease in/(proceeds from) short-term and long-term investments	16,476	15,818
Net cash flows from investing activities	**(50,160)**	**(22,225)**

27 Cash flow Statement - Financing Activities

	2014/15 £'000	2013/14 £'000
Cash receipts of short- and long-term borrowing	-	(181)
Repayments of short- and long-term borrowing	-	(10,207)
Other payments/(receipts) in respect of financing activities	(1,703)	10,299
Net cash flows from investing activities	**(1,703)**	**(89)**

28 Amounts Reported for Resource Allocation Decisions

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

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

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

The income and expenditure of the Council's directorates is as follows:

Directorate income and expenditure 2014/15	**People**	**Business Change**	**Neighbourhoods**	**Place**	**City Director**	**Housing Revenue Account**	**Total Net Cost**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fees, charges and other service income	54,858	24,358	21,771	47,679	1,727	121,310	271,703
Government grants	210,703	192,262	33,443	39,168	2,857	0	478,433
Total Income	**265,561**	**216,620**	**55,214**	**86,847**	**4,584**	**121,310**	**750,136**
Employee expenses	219,839	41,991	22,289	34,372	3,035	24,997	**346,523**
Other service expenses	262,103	173,999	60,740	56,855	6,957	45,839	**606,493**
Support Services Recharges	14,100	3,177	4,563	7,100	260	8,475	**37,675**
Total Expenditure	**496,042**	**219,167**	**87,592**	**98,327**	**10,252**	**79,311**	**990,691**
Net Expenditure	**230,481**	**2,547**	**32,378**	**11,480**	**5,668**	**(41,999)**	**240,555**

Directorate income and expenditure 2013/14	City Director	Neighbourhoods	Housing Revenue Account	Organisational Development	People (CYPS)	People (HSC)	Public Health	Regeneration	Total Net Cost
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(494)	30,648	116,716	12,156	61,844	38,373	25,829	47,360	332,432
Government grants	5,960	5,967	-	195,451	241,852	798	-	2,154	452,182
Total Income	**5,467**	**36,615**	**116,716**	**207,607**	**303,696**	**39,171**	**25,829**	**49,514**	**784,614**
Employee expenses	9,156	40,416	25,689	51,177	185,144	44,932	5,855	31,293	393,662
Other service expenses	5,057	50,836	39,020	164,421	163,710	131,559	20,253	25,825	600,681
Support Services Recharges	1,065	24,021	13,150	17,849	10,596	7,679	594	10,074	85,028
Total Expenditure	**15,278**	**115,273**	**77,859**	**233,447**	**359,450**	**184,170**	**26,702**	**67,192**	**1,079,371**
Net Expenditure	**9,811**	**78,658**	**(38,857)**	**25,840**	**55,754**	**144,999**	**873**	**17,678**	**294,756**

2014/15	Directorate Analysis	Amount not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	271,703		(12,407)	**259,296**	12,407	**271,703**
Interest and investment income				**0**	9,803	**9,803**
Income from council tax				**0**	165,566	**165,566**
Government grant	478,433			**478,433**	274,134	**752,567**
Total income	**750,136**	**0**	**(12,407)**	**737,729**	**461,910**	**1,199,639**
Employee expenses	346,523	385		**346,908**		**346,908**
Other service expenses	606,493	(53,627)	(2,830)	**550,036**	2,830	**552,866**
Support service recharges	37,675	53,627		**91,302**		**91,302**
Depreciation, amortisation and impairment		44,104		**44,104**		**44,104**
Interest payments				**0**	60,426	**60,426**
Increase in Bad Debt Provision		3,251		**3,251**		**3,251**
Precepts and levies				**0**	1,136	**1,136**
Payment to Housing Capital Receipts Pool				**0**	1,878	**1,878**
Loss on disposal of non-current assets				**0**	38,578	**38,578**
Changes in fair value of investment properties				**0**	(1,567)	**(1,567)**
Total Expenditure	**990,691**	**47,740**	**(2,830)**	**1,035,601**	**103,281**	**1,138,882**
Deficit/(surplus) on the Provision of Services	**240,555**	**47,740**	**9,577**	**297,872**	**(358,629)**	**(60,757)**

Reconciliation to Subjective Analysis

2013/14	Directorate Analysis	Other costs not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	331,945	-	-	(11,945)	**320,000**	11,945	**331,945**
Interest and investment income	488	-	(488)	-		9,466	**9,466**
Income from council tax				-		153,752	**153,752**
Government grant	452,182	-	-	-	**452,182**	289,834	**742,016**
Total income	**784,615**	**-**	**(488)**	**(11,945)**	**772,182**	**464,997**	**1,237,179**
Employee expenses	393,662	-	(4)	-	**393,658**	-	**393,658**
Other service expenses	600,681	-	-	(1,665)	**599,016**	1,665	**600,681**
Support service recharges	85,028	-	-	-	**85,028**	-	**85,028**
Depreciation, amortisation and impairment	-	-	86,149	-	**86,149**	-	**86,149**
Interest payments	-	-	(12,457)	-	**(12,457)**	64,436	**51,979**
Capital expenditure charged to revenue	-	-	-	-	**-**	-	**-**
Net transfer to reserves	-	-	-	-	**-**	-	**-**
Precepts and levies	-	-	-	-	**-**	1,115	**1,115**
Payment to Housing Capital Receipts Pool	-	-	-	-	**-**	1,710	**1,710**
Pension liability - change in scheme provisions	-	-	-	-	**-**	-	**-**
Loss on disposal of non-current assets	-	-	-	-	**-**	(4,307)	**(4,307)**
Changes in fair value of investment properties	-	-	-	-	**-**	1,798	**1,798**
Total Expenditure	**1,079,371**	**-**	**73,688**	**(1,665)**	**1,151,394**	**66,417**	**1,217,811**
Deficit/(surplus) on the Provision of Services	**294,756**	**-**	**74,176**	**10,280**	**379,212**	**(398,580)**	**(19,368)**

29 Agency Services

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

30 Pooled Budgets

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

Aids and Equipment service

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

	2014/15 £'000	2013/14 £'000
Funding provided to the pooled budget:		
Clinical Commissioning Group	**872**	1,088
Bristol City Council	**982**	995
Total funding into the pooled budget	**1,854**	2,083
Expenditure met from the pooled budget	**1,854**	2,083

Pooled Carers Budget

Bristol City Council and Bristol CCG have a pooled budget to provide support and services to, and improve the health and wellbeing of, people providing unpaid care and support for a family member or friend. The budget provides for an Integrated Carers team, the provision of personal budgets and short breaks for carers, and services and provision in furtherance of the Bristol Joint Carers Strategy.

	2014/15 £'000	2013/14 £'000
Funding provided to the pooled budget:		
Balance Brought Forward	67	
Clinical Commissioning Group	1,057	1,343
Bristol City Council	775	556
Total funding into the pooled budget	**1,899**	1,899
Expenditure met from the pooled budget	**1,682**	1,832
Balance Carried Forward	**217**	67

Drugs Action

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

	2014/15	2013/14
	£'000	£'000
Funding provided to the pooled budget:		
Balance Brought Forward	**2,038**	1,792
Bristol City Council	**11,001**	11,496
Home Office Drug Intervention Programme	**0**	653
Other Bodies	**164**	107
	13,203	**14,048**
Expenditure met from the pooled budget		
Drug and alcohol services for adults	**10,504**	11,588
Substance Misuse Services for Young People	**0**	422
	10,504	12,010
Net underspend carried forward	**2,699**	**2,038**

City Region Deal

Background

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31/3/2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.

A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2014. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds will occur through a Business Rates Pooling Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

Transactions

Each participating authority pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the BRP, representing business rates collected in the Enterprise Areas in excess of an agreed baseline figure. Retained funds will be distributed or invested annually in accordance with the 2014 Regulations and the BRPPA as:

- Tier 1: to ensure that no individual Authority is any worse off than it would have been under the national local government finance system,
- Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,
- Tier 3: for the relief of demographic and service pressures associated with growth.

Cash receivable and disbursements payable by the BRP and the Council's share of these for this first year are as follows:

	CASH TRANSACTIONS		REVENUE AND EXPENDITURE	
	Business Rates Pool Total £'000	of which the Council's share £'000	Council Expenditure £'000	Council Revenue £'000
Funds held by BRP at 1 April	-	-	-	-
Receipts into the Pool in-year				
- Growth sums payable by councils to BRP in-year	(6,302)	(4,737)	4,737	-
Distributions out of the Pool in-year				
-Tier 1 no worse off	2,663	2,137		(2,137)
-BRP management fee	69	17		-
-EDF management fee	30	8		-
-Tier 3 demographic and service pressures	-	-	-	(308)
Funds held by BRP at 31 March	**(3,540)**	**(2,575)**		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(2,975)	(2,164)	(2,164)	n/a
Committed cash (Tier 3)	(565)	(411)	n/a	n/a
	(3,540)	**(2,575)**		
Expenditure / (Revenue) recognised			**2,573**	**(2,445)**

As stated under the accounting policies, growth paid over to the BRP is recognised as expenditure by each council to the extent that the use of the funds by the BRP has been committed. Uncommitted cash is recognised by each council as a debtor.

The uncommitted cash of £2,164k contributed by the council and held by the BRP is recognised by the council as a debtor and is held in a new earmarked reserve to smooth the impact of City Region Deal transactions, and match the release of revenue support and charges for projects. The BRP has made no payments on behalf of the EDF in 2014/15.

The Council itself has recognised revenue income of £2,445k from the BRP and expenditure of £2,573 to the BRP for the year.

31 Members' Allowances

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

	2014/15 £'000	2013/14 £'000
Basic allowance	805	807
Special responsibility allowances	248	281
Travelling and subsistence allowance	3	2
Dependant Carers Allowance	0	4
Co-optees basic allowance	3	6
Total	**1,059**	**1,100**

In addition to the above, the elected Mayor is paid an annual allowance of £66,395.

32 Officers' Remuneration

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

		Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
City Director		£	£	£	£
N Yates	**2014/15**	**180,617**	**-**	**31,839**	**212,456**
	2013/14	*137,364*	-	*26,178*	*163,542*
Strategic Directors -					
Business Change	**2014/15**	**141,453**	**-**	**26,051**	**167,504**
	2013/14	*141,340*	-	*4,150*	*145,490*
People	**2014/15**	**134,941**	**-**	**26,051**	**160,992**
	2013/14	*31,109*	-	*4,953*	*36,062*
Neighbourhoods	**2014/15**	**132,248**	**-**	**25,837**	**158,085**
	2013/14	*118,082*	-	*22,459*	*140,541*
Place	**2014/15**	**139,350**	-	**26,051**	**165,401**
	2013/14	*2,464*	-	*468*	*2,932*
Public Health	**2014/15**	**11,103**	-	**2,209**	**13,312**
	2013/14	*103,501*	-	*13,346*	*116,847*
Statutory Officers-					
Chief Financial (S151) Officer	**2014/15**	**71,638**	-	**14,256**	**85,894**
	2013/14	*40,621*	*52,000*	*7,682*	*100,303*
Head of Legal Services (Monitoring Officer)	**2014/15**	**31,507**	**-**	**6,270**	**37,777**
	2013/14	*81,098*	-	*15,425*	*96,523*

Notes re 2014/15 costs

1. The Chief Financial (S151) Officer left during the financial year 2013/14 year and was replaced by an external Interim Director. A permanent Officer was appointed in July 2014.
2. The Strategic Director for People was appointed in January 2014. Prior to this, the role was filled by Interim Directors.
3. The Strategic Director for Place was appointed at the end of the financial year 2013/14.
4. The Director of Public Health left at the end of the financial year 2013/14 and was not replaced until Jan 2015.

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

Remuneration band	2014/15 Number of employees		2013/14 Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	29	60	36	63
£55,000 - £59,999	22	13	27	13
£60,000 - £64,999	20	7	21	8
£65,000 - £69,999	10	4	8	8
£70,000 - £74,999	6	4	4	1
£75,000 - £79,999	4	1	3	4
£80,000 - £84,999	1	6	1	6
£85,000 – 89,999	-	6	1	7
£90,000 - £94,999	-	2	1	3
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	-	1
£105,000 - £109,999	-	-	-	4
£110,000 - £114,999	-	1	-	-
£115,000 - £119,999	-	-	-	2
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	-	1	-	-
£130,000 - £134,999	-	1	-	-
£135,000 - £139,999	-	1	-	1
£140,000 - £144,999	-	1	-	-
£145,000 - £149,999	-	-	-	-
£150,000 - £154,999	-	-	-	-
£155,000 - £159,999	-	-	-	-
£180,000 - £184,999	-	1	-	-
Totals	92	109	**102**	**121**

Numbers are reducing due to implementation of Change Programmes to achieve budget savings. The number of school staff has also reduced as schools have moved to Academy status.

33 External Audit Costs

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

	2014/15 £'000	2013/14 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	271	271
Fees payable to Grant Thornton for the certification of grant claims and returns for the year	12	15
Fees payable in respect of other services provided by Grant Thornton during the year	31	0
National Rebate for 12.13	(65)	0
Total	**249**	**286**

34 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant money provided by the Department for Education (DfE), Dedicated Schools Grant (DSG). Once allocated to a local authority an element is recouped by the DfE to fund academy schools in the council's area. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools' budget as defined in the School Finance (England) Regulations 2012. The schools' budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school. Details of the deployment of DSG receivable are shown in the following table:

2013/14 £'000 Central Expenditure	ISB	Total		Notes	2014/15 £'000 Central Expenditure	ISB	Total
		277,453	Final DSG before academy recoupment				282,946
		(88,909)	Academy figure recouped for year	1			(102,794)
		188,544	Total DSG after academy recoupment				180,152
		13,848	Brought forward from previous year				27,044
		(11,769)	Carry forward agreed in advance	2			(14,843)
41,751	148,872	190,623	Agreed initial budgeted distribution	3	45,209	147,144	192,353
-	-	-	In year adjustments		-	452	452
41,751	**148,872**	**190,623**	**Final budgeted distribution**		**45,209**	**147,596**	**192,805**
(25,251)	-	(25,251)	Less actual central expenditure		(40,375)	-	(40,375)
-	(150,097)	(150,097)	Less actual ISB deployed to schools		-	(143,001)	(143,001)
16,500	**(1,225)**	**15,275**	**Carry forward unspent budget**	4	**4,834**	**4,595**	**9,429**
		27,044	**Total carried forward**	5			**24,272**

1. The academy recoupment in 2013/14 comprised 38 academies open at the start of the year plus 3 schools that converted in year. The academy recoupment in 2014/15 comprised 41 academies open at the start of the year plus 10 schools that converted in year and 7 non-recoupment academies brought in.
2. Included carry forward agreed in advance is £5m PFI fund allocation, underspend re 2013/14 Early Years of £3.3m and other underspends of £6.5m including growth fund. These carry forwards have been discussed with the schools' forum. £8.5m has been distributed to schools via the 2015/16 formula.
3. The 'In year adjustment' is for the final Early Years block allocation for 2014/15.
4. Included in the carry forward of budget distributed but not spent at year end is £450k for underspends on de-delegated budgets which, under regulations, must be carried forward for the same purposes in 2015/16.
5. The total carried forward comprises the carry forward agreed in advance (note 2 above) plus the carry forward of unspent budget distributed. Use of these underspends will be agreed by schools forum within the regulations controlling spend of the DSG

35 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2014/15:

Credited to Taxation and Non Specific Grant Income:

	2014/15 £'000	2013/14 £'000
Capital grants and contributions (see below)	56,754	55,714
Revenue support grant	110,472	134,643
Non service related government grants	13,628	10,426
Total	**180,854**	**200,783**

Capital grants and contributions

	2014/15 £'000	2013/14 £'000
Government grants applied:		
Place	16,830	18,974
People	32,436	31,310
Neighbourhoods	601	2,771
City Director	3,571	0
Section 106	1,537	1,850
Other	-	809
Total Government grants applied	**54,975**	**55,714**
Government grants unapplied	1,779	-
Total grants credited to the CIES	**56,754**	**55,714**

Credited to Services

	2014/15 £'000	2013/14 £'000
Dedicated Schools Grant	180,152	189,011
Housing Benefit (rent allowances/council tax benefit) subsidy	183,967	187,248
Public Health	29,122	
Discretionary Housing Payments	1,180	-
Local Welfare Provision	1,870	1,866
Pupil Premium	11,328	8,255
Housing Benefit Administration Subsidy	4,002	3,790
Growth Hub		1,121
PFI Special Grant	20,057	20,057
Museums, Libraries and Archives Council	2,127	
Youth Justice Board	764	766
Better Bus Area Fund	1,190	2,512
Education Services Grant	4,194	4,528
Troubled Families	1,338	2,917
Cycling Ambition Fund	1,698	-
Local Sustainable Transport Fund West (LSTF)	7,941	-
Arts Council England		1,645
Learning Communities		1,828
Sixth Form Funding		4,515
Miscellaneous	27,503	6,134
Total	**478,433**	**436,193**

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

	31 March 2015 £'000	31 March 2014 £'000
Capital Grants Received in Advance		
Government grants	32,372	5,026
Section 106 contributions	22,876	12,312
Total	**55,248**	**17,338**
Due < 1 year	38,091	8,104
Due > 1 year	17,157	9,234
Revenue grants (within creditors)		
People	1,045	208
Neighbourhoods	580	-
Place	9,944	100
Business Change	55	4,555
City Director	3,319	-
	14,943	**4,863**

36 Related Parties

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

	2014/15		2013/14	
	Payment/ (Receipts) £'000	Amount owed to /(from) £'000	Payment/ (Receipts) £'000	Amount owed to /(from) £'000
Central Government Grants				
Department of Communities and Local Government	(111,923)	-	(225,921)	-
Education Funding Agency	(213,647)	-	(229,490)	(1,600)
Department of Works and Pensions - Housing Benefit	(187,969)	(5,006)	(191,038)	(2,025)
Department for Transport	(10,785)	-	(1,510)	5,165
Precepts				
Avon and Somerset Police Authority	19,709	-	19,005	-
Avon Fire Authority	7,510	-	7,241	-
Clinical Commissioning Group				
The Council receives net funding as a contribution toward the cost of adult care services and pooled budget arrangements	(2,029)	-	(464)	(2,874)
Avon and Wiltshire Mental Health Partnership NHS Trust				
The Council makes payments in respect of mental health care particularly around drug and alcohol dependency	-	-	3,068	-
Pension Payments				
Avon Pension Fund - administered by B&NES Council	64,586	(4,528)	42,491	-
Teachers' Pension Agency	8,149	-	7,816	-
Bristol Port Company				
In respect of dividends actually received by the Council and included in the Income and Expenditure Account	(1,822)	-	(791)	-
Bovis Homes				
In respect of a development agreement for the provision of local authority dwellings	(331)	-	-	(1,575)
Other Local Authorities				
Neighbouring local authorities in respect of certain services including:				
South Gloucestershire Council in respect of cross boundary services including bus services/concessionary fare travel arrangements	3,282	82	8,520	293
B&NES Council in respect of waste and coroner/mortuary services	(707)	10	1,699	-
North Somerset Council in respect of waste, traffic and coroner/mortuary services	(1,858)	(21)	(1,322)	(82)
The Voluntary Sector				
Numerous voluntary/community organisations receive funding from the Council, total paid in year	22,857	-	22,190	237

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

37 Capital Expenditure and Capital Financing

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

	2014/15 £'000	2013/14 £'000
Opening Capital Financing Requirement	684,425	700,742
Capital investment		
Property, Plant and Equipment	143,463	140,525
Investment Properties	4,676	1,467
Heritage Assets		-
Intangible Assets	1,870	959
Long Term Debtors		1,000
Revenue Expenditure Funded from Capital under Statute	2,770	1,781
Sources of finance		
Capital receipts	(14,708)	(6,840)
Government grants and other contributions	(54,975)	(97,763)
Sums set aside from revenue:		
• Direct revenue contributions	(36,141)	(40,129)
• MRP – City Council Debt	(9,441)	(10,685)
• MRP – Contribution from Unitaries re Ex-County Debt	(2,090)	(2,177)
• MRP - Write down of PFI Liability	(4,794)	(4,455)
Closing Capital Financing Requirement	715,055	**684,425**
Explanation of movements in year		
Less Minimum Revenue Provision	(16,325)	(17,317)
Increase in underlying need to borrowing (unsupported by government financial assistance)	46,955	1,000
Increase/Decrease in Capital Financing Requirement	**30,630**	**(16,317)**

38 Leases

Council as Lessee

Finance Leases

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

	31 March 2015 £'000	31 March 2014 £'000
Vehicles, Plant, Furniture and Equipment	**5,586**	6,920

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

	31 March 2015 £'000	31 March 2014 £'000
Finance lease liabilities (net present value of minimum lease payments):		
• current	1,408	1,255
• non-current	4,434	5,842
	5,842	7,097
Finance costs payable in future years	2,084	3,041
Minimum lease payments	**7,926**	10,138

The minimum lease payments will be payable over the following periods

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	2,212	2,212	1,408	1,255
Later than one year and not later than five years	5,714	7,926	4,434	5,842
	7,926	10,138	**5,842**	7,097

Operating Leases

The Council has acquired property, vehicles and equipment by entering into operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	-	588
Later than one year and not later than five years	951	885
Later than five years		-
	951	**1,473**

Council as Lessor

Operating Leases

The Council leases out property within the commercial trading estate under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses

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

	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	11,372	11,608
Later than one year and not later than five years	39,436	41,165
Later than five years	804,417	843.778
	855,225	**896,551**

The minimum lease payments receivable at 31 March 2015 and 2014 are based on the current rents receivable at the respective Balance Sheet dates. They do not include estimates of future rents reviews or contingent rents.

39 Private Finance Initiatives and Similar Contracts

Schools PFI Phase 1A

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

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

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

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

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

Hengrove Leisure Centre

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

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

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

Property, Plant and Equipment

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

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

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

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

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

Schools PFI Phase 1A

As at 31st March 2015 cumulative payments totalling £93m (£83m in 2013/14) have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2015/16	2,781	1,337	5,274	27	9,419
2016/17 to 2019/20	11,836	6,500	19,394	444	38,174
2020/21 to 2024/25	16,538	11,800	19,222	1,052	48,612
2025/26 to 2029/30	18,711	18,464	10,878	972	49,025
2030/31 to 2031/32	5,584	6,735	1,013	554	13,886
Total	**55,450**	**44,836**	**55,781**	**3,049**	**159,116**

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

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

As at 31st March 2015 cumulative payments totalling £109m (£92m in 2013/14) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2015/16	4,787	2,813	7,169	2,883	17,652
2016/17 to 2019/20	20,007	12,505	26,461	14,022	72,995
2020/21 to 2024/25	28,380	20,119	26,835	21,817	97,151
2025/26 to 2029/30	32,738	25,059	18,635	27,528	103,960
2030/31 to 2031/32	32,819	32,597	7,100	24,698	97,214
Total	**118,731**	**93,093**	**86,200**	**90,948**	**388,972**

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

Hengrove Leisure PFI

As at 31st March 2015 cumulative payments totalling £10.4m (£7.0m in 2013/14) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2015/16	308	788	1,783	561	3,440
2016/17 to 2019/20	1,309	2,912	6,381	3,319	13,921
2020/21 to 2024/25	1,830	2,805	6,345	6,814	17,794
2025/26 to 2029/30	2,030	3,564	4,901	7,789	18,284
2030/31 to 2034/35	2,236	4,749	2,810	9,043	18,838
2035/36 to 2036/37	1,009	2,351	370	3,700	7,430
Total	**8,722**	**17,169**	**22,590**	**31,226**	**79,707**

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

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

	Schools		Hengrove Leisure	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Balance outstanding at the start of year	141,938	145,724	17,956	18,624
Movement in year	(4,008)	(3,785)	(787)	(668)
Balance outstanding at year end	**137,930**	**141,939**	**17,169**	17,956

Total balance outstanding at year end 2014/15 £155,099

Total balance outstanding at year end 2013/14 £159,895

The above listed commitments are affected by past inflation – previous price rises will be built into future payments. They are also affected by future inflation, which gives rise to uncertainty.

40 Impairment Losses

During 2014/15, the Council recognised no impairment losses (2013/14: £82k) relating to properties (excluding changes in market value) within the Income and Expenditure Account relating to numerous assets.

41 Exit Packages

The numbers of exit packages relating to council employees during 2014/15, with total cost per band and the total cost of compulsory and other redundancies are set out in the table below. The numbers and costs include packages agreed at the end of the year but not paid. Costs include the costs of early payment of pension in the cases of early retirement.

Exit package cost band	**Number of compulsory redundancies**		**Number of other departures**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band**	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	No.	No.	No.	No.	No.	No.	£'000	£'000
£0 - £20,000	-	29	6	500	6	529	40	8,073
£20,001 - £40,000	-	1	3	413	3	414	53	12,795
£40,001 - £60,000	-	2	1	57	1	59	21	2,708
£60,001 - £80,000	-	-	-	17	-	17	-	1,153
£80,001 - £100,000	-	-	-	11	-	11	-	972
£100,001 - £150,000	-	-	-	3	-	3	-	389
£150,001 - £200,000	-	-	-	-	-	-	-	-
Total	-	32	10	1,001	10	1,033	114	26,090

42 Pensions

a Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

The Local Government Pension Scheme - all staff, with the exception of teachers, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and final salary. It is a 'defined benefit' scheme. In 2014/15 the Council paid an employer's contribution rate of 19% (19% in 2013/14), resulting in total payments of service deficit, as assessed by the Fund Actuary. The Actuary carries out a full valuation of the Fund every three years in accordance with government regulations. The last valuation of the Fund was undertaken at 31 March 2013, the next full valuation is therefore due at March 2016. If the valuation indicates that there are insufficient assets to meet future liabilities, employer contribution rates are increased to make up the shortfall. The Council made a one off payment in 2014/15 of £42m to reduce the deficit see Note 3.

The Teachers' Pension Scheme - The rate of contribution for 2014/15 was 14.1%, resulting in a total payment of £7.668m (£7.82m in 2013/14) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.36m (£2.3m in 2013/14) in respect of pensions and added years where the early retirement of teachers was agreed. The Council also met its share of the residual liability for former Avon County Council employees, amounting to £1.95m in 2014/15 (£2.12m in 2013/14). The estimated liability for unfunded payments has been calculated by the actuary and is included in the Balance Sheet.

The National Health Service Pension Scheme – In 2014/15 a total payment of £0.42m (£0.49m in 2013/14) was made to the NHS Pension Scheme, following the transfer of public health responsibilities from primary care trusts.

b Transactions relating to retirement benefits

Employer contributions paid in the year have been charged to service revenue accounts, prior to the adjustments required under the accounting standard, IAS19. The adjustments included in the Comprehensive Income and Expenditure Account to comply with IAS19 are offset by appropriations from the Pensions Reserve to the General Fund in the Movement in Reserves Statement, so that there is no effect on the overall amount met from government grant and local tax payers.

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

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Income and Expenditure Account				
Net cost of services				
Current service cost	**36,400**	42,491	**-**	-
Past service gains/curtailment costs/Settlements	**5166**	(59)	**-**	-
Administration expense	**696**	731	**-**	-
Financing and Investment Income Expenditure				
Net interest cost	**18,812**	24,685	**2,811**	2,626
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**61,074**	**67,848**	**2,811**	**2,626**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurements (assets/liabilities)	**160,930**	(151,463)	**5,231**	(3,857)
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19	**(61,074)**	(67,848)	**(2,811)**	(2,626)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	**44,120**	41,070	**4,313**	4,441

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2014/15 to reflect the current service cost and an appropriate share of the net interest cost. The latter item has been apportioned to the HRA on the basis of pensionable pay.

c Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Teachers' Unfunded Pensions	
	2014/15	2013/14	**2014/15**	2013/14
	£'000	£'000	**£'000**	£'000
1 April	**(1,773,366)**	(1,823,780)	**(67,528)**	(73,200)
Current service cost	**(36,400)**	(42,491)	**-**	-
Interest on pension liabilities	**(76,590)**	(75,454)	**(2,811)**	(2,626)
Contributions by scheme participants	**(11,453)**	(12,113)	**-**	-
Remeasurement (liabilities)				
Experience (gain)/loss	**0**	2,781	**-**	-
(Gain)/loss on financial assumptions	**(282,722)**	105,649	**(5,231)**	3,968
(Gain)/loss on demographic assumptions	**0**	8,000	**0**	(111)
Benefits paid	**76,807**	63,622	**4,313**	4,441
Past service grants, curtailment costs and settlements	**(5,166)**	420	**-**	-
31 March	**(2,108,890)**	(1,773,366)	**(71,257)**	(67,528)

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

	2014/15	2013/14
	£'000	**£'000**
1 April	1,288,499	1,214,232
Interest on plan assets	57,778	50,769
Remeasurement (assets)	121,792	35,033
Administration expense	(696)	(731)
Settlements	0	(361)
Employer contributions	73,131	41,066
Contributions by scheme participants	11,453	12,113
Benefits paid	(76,807)	(63,622)
31 March	1,475,150	**1,288,499**

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

The actual return on plan assets in the year was £179.570m (2013/14: £82.454m).

Scheme History – Pension Assets and Liabilities Recognised in the Balance Sheet:

	2014/15 £'000	2013/14 £'000	2012/13 £'000	20111/12 £'000
Present value of liabilities:				
Local Government Pension Scheme	(2,108,890)	(1,773,366)	(1,823,780)	(1,598,886)
Teachers' unfunded liabilities	(71,257)	(67,528)	(73,200)	(66,824)
Fair value of assets in the Local Government Pension Scheme	1,475,150	1,288,499	1,214,232	1,088,805
Surplus/(deficit) in the scheme:				
Local Government Pension Scheme	(633,740)	(484,867)	(609,548)	(510,081)
Teachers' unfunded liabilities	(71,257)	(67,528)	(73,200)	(66,824)
Total	**(704,997)**	**(552,395)**	**(682,748)**	**(576,905)**

The total liabilities shown in the Balance Sheet comprise the above (£705m) together with a small amount in respect of pre-1974 liabilities (£0.1m). Information regarding the increase in the liabilities over March 2015 is set out in the Explanatory Foreword.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £705m (2013/14: £552m) impacts on the net worth of the Council as recorded in the Balance Sheet (£710m).

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

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2016 are £26.270m.

d Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme liabilities have been assessed by William M. Mercer the independent actuary to the Avon Fund, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

The main financial assumptions used in the calculations are:

	Local Government Pension Scheme		Teachers	
	2014/15	2013/14	**2014/15**	2013/14
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	**23.4**	23.3	**23.4**	23.3
Women	**25.9**	25.8	**25.9**	25.8
Longevity at 65 for future pensioners:				
Men	**25.8**	25.7	**-**	-
Women	**28.8**	28.7	**-**	-
	%	%	%	%
Rate for discounting scheme liabilities	**3.2**	4.4	**3.1**	4.3
Rate of inflation - CPI	**2**	2.4	**2**	2.4
Rate of increase in salaries	**3.5**	3.9	**0**	-
Rate of increase in pensions	**2**	2.4	**2**	2.4

The actuary has provided a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period. The table below shows how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the 31 March 2015.

Local Government Pension Scheme	**Central**	**Sensitivity 1 +0.1% p.a discount rate**	**Sensitivity 2 +0.1% p.a inflation**	**Sensitivity 3 +0.1% p.a pay growth**	**Sensitivity 4 1 year increase in life expectancy**
	£'000	£'000	£'000	£'000	£'000
Liabilities	2,108,890	2,071,559	2,146,894	2,117,009	2,149,351
Assets	(1,475,150)	(1,475,150)	(1,475,150)	(1,475,150)	(1,475,150)
Deficit/(Surplus)	633,740	596,409	671,744	641,859	674,201
Projected service cost for next year	43,428	45,060	47,854	46,428	47,410
Projected net interest cost for next year	19,859	19,248	21,128	20,172	21,207
Teachers' Unfunded Pension Scheme					
Liabilities	71,257	70,581	71,939	-	74,179
Assets	-	-	-	-	-
Deficit/(Surplus)	71,257	70,581	71,939	-	74,179
Projected service cost for next year	-	-	-	-	-
Projected net interest cost for next year	2,142	2,190	2,163	-	2,233

The following information disaggregates the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market and those that do not:

Asset Category	Sub-Category	Quoted (Y/N)	31st March 2015 £'000	31st March 2014 £'000
Equities	UK Quoted	Y	235,062	214,955
	UK Futures	Y	0	4,883
	Global Quoted	Y	182,336	179,499
	North America	Y	0	67,079
	North America	N	136,009	2,286
	Japan	Y	42,083	29,878
	Europe excl UK	Y	93,559	77,581
	Pacific Rim excl Japan	Y	36,285	31,467
	Emerging Markets	Y	141,011	120,828
	Sub-total equities		**866,345**	**728,456**
Bonds	UK Government Fixed	Y	50,213	36,272
	UK Government Gilt Futures	Y	111,463	5,503
	UK Government Indexed	Y	44,484	73,667
	Overseas Government Fixed	Y	0	28,909
	Sterling Corporate Bonds	Y	129,703	103,894
	Sub-total bonds		**335,863**	**248,245**
Property	UK Property Funds	Y	67,738	57,702
	Overseas Property Funds	Y	55,722	41,193
	Sub-total property		**123,460**	**98,895**
Alternatives	Hedge Funds	Y	64,911	63,282
	Diversified Growth Funds	Y	49,121	121,797
	Sub-total alternatives		**114,032**	**185,079**
Cash and equivalents	Cash Accounts	Y	0	22,399
	Net Current Assets	N	35,450	5,425
	Sub-total cash		**35,450**	**27,824**
Total Assets			**1,475,150**	**1,288,499**

Governance and Risk Management

The liability associated with the Council's pension arrangements is material to the Council, as is the cash funding required. The details in relation to each arrangement, including the relevant provisions for governance and risk management, are set out below.

Avon Pension Fund:

Nature of Fund

The Fund targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" scheme) for service up to 31 March 2014 and on a revalued average salary (a "career average" scheme) for service from 1 April 2014 onwards.

Governance

As administering authority, Bath and North East Somerset Council (B&NES), has legal responsibility for the pension fund as set out in the Local Government Pension Scheme Regulations. B&NES delegates its responsibility for administering the Fund to the Avon Pension Fund Committee, which is the formal decision making body for the Fund. The Avon Pension Fund Committee is responsible for the investment, funding, administration and communication strategies. It also monitors the performance of the fund, and approves and monitors compliance of statutory statements and policies required under the Regulations. The Committee is supported by an Investment Panel which considers the investment strategy and investment performance in greater depth.

Funding the liabilities

Regulations governing the Fund require actuarial valuations to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require the contributions to be set with a view to targeting the Fund's solvency, and the detailed provisions are set out in the Fund's Funding Strategy Statement. The most recent valuation was carried out as at 31 March 2013, which showed a shortfall of assets against liabilities of £0.48 billion as at that date, equivalent to a funding level of 72%. The fund's employers are paying additional contributions over a period of up to 27 years in order to meet the shortfall.

The weighted average duration of the Council's defined benefit obligation is 18 years, measured on the actuarial assumptions used for IAS19 purposes.

Risks and Investment strategy

The Avon Pension Fund does not have an explicit asset and liability matching strategy. The primary objective of its investment strategy is to generate positive real investment return above the rate of inflation for a given level of risk to meet the liabilities as they fall due over time. When setting the investment strategy, the expected volatility of the assets relative to the value placed on the liabilities was measured and taken into account. The aim of the strategy and management structure is to minimise the risk of a reduction in the value of the assets and maximise the opportunity for asset gains across the Fund.

To achieve its investment objective the Fund invests across a diverse range of assets such as equities, bonds, property and other alternative investments, and uses a number of investment managers. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions.

As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

Market Price / Interest rate / Currency risk

Market risk is the risk of loss from fluctuations in market prices, interest rates or currencies, to which the Fund is exposed across its investments portfolio. The objective of the investment strategy is to manage and control market risk within acceptable parameters, while optimising the return. Volatility in market risk is managed through diversification across asset class and investment managers.

The Fund has a high allocation to equities and therefore the fluctuation in equity prices is the largest market risk within the portfolio. The maturity profile of the Fund and strong underlying covenant underpins the allocation to equities which are expected to deliver higher returns over the long term.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument or transaction will fail to meet an obligation and cause the Fund to incur a financial loss. As the market values of investments reflect an assessment of creditworthiness in their pricing, the risk of loss is implicitly provided for in the carrying value of the assets and liabilities.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The investment strategy and cash management policy ensure that the pension fund has adequate cash to meet its working requirements. The Fund has immediate access to its cash holdings and a substantial portion of the Fund's investments consist of readily realisable securities, in particular equities and fixed income investments. The main liabilities of the Fund are the benefits payable as they fall due over a long period and the investment strategy reflects the long term nature of these liabilities.

Other risks
Actions taken by the Government, or changes to European legislation, could result in stronger local funding standards, which could materially affect the Council's cash flow.

There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation and/or the liabilities for actuarial valuation purposes. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material. The sensitivity analysis above indicates the change in the defined benefit obligation for changes in the key assumptions.

Amendments, curtailments and settlements
The provisions of the Fund were amended with effect from 1 April 2014. As explained above, for service up to 31 March 2014, benefits were based on salaries when members leave the scheme, whereas for service after that date, benefits are based on career average salary. Further details of the changes are available from the Council.

Curtailments shown in the accounting figures relate to the cost of providing retirement benefits for members who retire early, to the extent that provision has not already been made for the relevant defined benefit obligations.

Settlements shown in the accounting figures relate to the admission of new employers into the Fund, and who take on part of the authority's assets and liabilities as a result of employing members who have accrued benefits with the authority.

Schemes for Teachers and Public Health Workers:

Nature of Funds
The Funds target a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" scheme) for service up to 31 March 2015 and on a revalued average salary (a "career average" scheme) for service from 1 April 2015 onwards.

Governance
These arrangements are managed centrally by government departments/agencies, and there is no material involvement for the Council.

Funding the liabilities
Contributions to the arrangements are set by the Government, having taken advice from the Government Actuary. Again, the Council has no material involvement in this process. The exception to this is the additional pensions to retired teachers which were awarded at the point of retirement, and for which the Council is responsible. The weighted average duration of these particular liabilities is 10 years, measured on the actuarial assumptions used for IAS19 purposes.

Investment Risks
There are no investment risks in relation to these arrangements, given their unfunded nature. The greatest single risk is that the government could change the funding standards relating to them, which could increase the Council's contributions to them.

Other risks
There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material. The sensitivity analysis above indicates the change in the defined benefit obligation for changes in the key assumptions.

The methods used to carry out the sensitivity analyses presented above for the material assumptions are the same as those the authority has used previously. The calculations alter the relevant assumption by the amount specified, whilst assuming that all other variables remain the same. This approach is not necessarily realistic, since some assumptions are related: for example, if the scenario is to show the effect if inflation is higher than expected, it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another.

e History of experience gains and losses

The approach to calculating the IAS19 figures in between full actuarial valuations every three years is approximate in nature. At each valuation, the position is re-assessed, with the assets and liabilities being fully recalculated. Following each full actuarial valuation an adjustment is made to the assets and liabilities to bring the previously estimated IAS19 figures into line with the more accurately calculated ones. Examples of events which this would cover are mortality and other demographic experience being different from the IAS19 assumptions. The experience gains/(losses) on assets and liabilities is shown as part of Remeasurements.

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

Local Government Pension Scheme

			Re-stated	
	2014/15	2013/14	2012/13	2011/12
	%	%	%	%
Experience gains/(losses) on assets	8.37	2.7	7.6	(3.8)
Experience gains/(losses) on liabilities	0	(0.2)	-	-

Teachers' Pension Scheme

	2014/15	2013/14	2012/13	2011/12
	%	%	%	%
Experience gains/(losses) on assets	-	-	-	-
Experience gains/(losses) on liabilities	-	-	-	-

43 Contingent Liabilities

Since the introduction of the Business Rates Retention Scheme on 1 April 2013, Local Authorities are liable for their proportionate share of the cost incurred due to refunds made to rate payers following successful appeals. A provision has been included in the accounts based on the estimated liability arising from business rates appeals outstanding at 31 March 2015, however, it is expected that further appeals will be made by businesses in future years that will have an impact on 2014/15 and previous years. The amount of these probable future payments cannot be estimated reliably at this point in time.

44 Group Accounts

Wholly Owned Companies

During 2014/15 the Council created two wholly owned companies, Bristol waste Company Limited, incorporated on 5 March 2015 and Bristol Energy and Technology Services Limited, incorporated on 12 March 2015. As at 31 March 2015 neither company had started trading.

Subsidiaries and associated companies

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

However, if the activities of such companies are not significant in relation to the overall operational activities of the Council, the requirement to produce group accounts is not necessary The following companies have been identified as being subsidiaries, as follows:

- Bristol Buildings Preservation Trust
- Destination Bristol

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

45 Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.
The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 18 February 2014 and is available on the Council website.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the 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 Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

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

- Credit ratings of Short Term of F1, Long Term A, Support C and Individual 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria;
- UK institutions provided with support from the UK Government;
- Building societies with assets in excess of £250m.

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

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

	Amount at 31 March 2014	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2015	Expected maximum exposure to default and uncollectability at 31 March 2015	Estimated maximum exposure at 31 March 2014
	£'000	%	%	£'000	£'000
	A	B	C	(A x C)	
Long term investments					
AA rated counterparties	-	0.02%	0.02%	-	-
A rated counterparties	-	0.09%	0.09%	-	-
Bristol Port Company	2,501	0.00%	0.00%	-	-
Other investments	-	-	-	-	-
Sub-total	**2,501**			**-**	**-**
Short term investments					
AAA rated counterparties	-				
AA rated counterparties	36,184	0.02%	0.02%	-	-
A rated counterparties	64,429	0.09%	0.09%	58	82
BBB rated counterparties	-	0.20%	0.20%	0	30
Sub-total	**100,613**			**58**	**112**
Cash & cash equivalent					
AAA rated counterparties	59,327	0.00%	0.00%	-	-
AA rated counterparties	10,479	0.02%	0.02%	2	-
A rated counterparties	-	0.09%	0.09%	-	7
BBB rated counterparties	-	0.20%	0.20%	-	-
Sub-total	**69,806**			**2**	**7**
Trade debtors (classed as loans and receivables)	66,276	0.00%	0.00%	-	-
Long-term debtors	59,225	0.00%	0.00%	-	-
Total Financial assets as loans and receivables	**298,421**			**60**	**119**

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

The Council does not generally allow credit for its trade debtors. Including amounts due from government departments and other Local Authorities, the Council's net debtors shown in the Balance Sheet as at 31 March 2015 comprise:

Debtor analysis	Gross debtor at 31 March 2015	Bad debt provision at 31 March 2015	Net debtor at 31 March 2015	Net debtor at 31 March 2014
	£'000	£'000	£'000	£'000
Local tax payers	12,179	(5,232)	6,947	6,245
Housing rents	9,571	(7,559)	2,012	8,530
Other - sundry debtors	84,655	(29,489)	55,166	43,488
Total other entities and Individuals	106,405	(42,280)	64,125	58,263
Central Government bodies	23,028	0	23,028	8,872
Other local authorities	10,826	0	10,826	3,371
NHS bodies	283	0	283	77
Public corporations and trading funds	0	0	0	0
Total debtors	140,542	(42,280)	98,262	70,583
Balance sheet debtors	140,542	(42,280)	98,262	70,583
Adjust for statutory debtors				
Local taxpayers	(12,179)	5,232	(6,947)	(6,245)
Housing rents	(9,571)	7,559	(2,012)	(2,244)
Central Government bodies	(23,028)	0	(23,028)	(8,872)
Total statutory debtors (not qualifying as loans and receivables under IFRS)	**(44,778)**	**12,791**	**(31,987)**	**(17,361)**
Debtors qualifying as loans and receivables	**95,764**	**(29,489)**	**66,275**	**53,222**

Liquidity risk

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

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

	31 March 2015	31 March 2014
	£'000	£'000
Less than one year	236,695	232,410
Between one and two years	-	-
Between two and three years	0	-
More than three years	61,726	65,208
Total financial assets	**298,421**	297,618

Refinancing and Maturity Risk

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

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

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

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

Maturity Period	**Actual 31 March 2015 £'000**	**Actual 31 March 2014 £'000**
Less than 12 months	4,966	4,962
1 - 2 years	-	-
2 - 5 years	3,000	3,000
5 - 10 years	20,000	15,000
10 - 15 years	49,000	54,000
15 - 20 years	10,000	-
20 - 25 years	15,000	25,000
25 - 30 years	15,000	15,000
30 - 35 years	24,800	24,800
35 - 40 years	31,000	21,000
40 - 45 years	140,950	110,500
45 - 50 years	75,542	115,992
50 - 55 years	10,000	10,000
55 - 60 years	0	-
60 - 65 years	10,000	10,000
65 - 70 years	10,000	10,000
Total debt	**419,258**	**419,254**

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

Period	**Approved minimum Limit**	**Approved Maximum Limit**	**31 March 2015**		**31 March 2014**	
	%	%	£'000	%	£'000	%
< 12 months	-	30	4,966	1	4,962	1
1 - 2 years	-	30	-	-	-	-
2 - 5 years	-	40	3,000	1	3,000	1
5 - 10 years	-	40	20,000	5	15,000	3
> 10 years	25	100	391,292	93	396,292	95
Total			**419,258**	**100**	**419,254**	**100**

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

Market risk

Interest rate risk

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

- Borrowing at variable rates - the interest rate expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the liabilities/borrowings will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

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

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

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

At 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	(2,476)
Impact on Surplus or Deficit on the Provision of Services	(2,476)
Share of overall impact debited to the HRA	670
Decrease in fair value of fixed rate borrowings/liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	129,500

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

Price risk

The Council does not generally invest in equity shares but does have a shareholding to the value of £2.5m in the Bristol Port Company as at 31st March 2015. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in prices of these shares.

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

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

Foreign exchange risk

During 2014/15 the Council received monies denominated in Euro's relating to the receipt of European grant. The authority also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.

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

Icelandic Bank Investments

Investment held in Icelandic Banks - The Council has one outstanding investment with Glitnir (£5m principal) bank, which is subject to a recovery process.

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

The Balance Sheet valuation of these assets at 31 March 2015 is £1.1m.

Information regarding the repatriation of these funds is uncertain and has therefore been classified as short-term investments.

HRA Income and Expenditure Statement

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

	Note	2014/15 Net £'000	2013/14 Net £'000
Expenditure			
Repairs and maintenance		31,729	29,626
Supervision and management		22,855	21,943
Special services		14,048	12,302
Rent, rates, taxes and other charges		1,463	827
Depreciation and impairment of non-current assets	**4**	(22,307)	16,642
Debt management		83	86
Debt write offs and movement in the allowance for bad debts		2,123	1,339
Total expenditure		**49,994**	**82,765**
Income			
Dwelling rents	**2**	(111,967)	(107,587)
Non-dwelling rents		(989)	(963)
Charges for services and facilities		(7,995)	(7,494)
Contributions towards expenditure		(17)	(130)
Total income		**(120,968)**	**(116,174)**
Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		**(70,974)**	**(33,409)**
Net cost of HRA services		**(70,974)**	**(33,409)**
(Gain)/loss on sale of HRA non-current assets		(11,503)	(4,993)
Movement in the Fair Value of Investment Properties		321	-
Interest payable and similar charges		11,227	11,338
HRA interest and investment income		(503)	(488)
Pensions interest costs and expected return on assets	**5**	2,796	2,505
(Surplus)/Deficit for the year on HRA services		**(68,636)**	**(25,047)**

Statement of movement on the HRA Balance

	Note	31 March 2015 Net £'000	31 March 2014 Net £'000
HRA balance brought forward		(45,322)	(39,019)
(Surplus)/deficit for the year on the HRA Income and Expenditure Account		(68,636)	(25,047)
Adjustments between accounting basis and funding basis under statute		64,162	16,887
(Increase)/decrease before reserve transfers		**(4,474)**	**(8,160)**
Transfer from/to reserves		10,194	1,857
Net (increase)/decrease on HRA balance		**5,720**	**(6,303)**
HRA balance carried forward	11	**(39,602)**	**(45,322)**

Note to the statement of movement on the HRA Balance

	Note	31 March 2015 Net £'000	31 March 2014 Net £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year			
Amortisation of intangible assets		-	9
Depreciation and impairment of property, plant & equipment	4	(22,307)	16,633
Fair value movements on investment properties		321	-
Net charges made for retirement benefits in accordance with IAS19	5	8,262	6,817
Net (gain)/loss on disposal of assets		(11,532)	(4,993)
		(25,256)	**18,466**
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
Capital expenditure funded by the HRA	6	(144)	(1,070)
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	(6,263)	(3,519)
Transfer to Major Repairs Reserve	8	(5,294)	(4,929)
HRA depreciation to Major Repairs Reserve	8	(26,333)	(24,716)
Amortisation of premiums		(872)	(1,119)
		(38,906)	**(35,353)**
Net additional amount required by statute to be debited or credited to the HRA Balance for the year		**(64,162)**	**(16,887)**

1 Dwelling numbers as at 31 March 2015

	31 March 2015	31 March 2014
Houses		
1 Bedroom	9	10
2 Bedrooms	2159	2,195
3 Bedrooms	9221	9,344
4 or more Bedrooms	390	400
Total Houses	**11,779**	**11,949**
Bungalows		
1 Bedroom	352	352
2 Bedrooms	696	698
3 Bedrooms	26	26
4 or more Bedrooms	1	1
Total Bungalows	**1,075**	**1,077**
Flats		
1 Bedroom	6,528	6,556
2 Bedrooms	7,753	7,782
3 Bedrooms	438	444
4 or more Bedrooms	18	18
Total Flats	**14,737**	**14,800**
Total Dwellings held at 31 March 2015	**27,591**	**27,826**

2 Rent and Rent Arrears

The total value of dwelling rents in 2014/15, less rent attributable to empty properties (voids), is £111.962m (£107.587m in 2013/14). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc:

As at 31 March	**2015**	**2014**
	£'000	**£'000**
Former tenants	2,062	2,771
Current tenants	7,509	5,759
	9,571	**8,530**
Balance Sheet Provision		
Former tenants	2,062	2,771
Current tenants	5,132	3,933
	7,194	**6,704**

Vacant Possession

The vacant possession value of dwellings as at 1st April 2015 was £2.793bn The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £0.866bn, a difference of £1.927bn This difference reflects the economic cost of providing council housing at less than market rent.

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

In 2014/15 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

4 Depreciation and impairment

		2014/15 £'000	2013/14 £'000
Depreciation			
Operation	- Dwellings	26,333	24,715
	- Other, including leased	272	286
		26,605	**25,001**
	- Intangible assets	-	9
Total depreciation		**26,605**	**25,010**
Impairment		1,054	17
Reversal of impairment losses		(49,966)	(8,385)
Total depreciation and impairment		**(22,307)**	**16,642**

Impairment

The reversal of an impairment loss previously recognised of £50m has been credited to the surplus on provision of Services (2013/2014: £8.4m). This £50m relates to the revaluation of HRA Council Dwellings.

5 HRA Share of Contributions to/from Pension Reserve

For 2014/15, the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £2.8m (2013/2014 £2.5m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the Council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of £8.3m (2013/2014 £6.8m). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £6.3m (£3.5m) with the net movement on the Pension reserves of £2m (2013/14 £3.3m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see note 42.

6 Capital Expenditure and financing

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

Expenditure	2014/15 £'000	2013/14 £'000
Dwellings	30,288	30,618
Other Land and Buildings	188	117
	30,476	**30,735**

Financing	2014/15 £'000	2013/14 £'000
Usable capital receipts	439	967
Revenue contributions to capital	144	1,070
Major Repairs Reserve	29,893	28,698
	30,476	**30,735**

7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £19.3m (£10.9m in 2013/14). The receipts are summarised as follows:

	2014/15 £'000	2013/14 £'000
Receipts unapplied brought forward - 1 April	12,336	6,109
Right to Buy sales	11,857	7,900
Mortgage repayments	29	36
Repayment of Right to Buy discount	-	-
Disposal of Land and Buildings	7,407	2,967
Bovis Homes Income	-	-
	31,629	**17,012**
Allowable reductions		
Repaid to DCLG	(1,878)	(1,710)
Capital receipts applied	(440)	(1,687)
Receipts used to finance to General Fund capital	(1,348)	(1,280)
Capital receipts unapplied carried forward - 31 March	**27,963**	**12,336**

8 Major Repairs Reserve

	2014/15 £'000	2013/14 £'000
Balance brought forward - 1 April	**(5,316)**	**(4,369)**
Capital expenditure (dwellings)	29,893	28,698
Major Repairs Allowance set aside in year	(26,333)	(24,716)
Excess depreciation credited to Statement of Movement on HRA Balance	(5,294)	(4,929)
Non dwellings impairment		
Balance carried forward - 31 March	**(7,050)**	**(5,316)**

Depreciation has been calculated in accordance with our accounting policies for all HRA assets. We have used the Keystone component accounting information for Dwelling as a proxy for component accounting and Corporate Asset Management system for Non-Dwelling.

The MRA was £31.6m for 2014/15 (2013/2014 - £29.6m). £29.8m of this was used to finance appropriate Housing Revenue Account capital expenditure. Non dwelling depreciation has been charged to the Net Cost of Services and credited to the Statement of Movement on the HRA Balance to ensure that there should be no impact on rents or other services.

9 Balance Sheet Value of Land and Houses, etc

	2014/15 £'000	2013/14 £'000
Dwellings	866,041	819,641
Land	8,168	2,092
Other assets	13,700	20,058
	887,909	**841,791**

10 Asset Split

	2014/15 £'000	2013/14 £'000
Operational - dwellings	866,041	819,641
Operational - other land and buildings	17,659	17,468
Non-operational	4,209	4,682
	887,909	**841,791**

11 Reserves and Provisions

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

	2014/15 £'000	2013/14 £'000
Reserves		
HRA balance	39,602	45,322
Other reserves		
Furniture Packs	691	547
CCTV	405	353
Energy efficiency	1,768	1,769
Single Change Programme	10,000	-
Other	1,616	1,617
Sub-total other reserves	14,480	4,286
Total reserves	**54,082**	**49,608**
Provisions		
Carbon commitment costs	-	7
Rent deposits	75	76
Total provisions	**75**	**83**

Collection Fund

The Collection Fund - Income and Expenditure Account

31 March 2014 £'000		Note	Business Rates £'000	Council Tax £'000	31 March 2015 Total £'000
	Income				
187,613	Council Tax	2	-	195,553	195,553
208,940	Non- Domestic Rates	3	209,982	-	209,982
396,553			209,982	195,553	405,535
	Expenditure				
	Apportionment of Previous Year Surplus/(Deficit)				
(656)	Bristol City Council		(2,727)	4,078	1,351
(82)	Avon & Somerset Police and Crime Commissioner		-	502	502
(31)	Avon Fire Authority		(55)	192	137
-	Central Government		(2,783)	0	(2,783)
(769)		4	(5,565)	4,772	(793)
	Precepts, Demands and Shares				
99,521	Central Government		102,419	-	102,419
251,938	Bristol City Council		101,368	160,076	261,444
19,005	Avon & Somerset Police and Crime Commissioner		-	19,709	19,709
9,231	Avon Fire Authority		2,054	7,510	9,564
379,695			205,841	187,295	393,136
	Charges to Collection Fund				
3,804	Write offs of uncollectable amounts		2,521	1,783	4,304
1,257	Increase/ (Decrease) in Bad Debt provision		(659)	54	(605)
721	Costs of Collection Allowance		723	-	723
-	Disregarded Amounts		5,619	-	5,619
14,082	Increase provision for appeals/ back-dated appeals		3,514	-	3,514
19,864			11,718	1,837	13,555
(2,237)	**Surplus / (Deficit) for the Year**		(2,012)	1,649	(363)
390	**Surplus / (Deficit) as at 1 April**		(7,464)	5,617	(1,847)
(1,847)	**Surplus / (Deficit) as at 31 March**		(9,476)	7,266	(2,210)

Notes to the Collection Fund Income and Expenditure Account

1 General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Only the elements attributable to the City Council are recognised with the Council's other accounts.

2 Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 115,008 for 2014/15 (113,099 for 2013/14). This represents the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and the estimated collection rate. This basic amount of Council Tax for a Band D property of £1,601.92 for 2014/15 (£1,597.30 for 2013/14) is multiplied by the proportion specified for the particular band to give an individual amount due.

Calculation of the Council Tax Base used in setting the 2014/15 Council Tax:

	BANDS									
	A Entitled to disabled relief	A	B	C	D	E	F	G	H	Total
No of properties	-	48,604	71,682	37,684	17,193	9,299	4,662	2,815	325	192,264
Exemptions and disabled relief	31	-1,078	-1,115	-1,118	-1,002	-824	-148	-47	-39	-5,340
Less discounts	-2	-7,218	-6,893	-3,226	-1,288	-591	-258	-144	-25	-19,645
Total equivalent dwellings	29	40,308	63,674	33,340	14,903	7,884	4,256	2,624	261	167,279
Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	2	-
Band D equivalents	16	26,872	49,524	29,636	14,903	9,636	6,148	4,373	522	141,630

Add changes re: Additional properties	400
Aditional Exemptions	-1000
Council Tax Support	-24,871
Adjustments to reflect Discretionary Siscounts	600
Rate of Collection 98.5%	-1,751
Council Tax Base	**115,008**

3 National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. Every non-domestic property has a rateable value, which is determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was 1 April 2008 and the new revaluations came into effect on 1 April 2010. The next valuation is due in 2017.

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

In 2014/15 the non-domestic rating multiplier was 48.2p (47.1p in 2013/14) and the small business non-domestic rating multiplier was 47.1p (46.2p in 2013/14).

In 2013/14 the Regulations concerning NNDR changed such that the City Council is now responsible not only for collection of rates due from the ratepayers in its area but also for redistribution of the sums paid according to the following percentages: Central Government: 50%; Bristol City Council: 49%; Avon Fire Authority: 1%.

The NNDR income after reliefs and provisions of £209.982m for 2014/15 (£208.940m for 2013/14) was based on an average rateable value for the City Council's area of £536,677 for the year. The total rateable value at 31 March 2015 was £538.191m (£535.163m at 31 March 2014).

4 Collection Fund surpluses/(deficits)

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

Council Tax	**2014/15 £'000**	2013/14 £'000
Bristol City Council	4,078	(656)
Avon and Somerset Police	502	(82)
Avon Fire Authority	192	(31)
Balance at 31 March	**4,772**	**(769)**

NNDR	**2014/15 £'000**	2013/14 £'000
Bristol City Council	(2,727)	-
DCLG	(2,783)	-
Avon Fire Authority	(55)	-
Balance at 31 March	**(5,565)**	**-**

Collection Fund balance sheet items have been apportioned as shown in the table below.

Council Tax	Total	Bristol City Council	Police Creditor	Fire Creditor
	£'000	£'000	£'000	£'000
Debtors	11,194	9,567	1,178	449
Bad Debt Allowance	(5,237)	(4,476)	(551)	(210)
Prepayments & Overpayments	(3,555)	(3,038)	(374)	(143)
Surplus / (Deficit) at 31 March	7,266	6,213	765	288

Business Rates	Total	Bristol City Council	Central Government Debtor	Fire Debtor
	£'000	£'000	£'000	£'000
Debtors	5,330	2,612	2,665	53
Bad Debt Allowance	(1,545)	(757)	(773)	(15)
Prepayments & Overpayments	(2,561)	(1,255)	(1,280)	(26)
Appeals Provision	(17,596)	(8,622)	(8,798)	(176)
Surplus / (Deficit) at 31 March	(9,476)	(4,643)	(4,738)	(95)

5. City Region Deal Growth Disregard

From 2014/15, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise area and Enterprise Zone. The growth is transferred to the Council's General Fund before being pooled with other participating authorities (see note 30 for full details.) In 2014/15 the transfer of City Deal Growth Disregard to the General Fund was £5,316k.

GLOSSARY OF TERMS

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

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

ACTUARY - One who makes calculations for pensions and insurance purposes.

ACTUARIAL GAINS AND LOSSES - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because:
- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed

ASSET - An asset is something that the Council owns that has a monetary value. Assets are either current or long term.
- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors)
- A long term (fixed) asset provides the Council with benefits for a period of more than one year (e.g. property, plant and equipment).

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

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

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

CAPITAL CHARGES - This is a charge made to the Council's service revenue accounts to reflect the cost of utilising property, plant & equipment in the provision of services.

CAPITAL EXPENDITURE - Expenditure on the acquisition of property, plant & equipment that will be used to provide services beyond the current accounting period.

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

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

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

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

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

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

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

CURRENT ASSETS - Items that can be readily converted into cash.

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

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

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

EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS) - Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

FINANCE LEASE - A lease that transfers substantially all of the risks and rewards of ownership of an item of property, plant or equipment to the lessee (the Council) from the lessor.

PROPERTY, PLANT & EQUIPMENT - These are assets that yield benefits to the Council and the services it provides for a period of more than one year.

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

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

HERITAGE ASSET - An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held or maintained principally for its contribution to knowledge and culture. Examples of Heritage Assets are historical buildings, civic regalia and museum and gallery collections.

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

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

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

INTANGIBLE ASSETS - These are assets on the Balance Sheet such as software licences that do not have physical form but still have value.

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

LIABILITIES - Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

MAJOR REPAIRS RESERVE (MRR) - This reserve is for capital expenditure on HRA assets

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

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

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

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

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

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

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

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

PUBLIC WORKS LOAN BOARD (PWLB) - A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

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

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

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

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

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

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

WORK IN PROGRESS - The value of work(s) that have been completed or are partially complete at the end of the accounting period that should be included in the financial statements.