

London Borough of Haringey – Statement of Accounts 2006/07
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LONDON BOROUGH OF HARINGEY
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007

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SECTION 1

INTRODUCTION & REVIEW OF THE YEAR

2006/07

Foreword

This document sets out the Financial Statements for Haringey Council, the Authority's Pension Fund and its Group accounts.

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Haringey that officer is the Acting Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Internal Financial Control

The Authority recognises its responsibilities to ensure proper financial management and control of its affairs. The Authority approves an annual revenue and capital budget and publishes annual accounts, which are approved by the Authority and subject to external audit.

The Acting Director of Finance has direct management responsibility for the Internal Audit section, which maintains a regular review of the Authority's financial systems and investigates any irregularities that arise. Further information is contained within the Statement on Internal Control.

The Acting Director of Finance's responsibilities

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

In preparing the Statement of Accounts, the Acting Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Acting Director of Finance has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Acting Director of Finance has signed and dated the Statement of Accounts for the year ended 31 March 2007.

The Statement of Accounts

In 2006/07 there have been a number of fundamental changes to the layout and format of the accounts, with the aim of moving local Authority accounts more in line with UK General Accepted Accounting Practices (UK GAAP). The end result is that there are some new statements this year, resulting in the figures for 2005/06 having to be re-stated to allow for reasonable year on year comparators, and the order of the statements and notes have changed. Each of the principle statements and sections of these accounts are set out below.

Statement on Internal Control

This details the processes in place during 2006/07 for ensuring appropriate management and control. It then reviews the effectiveness and raises any major issues that have arisen in the year. (Page 15)

Statement of Accounting Policies

An explanation of the basis on which the accounts have been prepared and their compliance with the guidance of the relevant regulatory bodies. (Page 19)

Income and Expenditure Account

This statement replaces the Consolidated Revenue Account (CRA) and summarises the income and expenditure of all the Authority's services, providing a breakdown by service, in line with UK GAAP. The Account also shows how the Authority's services are funded: the four main sources being specific income, council tax, national non-domestic rates and government grants. (Page 25)

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows entries that are in line with accounting principles but not necessarily in accordance with Government requirements for Local Authority accounts and Council Tax. An example is the requirement for Local Authorities to make a minimum revenue provision for debt repayment. The statutory entries are put through this statement which moves the balance on the Income and Expenditure Account to the net overall effect on the General Fund balances for the year. (Page 26)

Statement of Total Recognised Gains and Losses (STRGL)

This statement records those gains and losses experienced by a local authority that are not reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are not reflected in the Income and Expenditure Account. The STRGL allows a full assessment of the financial result for the period to be considered. (Page 27)

The Balance Sheet

This records the Authority's year-end financial position. It shows the balances and reserves at the Authority's disposal and its long-term debt, the net current assets or liabilities, and summarised information on the fixed assets held. It excludes the trust funds and the Pension Fund. (Page 28)

Cashflow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue transactions. (Page 30)

Notes to the Primary Statements

All the notes to the statements detailed above then follow these primary statements. (Pages 31 to 60)

Housing Revenue Account Income and Expenditure Account

This records the Authority's statutory obligation to account separately for the costs of its landlord role. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents, housing subsidy and other income. As with the new Income and Expenditure Account this statement is in accordance with UK GAAP. (Page 56)

Statement of Movement on the HRA Balance

As with the Statement of Movement on the General Fund Balance this statement brings in the statutory transactions which move the balance on the HRA Income and Expenditure Account to the net overall effect on the General Fund balances for the year. (Page 56)

Collection Fund

The Authority is responsible for collecting council tax and national non-domestic rates, the latter on behalf of the government. The proceeds of the council tax are distributed to two preceptors: the Authority itself and the Greater London Authority. The Fund shows the income due from council tax and national non-domestic rates and the application of the proceeds. (Page 59)

Pension Fund Account and Net Assets Statement

The Pension Fund Account shows the contributions to the Fund during 2006/07 and the benefits paid from it. The Net Assets Statement sets out the financial position for the Fund as at 31 March 2007. The Fund is separately managed by the Authority acting as trustee and its accounts are separate from the Authority's. (Page 73)

The Group Accounts

Group Accounts are prepared where a local authority has interests in companies such as Homes for Haringey, the Haringey Arms Length Management Organisation (ALMO). The authority's financial statements do not present the full picture of its financial position. Group financial statements are therefore required in order to reflect the extended service delivery of all the activities under the control of the parent reporting authority. (Page 63)

Review of the Financial Year

The Community Strategy vision was adopted by the Authority in 2002. 2006/07 is the last year of the 5 year strategy. The vision is:

'To measurably improve the quality of life for the people of Haringey by tackling some of our biggest problems and making it a borough we can all be proud of.'

Our priorities are to:

1. Improve services
2. Narrow the gap between the east and the west of Haringey
3. Create safer communities
4. Improve the environment
5. Raise achievement in education and create opportunities for life long success

This review sets out the Authority's financial performance in its principal financial areas:

- The General Fund
- The Housing Revenue Account
- Capital Investment

This commentary is supplemented by a review of the Pension Fund.

The General Fund

The General Fund contains the income and expenditure relating to the services of the Authority, other than Council housing. In 2006/07 the Authority planned net expenditure of £365.9 million, as set out in the following table.

	Budget £'000	Outturn £'000	Variance £'000
Children's Services	215,887	215,630	(257)
Housing Services	(3,274)	(3,521)	(247)
Social Services	57,966	58,111	145
Environmental Services	51,799	51,378	(421)
Finance Services	10,726	10,360	(366)
Chief Executive's Services	26,132	24,471	(1,661)
Services	359,236	356,429	(2,807)
Non service revenue	5,993	5,274	(719)
Transfer deficit on schools		(538)	(538)
Transfer underspend on DSG		1,355	1,355
Cabinet agreed transfers to reserves (19/6/07)		2,946	2,946
Planned contributions to/(from) reserves	691	691	0
Total on General Fund	365,920	366,157	237
General balances 1 April 2006			(12,405)
Collection Fund Surplus			(98)
Movement between reserves 06/07			259
General balances 31 March 2007			(12,007)

There is a net service underspend of £2.8 million. There was a £0.5 million overspend on schools which is funded from the schools earmarked reserve (£5.8 million as at 31 March 2006). The Dedicated Schools Budget was underspent by £1.3 million which is carried forward and ring-fenced in 2007/08. If schools and the Dedicated Schools Grant (DSG) are excluded, there is an overall service underspend of £2.0 million.

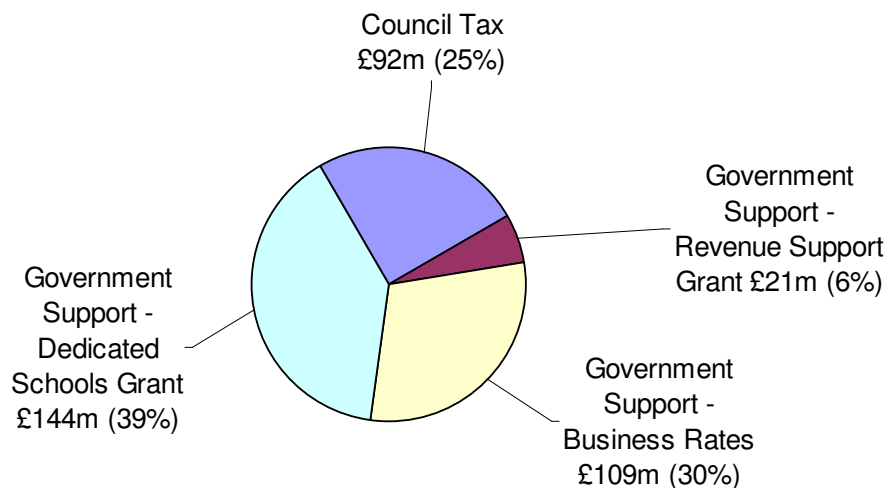
With the exception of schools expenditure all other services spend was broadly in line with expectations. The homelessness budget continues to underspend and some of this has been moved into reserves to cover the Authority against potential future loss of subsidy paid by central government on homeless accommodation.

Overall the General Fund made a small deficit of £237 thousand.

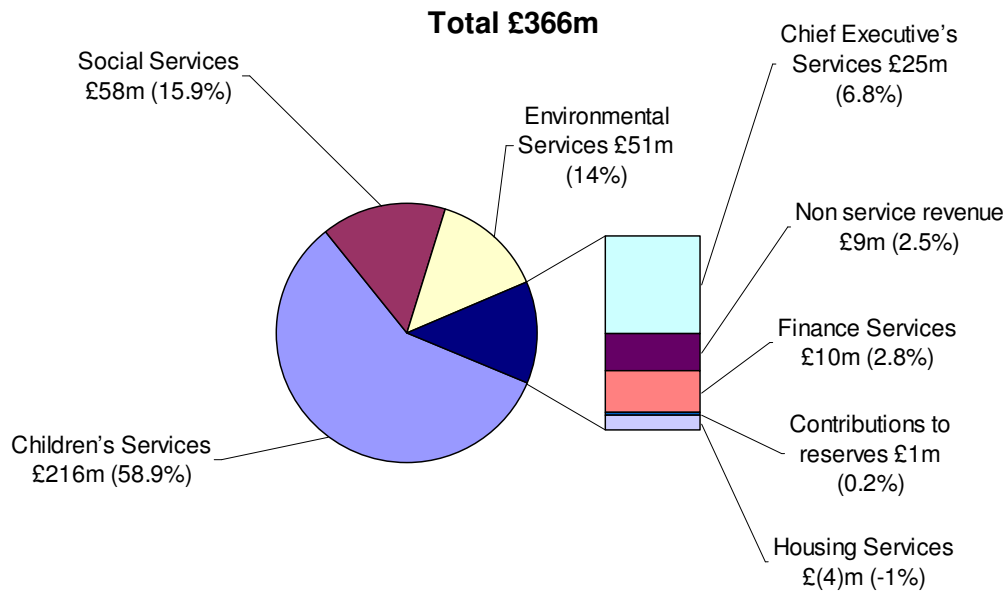
Below is a graph showing the revenue funding sources such as Government Grants, NNDR and Council Tax. 2006/07 saw a major change in Government funding for Local Authorities with the introduction of the Dedicated Schools Grant (DSG). This grant is ring-fenced for schools and has been taken from the Revenue Support Grant (RSG).

Sources of Revenue Funding 2006/07

Total £ 366 m

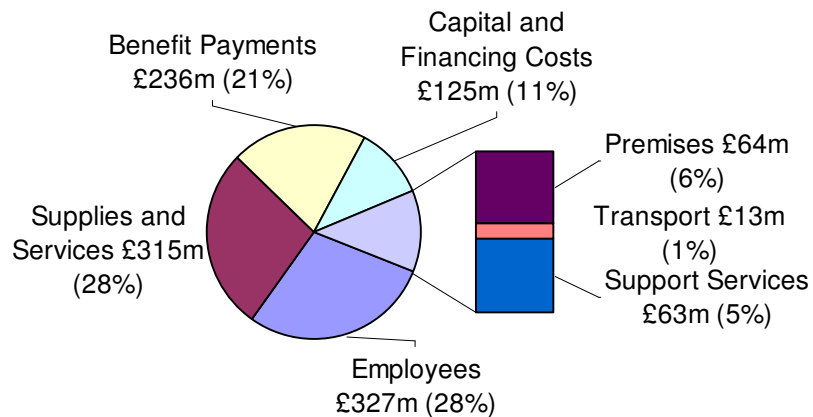


How The Money Was Spent



Subjective Analysis of Gross Revenue Expenditure

Total £ 1,143m



The Housing Revenue Account

The Housing Revenue Account is a statement of the income and expenditure on Council housing. The Authority is landlord for 16,627 dwellings and the income and expenditure relating to these is ring-fenced, that is the Authority is prevented by legislation from subsidising the cost of Council Housing from its General Fund.

In 2006/07, the Authority spent £101.4 million on its Council housing and had income of £100.6 million. After financing and appropriation adjustments, there was a deficit of £0.8 million on the account. (page 56)

Capital investment

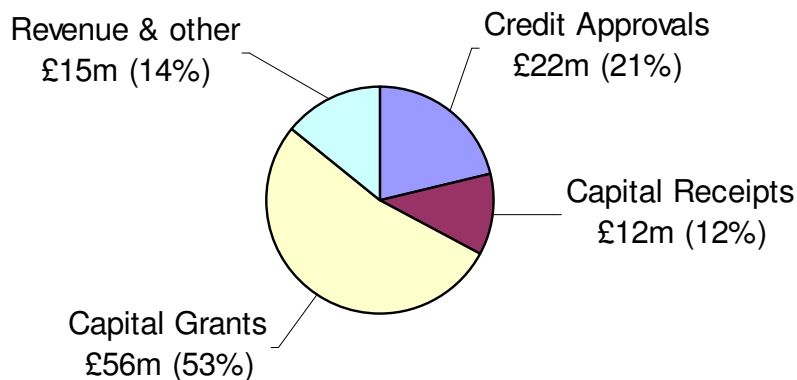
In 2006/07, the Authority planned to spend £112.6 million on capital investment, as shown in the following table. The actual expenditure was £107.3 million. The main reason for the £5.3 million underspend was scheme slippage. The total long-term debt of the Authority is £634 million, which relates to capital investment in previous years. 59% of this debt relates to Council housing investment.

	Budget £'000	Outturn £'000	Variance £'000
Social Services	6,322	5,658	(664)
Housing - GF	3,222	2,135	(1,087)
Housing - HRA	18,136	18,032	(104)
Chief Executive	12,667	8,879	(3,788)
Finance	4,147	3,597	(550)
Environment	17,600	15,812	(1,788)
Children's & Young People	52,304	53,205	901
Total	114,398	107,318	(7,080)

The graph below details how this capital expenditure was financed.

Capital Financing 2006/07

Total £105m



The difference between the capital outturn and the capital financed is capital accruals from 2005/06 which were financed in 2006/07. See the Capital Expenditure note to the Balance Sheet. (Page 43)

The Pension Fund

The Pension Fund is part of the Local Government Pension Scheme. This funds the pensions of Authority staff, other than teachers, and receives contributions from members of the scheme and employer bodies. In 2006/07, the Fund made payments to pensioners of £24.4

million and received contributions of £38.0 million (£8.4 million from members and £29.6 million from the employers).

The Fund is worth £620 million, most of which is invested in the stock market. In 2006/07 the Fund increased in value by £47 million following the overall trend in the UK and global stock markets.

Approval of the Accounts

The Accounts and Audit Regulations 2005, require the accounts to be approved by the Authority.

ACTING DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the accounts set on pages 23 to 70 set out the financial position of the London Borough of Haringey as at 31 March 2007 and its income and expenditure for the year ended and that the accounts on pages 71 to 82 set out the net assets of the London Borough of Haringey Pension Fund as at 31 March 2007 and its income and expenditure for the year then ended.

Gerald Almeroth, CPFA
Acting Director of Finance
28th June 2007

Independent auditor's report to the London Borough of Haringey

SECTION 2

INTERNAL CONTROL AND ACCOUNTING POLICIES

2006/07

Internal Control and Accounting Policies

Statement on Internal Control 2006/07

1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Haringey is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Haringey's functions and which includes arrangements for the management of risk.

2. The purpose of the system of internal control

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.2 The system of internal control has been in place at Haringey for the year ended 31st March 2007 and up to the date of the approval of the annual report and accounts.

3. The internal control environment

- 3.1 The key elements of the internal control environment are:

- a) establishing and monitoring the achievement of the authority's objectives

Haringey has well established and documented aims and objectives in order to improve the quality of life for people living and working within the borough and ensure that high quality services are delivered efficiently and effectively. These are set out in the Community Strategy and all the Council's business and financial planning documents reflect these aims and objectives. Delivery of these is through an integrated annual business and financial process, which are subject to full consultation and review by the Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council.

- b) the facilitation of policy and decision making

The Council's Constitution sets out the policy and decision making framework for the authority. The role of the whole Council, the Cabinet, other committees, Cabinet Members and officers is clearly documented, and there are also protocols governing the relationships between members and officers. This is subject to regular review and updated to reflect functional and organisational changes to the Council.

- c) ensuring compliance with established policies, procedures laws and regulations

The Council Constitution contains the Financial Procedure Rules and Contract Standing Orders, which must be complied with in carrying out all operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution.

Haringey has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and Whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit.

The Constitution also details the roles of key compliance officers, including the Council's Monitoring Officer and S151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers.

- d) how risk management is embedded in the activity of the authority

Haringey has a Risk Management Strategy which was updated and approved by the Audit Committee in 2005 and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities. The Council has developed a corporate risk register and all departments and business units have risk registers in place. These risk registers are tested by Internal Audit to ensure that managers are controlling the risks identified. Regular reports are provided to the Audit Committee detailing progress in embedding risk management throughout the Council. The Council also has agreed Business Continuity Plans which conform to the requirements of the Civil Contingencies Act 2004. In addition, the project management framework requires risks to be identified and monitored throughout the duration of each project, with agreed escalation process in place to ensure that risks which may prevent the project achieving its objectives are managed appropriately. All business plans also detail how each of the business units' key risks are being controlled and managed.

- e) ensuring the economical, effective and efficient use of resources

The Council is committed to delivering value for money. This is achieved through a variety of mechanisms including a well established business planning process, and a robust performance management system. There is an approved scheme of delegation in place to ensure that decisions are taken at the most appropriate level.

- f) the financial management of the authority

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. This is supported by the finance and contract procedure rules and the scheme of delegation. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes.

- g) the performance management of the authority

Haringey has comprehensive and robust performance management systems, which include Business Plans, Service Improvement Plans, Best Value Performance Plans and National and Local Performance Indicators. Performance measurement is undertaken at various levels and is subject to review both internally and externally by the Audit Commission. The Cabinet receives regular reports highlighting key financial and performance management information, which includes a corporate 'balanced scorecard' and allows them to effectively monitor compliance with all key policies and Council objectives.

4. Review of effectiveness

- 4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 Under the Comprehensive Performance Assessment Haringey achieved a rating of three stars (out of four), and 76% of best value performance indicators have maintained or improved performance over the year. The Audit Commission, in its March 2007 Annual Audit

and Inspection Letter, stated that the Council is improving well and that improvements have been evidenced in the Council's internal control arrangements.

- 4.3 The risk management strategy was revised in 2005 and improvements to ensure that the recommendations from external audit and the 2005/06 SIC action plan were incorporated. Risk management is an area which continues to develop as both internal and external issues affect the council and work will continue to ensure that under the re-shaped structure key operational and strategic risks are identified, managed and reported appropriately.
- 4.4 Directors have submitted a statement of assurance covering 2006/07 which is informed by work carried out by internal audit, external assessment and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately.
- 4.5 The Head of Audit and Risk Management provided an Annual Audit Report for 2006/07, which concluded that overall there are sound internal financial control systems and corporate governance arrangements in place.

5. Actions to deal with outstanding internal control issues

- 5.1 In 2005/06, a number of actions were reported in the SIC to deal with outstanding control issues. During 2006/07, some of these issues were addressed. The implementation of a revised project management framework assisted in improving monitoring and reporting processes. In addition, the action plan following the Audit Commission's review of the IT infrastructure upgrade has been implemented.
- 5.2 During 2006/07, further work has been done to address internal control issues and these are included below for continuing action. The following actions have been agreed to address the outstanding control issues identified as a result of the review of the effectiveness of the system of internal control:
 - Further work will be undertaken to ensure that the business unit, departmental and corporate risk registers are monitored, reviewed and updated appropriately to take account of the re-shaped organisational structure.
 - Partnership working has been identified as a key development area for the Council. The risk management programme will therefore encompass all key partnerships to ensure that these have been properly identified, appropriate risk assessments are produced and reviewed and that there are effective arrangements in place for risk sharing.

Councillor George Meehan
Leader of the Council

Dr. Ita O'Donovan
Chief Executive

Statement of Accounting Policies

The accounting policies set out below apply to the Financial Statements of the Authority and the Pension Fund.

General Principle

These accounts have been prepared in accordance with the Accounting Code of Practice on Local Authority Accounting in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). These codes have been approved as a Statement of Recommended Practice (SORP). The Pension Fund has been prepared in accordance with the Pensions SORP.

Accruals of Income and Expenditure

In the Revenue Account, income and expenditure are generally accounted for in the year in which they arise on an accruals basis, by the creation of material debtors and creditors, including estimates where appropriate.

Treatment of Debtors

The Authority undertakes to recover all outstanding debts. However, where debts prove to be irrecoverable, provisions are made and the debt is written off.

Government Grants and Contributions

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

Grants and contributions relating to fixed assets are credited to the Government Grants Deferred Account and released to the Asset Management Revenue Account in line with depreciation.

Cost of Support Services

The cost of central departments has been allocated to direct services on a variety of bases, reflecting the work provided by these support services.

Leases and PFI arrangements

Finance Leases – Under the Statement of Standard Accounting Practice (SSAP) 21, assets acquired under finance leases are treated as being in the ownership of the lessee. Therefore the rental payments are charged to the Asset Management Revenue Account and the asset valuation is included within the Authority's fixed assets and depreciated accordingly.

Operating Leases - Rentals payable under operating leases are charged to revenue on an accruals basis and on a straight-line basis.

PFI (Private Finance Initiative) contracts and other long-term contracts are not accounted for on the Authority's balance sheet where the risks and rewards of ownership of the relevant assets have been transferred to or are with the contractor.

Basis of Consolidation

The Consolidated Balance Sheet aggregates the balance of each of the Authority's separate funds except for trust funds and the Pension Fund, for which separate information is provided.

Valuation of Stock

Stocks have been valued at net current replacement value, which is not in accordance with SSAP 9, as the difference between cost and net realisable value is not considered to be material.

Capital Receipts

These arise from the sale of long-term assets and from the repayment of capital advances for home purchases and housing associations. The receipts arising from the sale of General Fund assets are 100% usable by the Authority on capital expenditure. For the sale of HRA assets the Local Government and Housing Act 1989 requires these generated from the sale of Council housing to be split between a usable and a reserved element (25%/75%), any receipts generated from the sale of other housing land and buildings are split 50%/50%. As from 1st April 2004 the reserved element is paid over to Central Government. The usable part may be used to finance capital expenditure.

Deferred Capital Receipts

When the Authority disposes of long-term assets such as council dwellings and advances a mortgage to the purchaser, the mortgage is shown in the balance sheet as a long-term debt and an equal amount is shown as a deferred capital receipt. The long-term debt and deferred capital receipt are both written down as the principal is repaid by mortgagees.

Fixed Assets

Fixed assets are included in the Balance Sheet on the following basis:

- (a) operational land and properties are valued based on their existing use;
- (b) council housing is valued at market value and then has a social housing percentage applied to arrive at the valuation;
- (c) non-operational assets and investment properties are valued on the basis of their open market value and are classified in line with the 2006 SORP requirements;
- (d) infrastructure assets are included in the Balance Sheet at historical cost basis net of depreciation;
- (e) community assets such as parks are recorded at a nominal value;
- (f) intangible assets are valued at cost.

All valuations are subject to review as part of a five year rolling programme.

The Authority has a process for identifying impairments that have incurred on fixed assets, e.g. where fire damage has occurred to an asset resulting in a reduced valuation, and have applied this in accordance with Financial Reporting Standard (FRS) 11.

Where assets were purchased by finance leases, the annual rentals are charged to the revenue account. The related liability of future rentals payable is not shown in the accounts. The assets acquired by this facility are valued within fixed assets, where they are still owned by the Authority.

Deferred Charges

Deferred charges relate to expenditure on assets that do not belong to the Authority, for example Improvement Grants. The treatment of these costs is in line with CIPFA's recommendations in that:

- (a) Expenditure charged to the balance sheet is written out to service revenue accounts in the year in which the expenditure is incurred;
- (b) Financing costs for deferred charges are accounted for corporately after net expenditure has been disclosed;
- (c) No asset is shown within the Authority's balance sheet.

Depreciation

Where asset life is short-term, the value of those assets is written out to revenue using the straight-line method over the following periods:

Vehicles Plant & Equipment	5 years
Intangibles	5 years
Infrastructure	30 years
Buildings	20 to 60 years

Depreciation is charged on all assets except non-operational investment assets. Newly acquired assets are not depreciated in the year of acquisition and assets in the course of construction are not depreciated until they are brought into use.

Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the authority has set aside a minimum revenue provision for repayment of debt. In addition the Authority has set aside a voluntary revenue provision to cover a capital determination awarded by the Office of the Deputy Prime Minister (ODPM) in 2004/05 regarding the Alexandra Park and Palace debt.

Repurchasing of Borrowing

Where debt premiums or discounts have been incurred due to restructuring of the Council's debt portfolio these are written off over the lifetime of the old loan period, in the case of premiums or 10 years in the case of discounts.

Provisions

The Authority has made a number of provisions for liabilities that are certain to occur, but the timing and amounts are uncertain and have applied this in accordance with Financial Reporting Standard (FRS) 12.

Reserves

Expenditure is charged to revenue and not directly to any reserve. For each reserve established, the purpose, usage and basis of transactions are identified in the notes to the Authority's Financial Statements.

Retirement Benefits

The accounts have been produced in accordance with FRS17. The discount rate used in the calculation of FRS17 is the AA corporate bond rate of 5.4%.

Value Added Tax

VAT is included within the accounts only where it is irrecoverable and where reimbursement of VAT paid is due from Customs and Excise.

Contingencies

Where the Authority can estimate with some certainty a contingent loss or gain, it has been included in the financial statements. However, where the cost cannot be accurately estimated, it is detailed by way of a note to the accounts.

Prior Year Adjustments

A number of changes to the SORP governing Local Authority Accounting have occurred this year resulting in fundamental changes to the format and layout of the Authority's accounts. Where these changes have occurred the comparator figures for 2005/06 have been

amended, to allow for useful comparison, and notes have been included in the accounts to inform readers of where these changes have occurred.

Associated and Subsidiary Companies (FRS2)

The Authority has a financial relationship with a number of companies. Details are contained in the notes to the Authority's Financial Statements. The SORP requires Authorities to produce group accounts where group relationships occur with associated and subsidiary companies. London Borough of Haringey has a wholly owned subsidiary in Homes for Haringey Ltd and therefore group accounts have been prepared in accordance with the accounting standards.

Post balance sheet events

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements were authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date)

SECTION 3
THE STATEMENT OF ACCOUNTS
2006/07

Income and Expenditure Account

This Statement shows the gross expenditure, income and net expenditure analysed by service and also shows how the Council's services are funded: the four main sources being specific income, council tax, national non-domestic rates and government grant.

	Notes	2006/07 Gross Expenditure £'000	2006/07 Gross Income £'000	2006/07 Net Expenditure £'000	2005/06 Net Expenditure £'000
Service					
Children and Young People's Service	5	339,279	(273,002)	66,277	196,670
Social Services - Adults and Older People	6	99,015	(42,094)	56,921	53,279
Housing Services - General Fund	7	278,917	(282,692)	(3,775)	(3,318)
Cultural, Environmental and Planning Services	8	81,597	(39,875)	41,722	35,651
Highways, Roads and Transport Services	9	26,913	(15,234)	11,679	10,643
Central Services	10	122,046	(112,408)	9,638	26,773
Coroners' Court Services		856	(731)	125	89
Total cost of Continuing Services	2-20	948,623	(766,036)	182,587	319,787
Housing Revenue Account (surplus) / deficit		105,557	(104,793)	763	3,203
Net Cost of Services				183,350	322,990
(Gain) / Loss on disposal of fixed assets				(2,852)	(1,092)
Levies	15			5,838	6,935
Net Surplus on Trading Activities-HRA	21			0	(1,056)
-General Fund	21			(316)	(343)
Interest Payable and Similar Charges				43,840	43,298
Contribution of housing capital receipts to Government pool				(8,494)	(17,462)
Interest and Investment Income				(4,547)	(3,223)
Pensions Interest Cost and Return on Assets	16			5,966	10,327
Net Operating Expenditure				222,785	360,374
Demand on the Collection Fund				(91,692)	(89,001)
(Surplus) / Deficit on Collection Fund				(98)	74
Government grants (not attributable to specific services)				(21,073)	(182,209)
Distribution from National Non-Domestic Rates Pool				(109,153)	(74,889)
(Surplus) / Deficit for Year				769	14,349

Statement of Movement on the General Fund Balance

	Notes	2006/07 £'000	2005/06 £'000
Increase / Decrease in General Fund			
(Surplus) / Deficit on Income & Expenditure Account		769	14,349
Additional amount required by statute and non-statutory proper practice	1	(371)	(16,703)
Total Increase / Decrease in General Fund		398	(2,354)
General Fund Balance brought forward		(12,405)	(10,051)
General Fund Balance carried forward		(12,007)	(12,405)
Analysis of General Fund Balance Movement			
Amount available to authority		(12,007)	(12,405)
		(12,007)	(12,405)

Statement of Total Recognised Gains and Losses

	Notes	2006/07	2005/06
		£'000	£'000
Increase / Decrease in General Fund			
(Surplus) / Deficit on Income & Expenditure Account		769	14,349
(Surplus) / Deficit arising on revaluation of fixed assets		(74,967)	336,374
Actuarial (gains) and losses on pension fund assets and liabilities		(34,374)	13,371
Other gains or losses		(14,790)	(3,776)
Total recognised (gains) or losses		(123,362)	360,318
Cumulative effect on reserves of prior period adjustments		0	0

Balance Sheet

The Balance Sheet shows the financial position of the Authority as a whole (excluding amounts attributable to the Pension Fund), and summarises its Assets and Liabilities

	Notes	31-Mar-07		31-Mar-06	
		£'000	£'000	£'000	£'000
Fixed Assets					
Housing Revenue Account Assets		1,132,788		1,055,982	
Other Operational Assets:					
Land and Buildings		267,693		227,702	
Vehicles, Plant, Furniture and Equipment		9,273		11,486	
Infrastructure Assets		98,268		91,164	
Community Assets		893		4,124	
Intangible Fixed Assets		1,235		1,210	
Non-Operational Assets		66,119		50,415	
Total Fixed Assets	22		1,576,269		1,442,083
Debt Restructuring Premium	26	25,150		28,906	
Long-term Debtors	27	804		1,167	
Total Long-term Assets			1,602,223		1,472,156
Current Assets:					
Stocks and Work in Progress		108		349	
Public Sector Debtors	28a	44,128		44,748	
Non Public Sector Debtors	28b	35,660		39,691	
Payments in Advance		15,631		15,897	
Investments		100,700		27,903	
Cash in Hand		10,326		11,009	
Total Current Assets			206,553		139,597
Current Liabilities:					
Temporary Borrowing		(144)		(142)	
Bank Overdraft		(8,191)		(18,338)	
Creditors	29	(88,482)		(75,700)	
Total Current Liabilities			(96,817)		(94,180)
Total Assets less current Liabilities			109,736		45,417
Net Current Assets			1,711,959		1,517,573
Long Term Liabilities:					
Long-term Borrowing	30	(634,026)		(587,170)	
Deferred Capital Receipts		(600)		(770)	
Deferred Credits		(4,430)		(4,671)	
Debt Restructuring Discounts		(1,275)		0	
Government Grants Deferred	32	(148,756)		(94,024)	
Provisions	33	(8,726)		(8,537)	
Liability related to defined benefit pension scheme		(299,987)		(331,604)	
Total Long Term Liabilities			(1,097,801)		(1,026,776)
Total Assets Less Liabilities			614,159		490,797
Financed by:					
Fixed Asset Restatement Account		414,045		353,943	
Capital Financing Account		406,192		386,782	
Usable Capital Receipts Reserve	39	10,044		8,517	
Earmarked Reserves		68,235		56,375	
General Fund		12,007		12,405	
Housing Revenue Account		3,597		4,384	
Pensions Reserve		(299,987)		(331,604)	
Collection Fund		26		(5)	
Total net worth			614,159		490,797

ACTING DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the balance sheet above sets out the financial position of the London Borough of Haringey as at 31 March 2007.

Gerald Almeroth, CPFA
Acting Director of Finance
Date: 28th June 2007

Cash Flow Statement

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

	Notes	2006/07 £'000	2005/06 £'000
Revenue Activities			
Payments:			
Cash paid to and on behalf of employees		282,051	306,102
Other operating costs		359,101	434,100
Housing Benefit paid out		236,944	218,824
Subtotal		878,095	959,026
Precepts paid		24,180	21,213
Payments to the Capital Receipts Pool		8,494	17,462
Non-domestic rates paid to National Pool		46,187	45,233
Total Payments		956,957	1,042,934
Receipts:			
Rents (after rebates)		(26,962)	(25,522)
Council Tax receipts		(79,547)	(72,956)
National non-domestic rate receipts from national pool		(48,208)	(46,591)
Government grants		(549,831)	(589,616)
Cash received for goods and services		(31,009)	(35,333)
Other revenue cash payments/income		(308,188)	(330,891)
Total Receipts		(1,043,745)	(1,100,909)
Net Cash Inflow from Revenue Activities		(86,788)	(57,975)
Servicing of Finance:			
Payments- Interest paid		45,503	42,930
Interest element of finance lease rental payments			
Receipts – Interest received		(4,353)	(2,410)
Net Cash Outflow from Servicing of Finance		41,150	40,520
Capital Activities:			
Payments:			
Purchase of fixed assets		97,650	99,503
Purchase of long-term investments			
Capital grants and advances		7,195	13,722
Total Payments		104,845	113,225
Receipts:			
Sale of fixed assets		(22,398)	(58,585)
Capital grants received		(57,334)	(16,767)
Other capital cash income		(14,876)	(12,272)
Total Receipts		(94,609)	(87,624)
Net Cash Outflow from Capital Activities		10,237	25,601
Net Cash Inflow before Financing		(35,401)	8,146
Financing:			
Payments:			
Repayments of amounts borrowed		48,342	8,743
Receipts:			
New loans raised		(77,000)	(25,000)
New short term loans		(18,200)	0
Net Cash Outflow before Financing		(46,858)	(16,257)
Net (Increase) / decrease in cash		(82,259)	(8,111)

Notes to the Primary Statements

1. Note of reconciling items for the Statement of Movement on the General Fund Balance

	2006/07 £'000	2005/06 £'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
Amortisation of intangible fixed assets	(24)	(21)
Depreciation and impairment of fixed assets	(40,948)	(37,059)
Government Grants Deferred amortisation	3,986	2,707
Net gain on sale of fixed assets	2,852	1,092
Net charges made for retirement benefits in accordance with FRS17	(26,907)	(29,542)
	(61,042)	(62,823)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
Minimum revenue provision for capital financing	9,724	9,111
Capital expenditure charged in-year to the General Fund balance	1,049	4,973
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	8,494	17,462
Employer's contribution payable to the Pension Fund and retirement benefits payable direct to pensioners	24,110	24,907
	43,377	56,453
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
Housing Revenue Account Balance	(760)	(2,577)
Voluntary revenue provision for capital financing	5,723	5,222
Net Transfer to or from earmarked reserves	12,074	(12,980)
Adjustment to previous year General Fund balance	(99)	0
Transfers to/from General Fund	356	0
	17,293	(10,334)
Net additional amount required to be credited to the General Fund balance for the year	(371)	(16,704)

The Income and Expenditure Account shows entries that are in line with accounting principles but not necessarily in accordance with Government requirements for Local Authority accounts and Council Tax. An example is the requirement for Local Authorities to make a minimum revenue provision for debt repayment. The statutory entries are put through this statement which moves the balance on the Income and Expenditure Account to the net overall effect on the General Fund balances for the year.

2. Explanation of prior period adjustments

	Consolidated Revenue Account in 2005/06 Statement of Accounts £'000	Removal of capital financing charges £'000	Relocation of government grants deferred credits £'000	RCCO adjustment £'000	Other adjustments £'000	Recognition of gains and losses on disposal of fixed assets £'000	2005/06 comparatives in Income and Expenditure Account £'000
Service							
Children and Young People's Service	204,729	(5,699)	(878)	(1,479)	(2)	0	196,670
Social Services - Adults and Older People	53,965	(645)	(44)	0	3	0	53,279
Housing Services - General Fund	(2,769)	(144)	(89)	(316)	(0)	0	(3,318)
Cultural, Environmental and Planning Services	39,405	(2,113)	(674)	(967)	0	0	35,651
Highways, Roads and Transport Services	17,309	(3,957)	(917)	(1,792)	0	0	10,643
Central Services	27,509	(38)	(104)	(418)	(175)	0	26,773
Court Services	89	0	0	0	0	0	89
Impact on Cost of Continuing Services	340,237	(12,595)	(2,706)	(4,973)	(175)	0	319,787
Housing Revenue Account (surplus) / deficit	3,205	0	(2)	0	0	0	3,203
Impact on Net Cost of Services	343,442	(12,595)	(2,709)	(4,973)	(175)	0	322,990
Gain on the disposal of fixed assets	0	0	0	0		(1,092)	(1,092)
Net Surplus on Trading Activities-HRA	(920)	(136)	0	0	0	0	(1,056)
-General Fund	994	(1,336)	0	0	0	0	(343)
Asset management revenue account (Interest payable and similar charges in 2006/07)	5,493	14,068	2,709	0	21,028	0	43,297
Interest and Investment Income	(2,410)	0	0	0	(813)	0	(3,223)
Other entries in I&E 2006/07	(199)	0	0	0	0	0	(199)
Impact on Net Operating Expenditure	346,399	0	0	(4,973)	20,040	(1,092)	360,374

3. Income and Expenditure Account

The service expenditure headings in the Income and Expenditure Account do not conform to the 'Best Value Accounting Code of Practice' but represent more closely how the Authority has arranged its services. Below is a table showing the income and expenditure according to the 'Best Value Accounting Code of Practice'.

	2006/07 Gross Expenditure £'000	2006/07 Gross Income £'000	2006/07 Net Expenditure £'000	2005/06 Net Expenditure £'000
Service				
Education Services	287,128	(259,778)	27,350	159,882
Social Services	151,166	(55,318)	95,848	90,067
Housing Services	278,917	(282,692)	(3,775)	(3,318)
Cultural, Environmental and Planning Services	81,597	(39,875)	41,722	35,651
Highways, Roads and Transport Services	26,913	(15,234)	11,679	10,643
Central Services	122,046	(112,408)	9,638	26,773
Court Services	856	(731)	126	89
Total Cost of Continuing Services	948,623	(766,036)	182,587	319,787

4. Disclosure of deployment of the Dedicated Schools Grant

The council's expenditure on schools is funded by grant provided by the Department for Education and Skills: the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. Under and overspends on the two elements are required to be accounted for separately. The DSG allocated to individual schools was reduced in year by £279k following the DfES's data cleansing exercise, but this reduction was carried forward as a DSG overspend into 2007/08. In addition, schools utilised £538k of brought forward balances. Under and overspends on several centrally retained budgets totalling a net underspend of £1,341k are also being carried forward.

Details of the deployment of DSG receivable for 2006/07 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Original grant allocation to Schools Budget for the current year in the authority's budget	18,965	125,737	144,702
Adjustment to finalised grant allocation	(14)	(279)	(293)
DSG receivable for the year	18,951	125,458	144,409
Actual expenditure for the year	17,610	126,275	143,885
(over)/underspend for the year	1,341	(817)	524
Planned top-up funding of ISB from Council resources	0	0	0
Use of schools balances brought forward	0	538	538
(over)/underspend from prior year	0	0	0
(over)/underspend carried forward to 2007/08	1,341	(279)	1,062

5. Children and Young People's Services

	2006/07 £'000	2005/06 £'000
Nursery	1,340	2,056
Primary	80,364	76,598
Secondary	59,911	51,137
Non-School	7,461	6,611
Special Schools	22,684	23,479
Dedicated Schools Grant	(144,409)	0
Childrens Serv Commissioning & Soc Wrk	12,687	9,641
Children Looked After	15,863	15,615
Family Support Services	2,159	1,496
Youth Justice	1,627	1,266
Other Children & Families Services	6,175	8,046
Asylum Seekers	416	725
Total Expenditure	66,277	196,670

In 2006/07 the arrangements for government support for the funding of schools changed. Previously funds were provided as part of the council's overall Revenue Support Grant but in 2006/07 the council received a specific grant – the Dedicated Schools Grant. The result of this is a reduction in the total of RSG received in 2006/07 and a reduction in the net expenditure of the Education service, however the overall resources available to the Council have not changed.

6. Social Services – Adults and Older People

	2006/07	2005/06
	£'000	£'000
Other Adult Services	1,844	1,230
Adults Under 65 with Mental Health Need	6,579	5,303
Adults Under 65 with Learn Disabilities	15,225	13,815
Adults Under 65 Phys Disability/SensImp	7,774	7,141
Older People 65 & Over incl Mentally Ill	24,585	24,815
Service Strategy	915	975
Total Expenditure	56,921	53,279

7. Housing Services

	2006/07	2005/06
	£'000	£'000
Housing Services	(5,162)	(3,109)
Housing Benefits	1,387	(209)
Total Expenditure	(3,775)	(3,318)

8. Cultural, Environmental and Planning Services

	2006/07	2005/06
	£'000	£'000
Cultural & Related Services	13,135	11,435
Environmental Services	15,361	14,249
Planning and Development Services	13,225	9,967
Total Expenditure	41,722	35,651

9. Highways, Roads, and Transport Services

	2006/07	2005/06
	£'000	£'000
Transport Planning , Policy & Strategy	(28)	(24)
Highways or Roads [Structural]	(528)	56
Construction Roads Bridges Revenue Costs	5,408	5,753
Highways or Roads [Routine]	1,522	154
Street Lighting	1,286	984
Traffic Management and Road Safety	432	(498)
Parking Services	(2,245)	(1,140)
Public Transport	5,830	5,358
Total Expenditure	11,679	10,643

10. Central Services

	2006/07	2005/06
	£'000	£'000
Non Distributed Costs	(9,719)	(3,097)
Corporate and Democratic Core	11,840	21,392
Central Services to the Public	7,517	8,478
Total Expenditure	9,638	26,773

The 2005/06 values have been restated to show the Pensions FRS17 credit in Non Distributed Costs rather than Corporate and Democratic Core.

11. Publicity

A breakdown of expenditure on publicity is required by Section 5 of the Local Government Act 1986.

	2006/07	2005/06
	£'000	£'000
Staff Recruitment	777	977
Communications Unit	489	848
Other Expenditure	1,464	1,814
Total Expenditure	2,730	3,639

12. Income and Expenditure under the Goods and Services Act 1970

Section 1 of the above Act authorises local authorities to supply goods and services to other public bodies. The table below summarises the surplus or (deficit) for 2006/07.

	2006/07	2005/06
	£'000	£'000
Other London Boroughs	241	329
Other Local Authorities	14	12
Others	16	39
Grand Total	271	380

13. Audit Commission Fees

The table below details the actual amounts paid to the Audit Commission in respect of the Council's external auditor's fees.

	2006/07	2005/06
	£'000	£'000
Statutory Inspection	156	89
Audit Fee	483	447
Grant Claims Audit	176	163
Other Audit Work	1	25
Total	816	724

14. Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information on the setting of charges for building control. Certain activities within building control cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control function divided between chargeable and non-chargeable activities. The trading account is required to break even on its chargeable activities over a three year rolling period.

These figures are included within the Cultural, Environmental and Transport Services line of the Income and Expenditure Account.

	2006/07		
	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employees	572	290	862
Transport	15	6	21
Supplies	15	6	21
Support Costs	144	62	206
Other	0	19	19
Total Expenditure	746	383	1,129
Total Income	(741)	0	(741)
Net (Surplus) /Deficit 2006/07	5	383	388
Net (Surplus) /Deficit 2005/06	(1)	326	325
Net (Surplus) /Deficit 2004/05	24	323	347
3 year Total	28		

The 3 year deficit is due to a deficit occurring in 2004/05. This was a one-off occurrence. The account has subsequently been operating with improved financial performance.

15. Levies

The table below details the amounts paid to levying bodies.

	2006/07 £'000	2005/06 £'000
London Pensions Fund Authority	228	224
North London Waste Authority	4,463	5,510
Lee Valley	249	242
Environment Agency	97	154
ALG Grants Committee	801	805
Total	5,838	6,935

The North London Waste Authority levy dropped overall from £41.837m to £33.231m for all partners. Haringey's individual levy fell accordingly in year.

16. Pension Costs

Teachers

Teachers employed by the authority are members of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2006/07 the Council paid £7,521,597 (2005/06 £7,160,684) to Teachers' Pensions in respect of teachers' pension costs which represent 13.65% of teachers' pensionable pay. The Council is responsible for all pension payments relating to added years it has awarded, together with the related increases, amounting to £72,838 in 2006/07 (2005/06 £67,304) equivalent to 0.13% of pensionable pay.

Other Employees

The Council's Pension Fund provides members with defined benefits related to pay and service. The Financial Statements of the Pension Fund are set out in Section 4 of this document.

The Council's contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31st March 2006. Following this valuation, the Council increased its contribution rate from 19.6% in 2005/06 to 21.2% in 2006/07. Further increases to 22.9% in

2007/08 are planned, in accordance with the actuaries' recommendations. As part of the Council's budget process funding has been included for these stepped increases.

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Income and Expenditure Account includes the pension fund costs in line with FRS17. We recognise the cost of retirement benefits in the Net Cost of Services when they are actually earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on General Fund Balance statement (page 26) in order to ensure there is nil effect on the Council Tax and Council balances for the year. The following transactions have been made in the Council's accounts during the year.

	Pension Scheme	
	Year to 31-Mar-07 £'000	Year to 31-Mar-06 £'000
Net Cost of Services:		
Current service cost	(24,488)	(20,591)
Past service costs/curtailments	(6)	(489)
Net Operating Expenditure:		
Interest cost	(39,923)	(40,201)
Expected return on assets in the scheme	33,957	29,874
Net Return on Assets	(5,966)	(10,327)
Amounts to be met from Government Grants and Local Taxation:		
Movement in pensions reserve	2,774	4,634
Actual amount charged against council tax for pensions in the year:		
Employers' contributions payable to scheme	(24,110)	(23,753)

The Council's Pension Fund is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

As at 31 March 2007, the Authority had the following overall assets and liabilities for pensions

	2006/07 £'000	2005/06 £'000
Present value of scheme liabilities	767,348	829,467
Present value of unfunded liabilities	53,060	43,777
Estimated assets in scheme	(542,221)	(541,640)
Net Liability	278,187	331,604

The primary cause of the change from an estimated net liability of £332m as at 31 March 2006 to an estimated net liability of £278m as at 31 March 2007 is as a result of the transfer of the Council's former employees to Homes for Haringey. In addition the performance of the scheme has improved over the past year.

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The net liability of £278 million has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £636m. However, statutory arrangements for funding this deficit mean that the financial position of the authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

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 based on estimates of mortality rates, salary levels,

etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	2006/07 %	2005/06 %
Rate of inflation	3.20	3.10
Rate of increase of salaries	4.70	4.60
Rate of increase in pensions	3.20	3.10
Rate for discounting scheme liabilities	5.40	4.90
Expected return on assets	7.00	6.70

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

Assets in the Fund are valued at their fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

	Long term return %	31 March 2007 %	31 March 2006 %
Equity investments	7.8	72	74
Bonds	4.9	19	18
Property	5.8	6	5
Cash	4.9	3	3
		100	100

17. Statement of employees' salaries

The number of employees paid more than £50,000 is detailed below.

Salary range (£)	Staff numbers		Left in Year	
	2006/07	2005/06	2006/07	2005/06
50 – 59,999	117	117	8	12
60 – 69,999	43	37	1	3
70 – 79,999	25	15	1	1
80 – 89,999	12	4	2	0
90 – 99,999	5	4	1	1
100-109,999	1	2	1	0
110-119,999	0	0	0	0
120-129,999	1	1	0	0
130-139,999	1	0	1	0
140-149,999	0	0	0	0
150-159,999	1	0	0	0
160-169,999	2	0	1	0
Totals	208	180	16	17

18. Members allowances

The member allowances for 2006/07 were £1,031,056 compared to £884,933 in 2005/06. These figures are included in the Central Services line of the Income and Expenditure Account.

19. Pooled budget: partnership arrangements under section 31 of the Health Act 1999

The Council has entered into two Partnership agreements under Section 31 of the Health Act 1999. The first being with the Haringey Teaching Primary Care Trust (HTPCT) and the Barnet, Enfield and Haringey Mental Health Trust, in respect of the provision of services for people with Learning Disabilities. The second, also with the HTPCT is for an Integrated Community Equipment Store. Haringey acts as the host authority for both. The following are statements of the income and expenditure for all pooled budgets for the period 1 April 2006 to 31 March 2007. The overspends within the S31 Pool have been split between the partners and the Council share of deficits have

been absorbed within the overall Council finances.

These pooled budgets are included within the Social Services line in the income and expenditure account.

2006/07 Statement of Income and Expenditure of the Learning Disabilities Partnership					
	Cash	SP Grant	Partnership Fund	TOTAL	TOTAL
	£'000	£'000	£'000	2006/07	2005/06
				£'000	£'000
Funding					
Other Contributions	1,484	67	0	1,551	1,338
LBH	6,678	0	0	6,678	6,043
LDDF	0	0	227	227	218
HPCT	0	0	1,418	1,418	1,388
MHT	0	0	92	92	92
Total Funding	8,162	67	1,737	9,966	9,079
Services Provided					
Management and assessment	3,108	0	0	3,108	3,132
Day Opportunities	3,540	0	0	3,540	3,563
Talbot Road Hostel	519	0	0	519	532
Linden Residential Home	672	0	0	672	359
Whitehall Residential Home	742	0	0	742	423
Mulberry House	475	0	0	475	427
Edwards Drive	496	0	0	496	477
Adult Care	164	0	0	164	180
Community Support	308	0	0	308	318
Total Expenditure	10,023	0	0	10,023	9,411
Net (Underspend)/Overspend	0	0	0	58	332

2006/07 Statement of Income and Expenditure of the Physical Disabilities Partnership					
	Cash	Staff	Partnership Fund	TOTAL	TOTAL
	£'000	£'000	£'000	2006/07	2005/06
				£'000	£'000
Gross Funding					
LBH	113	0	0	113	108
HPCT	0	0	146	146	129
Total Funding	113	0	146	259	237
Expenditure					
Physical Disabilities OT Stores	289	0	0	289	313
Total Expenditure	289	0	0	289	313
Net (Underspend)/Overspend	0	0	0	31	76

20. Long Term Contracts and Operating leases

In October 2000, the Council entered into a Private Finance Initiative (PFI) contract to refurbish and expand its eight community secondary schools. In the 2006/07 financial statements, the income and expenditure account includes payments of £11.2 million (£9.6 million in 2005/06) to the PFI provider, the receipt of a government grant of £5.7 million (£5.7 million in 2005/06) to support the project and a transfer of £3 million (£1.5 million transferred to the reserve in 2005/06) from the PFI reserve.

The Council made a prepayment of £15 million in 2003/04 in order to reduce annual costs to be released over the following 22 years. £0.7 million was released in 2006/07. The contract is for 25 years, that is until 2025 and the estimated annual payment for a full service year is £9.9 million.

Operating Leases

Vehicles, Plant and Equipment - The Authority enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers. In 2006/07 £355,373.12 was charged to revenue

for these leases (£306,206 in 2005/06). The outstanding rental commitments on these leases is £324,849 (£104,118 in 2005/06). The ownership of the assets purchased under these agreements does not pass to the Council and they are excluded from fixed asset valuations. Included in these figures are leased vehicles used by Haringey Accord, in the provision of Environmental services, the costs totalling £158,024.15 are recharged to Haringey Accord.

Authority as Lessor - The Council owns a number of commercial properties which it leases out to third parties. In 2006/07 £3.517 million was received in rent for these properties (£3.835 million in 2005/06). The value of these assets on the balance sheet is £50.559 million.

Finance Leases

Vehicles, Plant and Equipment - The outstanding commitment in respect of old finance leases is £412k as at 31 March 2007 (£550k in 2005/06).

21. Trading activities

The trading activities of the Council are detailed below:

Trading Activity	Expenditure	Income	(Surplus)/Deficit	(Surplus)/Deficit
	£'000	£'000	2006/07 £'000	2005/06 £'000
Industrial Estates	4,826	(4,826)	0	654
Markets	140	(129)	11	0
School & Welfare	5,112	(5,127)	(15)	20
Catering				
Legal Services	6,297	(5,413)	884	320
General Fund Trading Account	16,376	(15,496)	880	994
Building Maintenance	0	0	0	(564)
Construction Related	0	0	0	(356)
Services				
HRA Trading Account	0	0	0	(920)
Total	16,376	(15,496)	880	74

In 2006/07 the HRA trading accounts transferred to Homes for Haringey, as part of the creation of the ALMO which now manages the Council's housing stock.

22. Fixed Assets

The value of fixed assets shown on the balance sheet represents the value of assets held by the Council. The properties, which comprise the Council's portfolio, are valued on a rolling basis by the Council's property valuation team who are members of the Royal Institute of Chartered Surveyors under the guidance of the Head of Property Services, Dinesh Kotecha. The valuation bases are in accordance with the Statement of Asset Valuation Practices and Guidance Notes of the Royal Institute of Chartered Surveyors. Housing Revenue Account dwellings are valued at their existing use based on 'Beacon' valuation principles.

	01-Apr-06 £'000	Additions / Expenditure £'000	Revaluations and write offs £'000	Depreciation £'000	Disposals £'000	Impairments / Enhancements £'000	31-Mar-07 £'000
Housing Assets							
Council dwellings	1,055,983	21,852	72,503	(13,190)	(4,361)	0	1,132,788
Land and Buildings	2,120	0	1,677	(24)	(106)	0	3,667
Non-operational	-						
- Investment properties	16,345	0	932	0	0	0	17,277
- Assets awaiting disposal	86		1,857	0	0	0	1,943
Sub-Total	1,074,534	21,852	76,970	(13,214)	(4,467)	0	1,155,675
General Fund Assets							
Land and Buildings (note 1.1)	226,692	57,711	(7,449)	(6,170)	(10,399)	3,642	264,027
Vehicles, plant & equipment	11,486	1,149	(718)	(2,645)	0	0	9,272
Infrastructure	90,056	12,046	0	(3,833)	0	0	98,268
Community assets	4,124	0	(3,231)	(0)	0	0	893
Non operational							
- Investment properties	27,857	0	5,424	0	0	0	33,281
- Assets under construction	0	7,161	(1,461)	0	0	7,161	12,861
- Assets awaiting disposal	6,127	0	(5,371)	0	0	0	756
Intangible Assets	1,210	205	0	(180)	0	0	1,235
Sub-Total	367,552	78,271	(12,806)	(12,828)	(10,399)	10,803	420,594
Total Fixed Assets	1,442,086	100,124	64,164	(26,042)	(14,865)	10,803	1,576,269
Deferred charges							
Improvement grants	0	1,507	(1,507)	0	0	0	0
Housing Association Grant	0	0	0	0	0	0	0
Capitalised salaries and other	0	5,688	(5,688)	0	0	0	0
Total Deferred Charges	0	7,195	(7,195)	0	0	0	0
Grand Total	1,442,086	107,319	56,969	(26,042)	(14,865)	10,803	1,576,269

The additions shown comprise all capital expenditure, agreeing with that in note 23 below. Capital expenditure that does not add to the value of fixed assets is written off and included in the adjacent column. The assets are assessed each year for any impairments. Impairments are in line with CIPFA and accounting standards and methodologies. In 2006/07 there were no impairments.

23. Capital Expenditure

The Council's capital expenditure, on a cash basis, must be financed. The financing of the 2006/07 expenditure is set out in the following table. The HRA capital expenditure of £18.075m is solely spent on improving HRA dwellings.

Directorate	Additions to Fixed Assets (note 1)	Add Capital Creditors as at 1 April 2006	Less Capital creditors as at 31 March 2007	Capital expenditure to be financed	Total Credit Approvals	Capital Receipts	Government Grants	Revenue and other contributions	Total Capital expenditure financed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	8,879	72	(386)	8,565	0	2,653	5,865	47	8,565
Childrens & Young People Services	53,205	566	(2,218)	51,553	15,395	213	27,809	8,136	51,553
Finance	3,597	8	(12)	3,593	0	1,327	0	2,266	3,593
Housing General Fund	2,135	37	0	2,172	0	639	636	897	2,172
Social Services	5,658	235	(739)	5,154	248	2,756	218	1,932	5,154
Environment	15,812	63	(143)	15,732	276	4,788	9,171	1,497	15,732
Subtotal General Fund	89,286	981	(3,497)	86,770	15,918	12,377	43,699	14,776	86,770
Housing Revenue Account	18,032	191	(148)	18,075	6,327	0	11,648	100	18,075
TOTAL 2006/07	107,319	1,172	(3,645)	104,845	22,245	12,377	55,347	14,876	104,845
TOTAL 2005/06	111,802	2,281	(1,199)	112,883	36,719	13,911	40,240	22,448	113,318

24. Major contractual commitments

Significant capital commitments entered into by the council at 31 March 2007 are shown below. The expenditure will be incurred in future years.

	2006/07 £'000	2005/06 £'000
Environmental Services	246	2,307
Housing Services	2,919	3,668
Social Services	910	3,617
Children's Services	5,658	6,361
Total	9,733	15,953

Of those listed in 2006/07, they include the Coleridge Primary Expansion Project (£4.63m) and Sure Start Children's Centres at Welbourne & Earlsmead (£1.03m). Both are included in the Children's Services line.

25. Statement of Physical Assets

Asset	2006/07	2005/06	Asset	2006/07	2005/06
Council Dwellings	16,627	16,713	Roads (km)	346	346
Garages	2,374	2,374	Magistrates' Court	0	0
Administrative Buildings	23	23	Coroner's Court	1	1
Under 5's centres	4	4	Childrens' Homes & Hostels	3	3
Community Primary Schools	41	43	Homes for Older People	3	5
Secondary Schools	8	8	Homes for People with Learning Disabilities	3	3
HALS/Youth Buildings	2	1	Day Nurseries and Family Centres	2	2
Play centres	7	9	Day Centres for Older People	4	4
Libraries	9	9	Day Centres for People with Mental Health Problems and Disability	5	5
Community Buildings	44	42	Allotments (Plots)	1,647	1,647
Cemeteries & Crematoria	3	3	Depots	4	4
Sports and Leisure Centres	4	4	Parks and Open Parks	167	167
Museums	1	1			

Voluntary Aided Schools are excluded from the table above, as the Council does not own them.

26. Housing Stock

The Council was responsible for managing 16,627 properties as at 31 March 2007, excluding travellers' sites. The Council's housing stock decreased during the year as a result of the sale of properties under the provisions of Right to Buy legislation.

Type of dwelling	2006/07 Number	2005/06 Number
Low rise flats	1,753	1,756
Medium rise flats	6,540	6,571
High rise flats	2,683	2,698
Houses	5,371	5,398
Hostels (HDE)	278	283
Shared Ownership	2	7
Total	16,627	16,713

27. Debt Restructuring Premium

The Council repaid loans it had borrowed from external sources and replaced them with borrowing at a lower rate of interest. The premium reflects the charge to the council for the change of interest rate on the transaction. This premia is written down to both the HRA and the General Fund. For the Housing element it has been written out in line with subsidy received from government. The remaining General Fund premia is being written off over the lifetime of the outstanding loans. In 2006/07 the charge to the General Fund was £189,845 (2005/06 £187,406) and to the Housing Revenue Account was £4,920,713 (2005/06 £4,917,297).

28. Long Term Debtors

Long-term debts are those falling due after a period of at least one year. An analysis of these debts as at 31 March 2007 is shown below.

	2006/07 £'000	2005/06 £'000
Housing mortgages	573	741
Housing associations	49	51
Loans to Employees	181	376
Total	804	1,168

29. Debtors**(a) Public Sector Debtors**

The following table provides an analysis of money owed to the Council by public sector bodies as at 31 March 2007 and which at that date was yet to be received.

	2006/07 £'000	2005/06 £'000
Government Depts.	22,146	18,986
NNDR Pool	2,552	1,653
HM Revenue and Customs	11,176	12,257
NHS	1,940	6,061
Education - Recoupment	2,231	2,686
Other Local Authorities	981	1,438
Other Public Bodies	3,100	1,666
Total Debtors	44,128	44,747

(b) Non-Public Sector Debtors

The following table provides analysis of money owed to the Council by non-public sector bodies and individuals as at 31 March 2007 and which at that date was yet to be received. The Council has made provision for those debts which it estimates it may not recover. These provisions are shown at the bottom of the table.

	2006/07 £'000	2005/06 £'000
Housing Rent payers	7,552	6,570
Council Tax payers	25,214	29,547
Business Rate payers	5,674	7,450
Parking Notices	7,507	8,440
Homelessness	4,565	5,256
Leasehold	4,591	4,918
Housing Benefit Overpayments	7,055	5,842
Sundry Debtors	12,278	14,893
Total Non-Public Sector Debtors	74,435	82,916
Provisions for Bad Debts:		
Housing Rents	(5,798)	(5,346)
Council Tax	(8,067)	(12,076)
Business Rate payers	(5,086)	(4,994)
Parking Notices	(5,651)	(6,971)
Homelessness	(5,000)	(4,234)
Leasehold	(1,101)	(2,501)
Housing Benefit Overpayments	(4,464)	(2,639)
Sundry Debtors	(3,608)	(4,464)
Total Provisions	(38,775)	(43,225)
Net debtors	35,660	39,691

30. Creditors

The following table provides an analysis of money owed by the Council as at 31 March 2007.

	2006/07	2005/06
	£'000	£'000
Government Departments	20,375	12,055
NHS	1,000	506
Other Public Sector	490	56
Interest Accrual	13,428	13,401
HMRC - Tax and NI	6,085	6,047
Education - Recoupment	1,954	1,994
Pension Funds	4,850	2,930
Sundry Creditors	31,011	26,077
Receipts in advance (including Planning Gains)	9,289	12,634
Total	88,482	75,700

31. Long Term Borrowing

A breakdown of long-term loans by source and maturity date is shown in the table below:

	2006/07	2005/06
	£'000	£'000
Public Works Loan Board	509,022	462,166
Money Market Loans	125,000	125,000
Annuities	4	4
Total	634,026	587,170
Maturing in:		
1 – 2 years (note 9.1)	131	145
2 – 5 years (note 9.1)	112,527	78,108
5 – 10 years	142,175	166,724
More than 10 years	379,193	342,193
Total	634,026	587,170

32. Investments

The balance sheet value of investments increased in 2006/07 due to additional borrowing that was taken out to finance expenditure in 2006/07, primarily capital spend. Due to delays in the spending of these programmes the additional amounts borrowed were invested.

33. Planning Gains

In large scale planning agreements, a condition may be set calling upon the applicant to pay a sum of monies towards future capital developments. These monies are held as receipts in advance and the figures below represent amounts unspent at 31 March 2007.

	2006/07 £'000	2005/06 £'000
Environmental	353	103
Hornsey Regeneration	75	75
Regeneration Study	20	47
Builder Centre Highgate	18	20
Former BT House	0	14
10 Northumberland Park Hse	0	5
Dagma Arms Cornwall Rd	0	10
Hornsey Waterworks	125	125
St James Group	1,013	1,359
L&Q Housing Trust - Goulding Court	0	0
Planning Cost Recovery	131	47
Hornsey Waterworks	945	1,930
Grovelands Rd and Lemsford Close (N15)	40	40
419 High Road N22	0	10
Hornsey Station and route	25	100
70 Milton Road	0	10
Green Lanes Arena	0	25
Somerset Hall WHL	0	77
136 High Road N22	0	25
280-296 High Road N17	0	34
Tottenham Hale Retail Park	0	15
31-33 Talbot Road	0	6
4 Marsh Lane N17	0	25
Block B The Campsbourne N8	0	14
344 High Rd N17 Rose and Crown site	0	96
Coppetts Wood Hosp. Site N10 (Phase 2)	0	150
62-70 Northumberland Pk N17	0	10
415 - 419 High Rd N17	0	30
35 Station Rd N22	0	28
278B Wightman Rd N8	0	11
124 Hillfield Avenue N8	0	8
472-480 West Green Road N15	0	16
Hornsey Waterworks	0	110
280-296 High Rd N15	0	38
278 High Road N15	0	7
3 Compasses	0	54
Middx University	500	0
3 Vale Terrace, N4	4	0
Tottenham Hale masterplan	15	0
Middx University WHL	155	0
Bedford Rd	41	0
761-767 High Rd N17	12	0
Devonshire	501	0
30 Palace Rd, N11	12	0
6-8 James Place	15	0
Former Hornsey Waterworks	43	0
Goulding Court N8	14	0
Hornsey HERS	81	0
Total	4,138	4,674

34. Government Grants Deferred

Where the acquisition of a fixed asset is financed either wholly or in part by government grant, the amount of the grant is credited to a government grants deferred account and written off to the asset management revenue account over the useful life of the asset, to match depreciation charges on the

asset.

35. Deferred Credits

This relates to the receipt on monies received that are required to be charged to the revenue account over a number of years. The £4.4 million relates to an adjustment made by the Government in the early 90's in relation to home improvement grants and the commuting of outstanding debt. This credit is written back to revenue over the life time of the old loans.

36. Provisions

Provisions are amounts set aside to meet future liabilities where they are certain to occur but the amount and timing is uncertain.

	2006/07 £'000	2005/06 £'000
Insurance	6,654	8,127
Alexandra Palace Pension Fund Deficit	1,000	0
Asylum Seekers Grant Claim	312	0
PFI Contract	550	0
Other provisions	210	409
Total	8,726	8,536

The Insurance provision is required because some of the Council's insurance policies are met by deposit premiums under which insurers ask for additional sums some years after the original claim. Furthermore balances are accrued each year to meet future known claims where the Council self-insures.

The Alexandra Palace Pension Fund Deficit relates to amounts set aside to cover any deficit on the Alexandra Palace Pension Fund when it transfer over to the company that is taking over the Trusts operations.

The Asylum Seekers provision is to cover any claw back by the Home Office from the 2006/07 grant paid. There are a number of cases in dispute.

The PFI Contract represents the value of works that are in dispute with the PFI contractor and is the Council's estimate of the amount we owe.

The Council has a number of other provisions for known liabilities.

37. Contingent Liabilities

Single Status As at 31st March all Local Authorities were required to have in place a new pay structure relating to all types of employees and takes into account equal pay legislation. As at 31st March negotiations with the trade unions were on going and therefore the impact of this legislation on the Council is unknown however there will be an element of back pay due to be paid to certain staff groups, which range between 3-6 years. The value of this back pay is currently unknown.

Asylum Seekers Grant – The Home Office is currently undertaking an audit of the Asylum seekers grant paid to Haringey over the past few years. The Authority maybe required to repay some of the grant paid but the outcome of this will not be known until the conclusion of the audit.

38. Analysis of Net Assets Employed

The table below details the net assets (both revenue and capital) employed by the Authority:

	2006/07 £'000	2005/06 £'000
General Fund	260,754	196,318
Housing Revenue Account	375,233	294,478
Total Net Assets	635,937	490,796

39. Reserves

The council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2006 £'000	Net Movement in Year £'000	Balance 31 March 2007 £'000
Fixed Asset Restatement Account	353,943	60,102	414,045
Capital Financing Account	386,782	19,410	406,192
Usable Capital Receipts	8,517	1,527	10,044
Pensions Reserve	(331,604)	31,617	(299,987)
Housing Revenue Account	4,384	(787)	3,597
General Fund	12,405	(398)	12,007
Collection Fund	(5)	31	26
Other Reserves	56,375	11,860	68,235
Total	490,797	123,361	614,159

The **Fixed Asset Restatement Account** represents changes in the valuation of fixed assets between the time when they are purchased and the latest revaluation. Fixed assets are revalued on a rolling basis. The movement in the account represent the movement in valuations, depreciation and any additions during the course of the year. The movement in the year represents changes in the valuation of the Council's assets and adjustments for depreciation charged.

The **Capital Financing Account** represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or to repay external loans and certain other capital transactions. This reserve also contains the difference between amounts provided for depreciation and those that must be charged to revenue to repay the principle element of external loans. The movement in the year represents the effects of these transactions. The movement in the year represents the financing of the Council's capital programme in 2006/07 and amounts set aside for the repayment of outstanding debt.

The **Usable Capital Receipts Reserve** shows the receipt and application of capital receipts, which the Authority receives when it sells fixed assets. Note 40 details the movement in this reserve during the year.

The **Housing Revenue Account Reserve** is the accumulated surplus on the Housing Revenue Account. This is available to fund contingencies and other matters relating to the Council housing. The overall deficit on the HRA has come from this reserve. This balance has moved by the overall deficit on the HRA in 2006/07.

The **General Fund Reserve** is required to fund unexpected contingencies and events. This reserve is used to finance priorities in the Council's financial strategy and has the in year surplus or deficit added into it.

The **Pensions Reserve** is detailed in note 41 below.

The **Collection Fund Reserve** represents the accumulated surplus or deficit on the Collection Fund. The movement in the year represents the amount of the surplus due to the Greater London Authority (GLA).

Other Reserves represent specific earmarked reserves for future use. These are detailed in note 42 below.

40. Capital Receipts

The capital receipts are income from the sale of long-term assets and repayments of capital

advances. Legislation prescribes the amount of these receipts that must be set aside for repayment of debt. The remaining amounts can then be used to finance capital expenditure.

	2006/07 £'000	2005/06 £'000
Balance at 1 April	8,517	11,306
Sale of Assets:		
Council Dwellings	11,315	23,451
HRA Land and Buildings	1,093	3,435
Other HRA Assets	0	0
General Fund Assets	9,990	1,699
Total Receipts	22,398	28,585
Use of Receipts:		
Receipts Pooled / Set-Aside	(8,494)	(17,462)
Financing Capital Expenditure	(12,377)	(13,912)
Balance at 31 March	10,044	8,517

41. The Pension Fund Reserve

This represents the authority's proportion of the net assets and liabilities in the pension scheme. The Pensions reserve liability has decreased by £31.617 million during 2006/07, as follows:

	2006/07 £'000	2005/06 £'000
Deficit at start of Year	(331,604)	(313,599)
Current Service Costs	(24,488)	(20,591)
Employer Contributions	24,110	23,753
Contributions re: Unfunded benefits	3,756	3,020
Past Service costs	(6)	(489)
Impact of Settlements and Curtailments	(163)	0
Net Return on Assets	(5,966)	(10,327)
Actuarial gains/(losses)	34,374	(13,371)
Deficit at end of Year	(299,987)	(331,604)

The actuarial gains identified as movements on the Pension Reserves in 2006/07 can be analysed into following categories, measured in absolute amounts and as a percentage of assets and liabilities at 31 March 2007.

	Local Government Pension Scheme	
	£'000	%
Differences between the expected and actual return on assets	(1,700)	-0.3
Differences between actuarial assumptions about liabilities and actual experience	(12,044)	-1.5
Changes in financial assumptions underlying the Present Value of scheme liabilities	48,118	n/a
Total actuarial gain/(loss) for 2006/07	34,374	
Total actuarial gain/(loss) for 2005/06	(13,371)	

42. Earmarked Reserves

These are reserves created for a specific purpose and are detailed below:

Reserve	2006/07	2005/06
	£'000	£'000
Schools (Revenue)	5,219	5,757
Services (Revenue)	2,801	1,183
Insurance	11,895	10,286
PFI – Education	15,846	18,882
Sinking Fund	3,026	3,393
Risk	10,160	10,160
Financing	8,951	5,829
Debt Repayment	10,124	0
Major Repairs Reserve (Housing)	212	885
Total	68,235	56,375

The Schools Reserve (Revenue) - the accumulated underspend of schools on their locally managed budgets. The money is committed to be spent by those schools.

The Services Reserve - Council policy is that service under and over spends are retained by the relevant service. This reserve earmarks these funds.

The Insurance Reserve - the Council self-insures a number of risks including liability, property and theft policy. Insurance claims are lumpy and so the Council provides for future claims in order to smooth the charge to the consolidated revenue account in the same way as a premium to an external insurance provider would so smooth.

The PFI Reserve - the Council has a PFI arrangement for the refurbishment and maintenance of its community secondary schools. The timing of the receipt of the grant from government to fund the scheme does not match the payments to the service provider. The grant is received before the liability to the provider accrues. This reserve sets aside the grant for use in the future.

The Sinking Fund - the Council has built into base budgets limited provision for the planned maintenance and renewals of certain assets. Planned maintenance and renewals are by their nature irregular payments. This reserve spreads the charge to revenue.

The Risk Reserve - the Council faces certain liabilities which are not sufficiently certain to allow a provision to be made under current accounting practice but for which it has been considered prudent to make provision. This reserve represents that provision.

The Financing Reserve - the Council has a three-year financial strategy. Within this strategy is a focused approach towards avoiding certain effects of the annual nature of the local government funding regime. This reserve underpins the strategy.

The Major Repairs Reserve (Housing) – the balance on this account represents the amount unspent of the Councils Major Repairs Allocation (MRA) and will be used to meet capital expenditure in future years.

The Debt Repayment Reserve – represents money that the Council has set aside to repay outstanding debt in the future.

43. Investments – Related businesses and companies

The Council is involved with the following associated subsidiary companies whose assets and liabilities are not included in the Council's accounts:

Urban Futures

The company was set up on 31 December 2000 to be an arms length regeneration agency for Haringey and Enfield. The company started its activities following transfer from North London TEC and Haringey Council on 11 June 2001. Haringey Council holds 9% of the voting rights.

	as at 31 March 2007 £'000	as at 31 March 2006 £'000
Net assets	634,364	546,819
Net income for the year	80,747	63,351

London Grid for Learning Trust

The Trust was incorporated on 25 April 2001 as a company limited by guarantee, comprising all 33 London councils. Haringey Council holds 3% of the voting rights.

	as at 31 March 2007 £'000	as at 31 March 2006 £'000
Net assets	2,579	2,323
Net income for the year	257	584

Bernie Grant Centre Partnership

The Bernie Grant Centre Partnership (BGCP) was set up to build a performing arts centre and enterprise units in Tottenham in memory of former MP Bernie Grant. BGCP was established in September 2002 as a company limited by guarantee and began operating on 1 April 2003. The company is also a registered charity. Haringey Council has 14% of the voting rights.

	as at 31 March 2007 £'000	as at 31 March 2006 £'000
Net assets	12,050	3,150
Net income for the year	8,900	2,412

44. Trust funds

The Council acts as trustee for a number of funds, which may be used for specific limited purposes as set out in the respective trust deeds. These accounts do not form part of the Council's consolidated revenue account or balance sheet. Details of the sums administered are shown below.

	2006/07 £'000	2005/06 £'000
Income from Investments	(0.5)	(0.5)
Expenditure for Authorised Purposes	0.0	0.0
(Surplus)/Deficit	(0.5)	(0.5)
Balances:		
Balance 1 April	(150.5)	(150.0)
(Surplus)/Deficit	(0.5)	(0.5)
Fund Balance Carried Forward	(151.0)	(151.0)
Represented by:		
Investments	(26.0)	(26.0)
Cash in hand	(125.0)	(125.0)
Total	(151.0)	(151.0)

Alexandra Palace

In addition the Council is the sole trustee for the Alexandra Park and Palace Charitable Trust, details of which are set out below. These funds do not represent assets of the Council and are not included within the Council's Balance Sheet.

	2006/07 £'000	2005/06 £'000
Income	(7,117)	(7,513)
Expenditure	8,990	9,334
Assets	1,237	1,941
Liabilities	(33,738)	(32,333)

45. Related party transactions

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.

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in note 46.

Members of the Council have direct control over the Council's financial and operating procedures. By virtue of their office, through their residence in the borough and/or as active members of the community, members of the Council participate in and are members of a variety of other public bodies and community groups. The Council has well established mechanisms and procedures for preventing undue influence. Part of this mechanism is the disclosure of interests in the Register of Members' Interest which is open to public inspection at River Park House, 225 High Road, Wood Green, London. There are no material transactions to declare.

Other Public Sector Organisations The Council has a number of significant transactions with other local authorities and local health authorities. In particular the Authority places pupils into schools in other Councils across London and the rest of the country. The spend for this is included in the Education line within the Income and Expenditure account. Any amounts owing to or owed from other Education Authorities are shown within the debtor and creditor notes (page 45) under the line Education – Recoupment.

The Council has two significant partnerships within the Health sector, with the Haringey Teaching PCT and the Barnet, Enfield and Haringey Mental Health Trust. The specific details of both these partnerships are shown in note 19. All other transactions between this Authority and health organisations are included within the Social Services line in the Income and Expenditure account.

Officers

The Chief Executive Dr Ita O'Donovan is a board member of the Board of Bernie Grant Centre Partnership Ltd. She is not remunerated for this role.

The Acting Director of Finance, Gerald Almeroth, is a Director of London Authorities Mutual Ltd. He is not remunerated for this role.

The Pension Fund's accounts are set out in Section 5 of these statements. The Council owed the Pension Fund £4.06 million as at 31/3/07. The Council paid the Fund £339,325 in interest and also charged the Fund £590,700 for administering the Fund.

Companies – the Council has interests in a number of companies. These are disclosed in note 43.

46. Analysis of Government Grants

The Government grants shown on the Cash Flow Statement represent the cash received by the Authority. They may differ from the actual amounts included within the gross income figures in the Council's Income and Expenditure account, which is prepared on an accruals basis.

	2006/07 £'000	2005/06 £'000
Revenue Support Grant	21,401	182,209
Housing Benefit Subsidy	243,286	245,252
Housing Subsidy	22,113	24,093
Home Office	6,345	13,123
Department of Education	197,454	62,488
Department of Health	10,565	13,393
Single Regeneration Budget	958	1,593
Neighbourhood Renewal	7,886	9,326
Private Finance Initiative	5,669	5,669
ODPM	25,793	26,691
Other	8,361	5,779
Total Government Grants	549,831	589,616

47. Reconciliation of net surplus/deficit on the Income and Expenditure Account to the Revenue Activities net Cash Flow

	2006/07	2005/06
Revenue Activities:		
Deficit/(surplus) per Income and Expenditure Account	237	(2,363)
Deficit/(surplus) per HRA	763	2,577
Deficit/(surplus) per Collection Fund	(98)	79
Subtotal	902	293
Interest	(41,150)	(40,520)
Non-Cash Transactions:		
Contributions to provisions	(190)	212
Contributions to reserves	(10,201)	13,977
Contributions to capital	(18,201)	(22,448)
Items on an accruals basis:		
(Decrease)/increase in LT Debtor	(364)	(423)
(Decrease)/increase in stock and work in progress	(240)	23
(Decrease)/increase in debtors	(4,720)	(12,437)
Decrease/(increase) in creditors	(12,794)	2,949
Decrease/(increase) in deferred credits	170	399
Net Cash Inflow from Revenue Activities	(86,788)	(57,975)

48. Analysis of Balances of Cash and Cash Equivalents

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties. This movement in cash is reflected in the increase/decrease in cash and cash equivalents between the 2005/06 and 2006/07 Balance Sheets, as shown in the table below:

	2006/07 £'000	2005/06 £'000	Movement £'000
Bank (overdrawn)/in hand	(8,191)	(18,338)	10,100
Cash In Hand	10,326	11,011	(1,618)
Investments	100,700	27,903	72,797
Total Cash And Cash Equivalents	102,835	20,576	81,279

49. Analysis of Changes in Financing

	31 March 2007	31 March 2007	Movement
	£'000	£'000	£'000
Temporary Borrowing	(144)	(142)	(2)
Long Term Borrowing	(634,026)	(587,170)	(46,856)
Total Financing	(634,170)	(587,312)	(46,858)

Housing Revenue Account Income and Expenditure Account

This shows the major elements of housing revenue expenditure and income.

	Notes	2006/07 £'000	2005/06 £'000
Income:			
Rent from Dwellings		61,350	58,926
Rent from Other Properties		2,440	2,200
Rent	50	63,790	61,126
Charges for Services and Facilities		12,661	11,977
Supporting People Grant		2,663	2,550
Housing Revenue Account Subsidy receivable	51	21,135	22,575
Grant		36,459	37,102
Total income		100,249	98,228
Expenditure:			
Repairs and Maintenance		21,744	21,594
Supervision and Management		31,817	30,643
Rent and Other Charges		3,104	2,864
Depreciation and Impairment of Assets		11,861	13,522
Debt Management Costs		203	203
Increase in bad debt provision		1,555	1,028
Total expenditure		70,284	69,854
Net cost of HRA services per Authority Income and Expenditure Account		(29,965)	(28,374)
HRA services share of Corporate and Democratic core		804	597
HRA share of other amounts included in the whole authority Net Cost of services but not allocated to specific services		0	436
Net cost of HRA services		(29,161)	(27,341)
Financing			
Interest payable and similar charges		26,195	23,446
Amortised Premiums/Discounts		4,921	4,917
Interest and investment income		(305)	(376)
Pensions Interest Cost and Return on Assets		0	1,795
Total financing		30,811	29,782
(Surplus)/ deficit for year		1,650	2,441

Statement of Movement on the Housing Revenue Account Balance

	Notes	2006/07 £'000	2005/06 £'000
(Surplus)/ deficit for year		1,650	2,441
Net Additional Items required by statute and non-statutory practices:	49	(863)	136
Increase or decrease in the Housing Revenue Account Balance		787	2,577
HRA balance brought forward		(4,383)	(6,960)
HRA balance carried forward		(3,596)	(4,383)

Notes to the Housing Revenue Account**50. Note to the Statement of Movement on the HRA Balance**

	2006/07 £'000	2005/06 £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Net charges made for retirement benefits in accordance with FRS17	0	0
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Transfer to/from Reserve	(885)	0
Interest charge on HRA assets	22	136
Employer's contributions payable to the Haringey Pension Fund and retirement benefits payable direct to pensioners	0	0
Net additional amount required by statute to be debited or credited to the HRA balance for the year	(863)	136

51. Gross Rent Income and Rent Arrears

This is the rent due for the year before rebates but after allowances for empty properties. The average rent in 2006/07 was £72.16 compared to £68.74 in 2005/06 - a 4.98% increase.

As at 31 March 2007, the total arrears of rent for council dwellings was £7.6 million compared to £6.6 million as at 31 March 2006. Against these amounts, provision has been made for bad debts. This amounted to £6.0 million as at 31 March 2007 (£5.1 million as at 31 March 2006).

52. Housing Subsidy

	2006/07 £'000	2005/06 £'000
Management & Maintenance Allowance	35,325	33,725
Major Repairs Allowance	11,861	12,272
Charges for Capital	34,884	35,286
Admissible Allowance	107	215
Other Items of Reckonable Expenditure	1,103	1,103
Guideline Rent	(61,238)	(58,506)
Rental Constraint Allowance	86	0
Interest on Receipts	(68)	(85)
Housing Subsidy Payable	22,060	24,010
Transfer from Earmarked Reserve	0	(235)
Prior Year Adjustment	(925)	(1,200)
Housing Subsidy Receivable per Income and Expenditure Statement	21,135	22,575
Transfer from Reserve	885	0
Net Housing Subsidy Receivable for Year	22,020	22,575

53. Value of HRA Assets

Balance Sheet Valuation of HRA Assets		
	01 April 2007	01 April 2006
	£'000	£'000
Operational Assets	1,136,455	1,058,103
Non Operational Assets	19,220	16,431
Total	1,155,675	1,074,534

Vacant Possession Value		
	01 April 2007	01 April 2006
	£'000	£'000
HRA Dwellings	2,952,092	2,753,906

The vacant possession value is an estimate of the open market value of all HRA dwellings. The balance sheet value is calculated on the basis of rent receivable on existing tenancies. This is less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the vacant possession valuation. The difference between the two values shows the economic cost of providing council housing at less than open market value.

54. Major Repairs Reserve

The Major Repairs Reserve is required by resource accounting. It sets aside the Major Repairs Allowance element of housing subsidy for expenditure on major repairs.

	2006/07	2005/06
	£'000	£'000
Balance at 1 April 2006	0	0
Transferred to Reserve	(13,214)	(13,522)
Transfer from Reserve to HRA	1,353	1,250
Applied to finance capital expenditure on Council Dwellings	11,648	12,272
Balance at 31 March 2007	(212)	0

55. FRS 17

In compliance with statutory framework shares of the movements in the FRS 17 pensions liability is to debit and credit the HRA and for the net amount to be appropriated out to the Pensions Reserve, such that the bottom-line charge against rents is employer's contributions payable in the year. The full disclosure of the pension related transactions are detailed in note 16 to the Primary Statements.

Collection Fund

The Council is responsible for collecting council tax and national non-domestic rates, the latter on behalf of the government. The proceeds of the council tax are distributed to two preceptors: the Council itself and the Greater London Authority. The Fund shows the income due from council tax and national non-domestic rates and the application of the proceeds.

	Notes	2006/07 £'000	2005/06 £'000
Income due:			
Council Tax			
Council Tax-payers		85,911	81,187
In respect of Council Tax Benefits		32,420	31,100
In respect of transitional relief		0	0
Total Council Tax – related income		118,332	112,287
Income due from Business Rate-payers:	56	46,639	45,572
Contributions:			
-Towards previous year's Collection Fund surplus	57	(98)	74
Total Income		164,873	157,933
Expenditure:			
Council Tax used to support expenditure on services:			
- Haringey Council		91,692	89,001
- Greater London Association		24,180	21,213
Total Precepts		115,872	110,214
Business Rates:			
- Payments to National Pool		46,187	45,233
- Cost of Collection		452	339
Payments to National Pool & cost of collection allowance		46,639	45,572
Provision for Bad and Doubtful Debts (Council Tax)		2,331	2,164
Total Expenditure		164,841	157,950
Surplus/(Deficit) for year	57	31	(17)
Balance brought forward 1 April 2006 surplus/(deficit)		(5)	12
Balance carried forward 31 March 2007		26	(5)

Notes to Collection Fund

56. Calculation of the Council Tax Base

The Council Tax is calculated per equivalent Band D property. In order to determine the number of equivalent Band D properties, the Council Tax Base is calculated. All properties are categorised into one of eight bandings depending upon the valuation of the property. An adjustment is then made for properties that are subject to discounts such as single person or non-residency. The resulting number of properties per valuation banding is then adjusted to calculate the number of equivalent Band D properties, using a defined ratio. Finally the tax base is adjusted to reflect an anticipated collection rate of 96%.

Band	A	B	C	D	E	F	G	H	Total
Number of dwellings	4,894	15,886	30,138	25,091	10,839	5,374	4,619	625	97,446
Discounts	663	2,142	3,670	2,494	998	390	278	60	10,218
Dwellings after discounts	4,231	13,744	26,468	22,597	9,841	4,984	4,341	565	87,228
Ratio to band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D equivalent	2,821	10,690	23,527	22,597	12,028	7,199	7,235	1,129	87,228
Loss on collection									(3,489)
Council Tax Base									83,739

57. Income from Business Rates

Haringey Council collects National Non-Domestic Rates (NNDR) or Business Rates for its area. These are calculated on the basis of rateable values multiplied by one of the following Business Rates set by central government: 43.3p (Standard) and 42.6p (Small businesses) (for 2005/06 - 42.2p & 41.5p respectively). After adjusting for relief and other deductions, this is paid into a central pool, which is managed by central government.

The actual rateable value of business properties in the borough as at 31 March 2007 is £133,588,136 (31 March 2006, £ 134,964,011).

58. Deficit / Surplus

In 2006/07 the Collection Fund made a surplus of £129k of which £98k is retained by London Borough of Haringey. The remaining £31k, the surplus balance on the collection fund, is returned to the other preceptor, the Greater London Authority. This surplus on the Collection Fund is returned proportionately to the precepts.

SECTION 4
THE GROUP ACCOUNTS
2006/07

Group Income and Expenditure Account

	Notes	2006/07 Gross Expenditure £'000	2006/07 Gross Income £'000	2006/07 Net Expenditure £'000
Service				
Children and Young People's Service	2	339,279	(273,001)	66,277
Social Services - Adults and Older People	3	99,015	(42,094)	56,921
Housing Services - General Fund	4	278,917	(282,692)	(3,775)
Cultural, Environmental and Planning Services	5	86,759	(39,875)	46,884
Highways, Roads and Transport Services	6	26,913	(15,234)	11,679
Central Services	7	122,017	(112,408)	9,609
Coroners' Court Services	8	856	(731)	126
Total cost of Continuing Services	1-18	953,757	(766,036)	187,721
Housing Revenue Account	9	102,565	(109,962)	(7,397)
Net Cost of Services				180,324
(Gain) / Loss on disposal of fixed assets				(2,852)
Contribution of housing capital receipts to Government pool				(8,494)
Precepts of local precepting authorities				5,838
-General Fund	20			(316)
Interest Payable and Similar Charges				41,883
Interest and Investment Income				(4,547)
Pensions Interest Cost and Return on Assets	15			5,966
Net Operating Expenditure				217,802
Income from the Collection Fund				(91,692)
Transfers to/from Collection Fund				(98)
Revenue Support Grant				(21,073)
Distribution from National Non-Domestic Rates				(109,153)
(Surplus) / Deficit for Year				(4,214)

Reconciliation of the Single Entity Surplus or Deficit to the Group Surplus or Deficit

	Notes	2006/07 £'000	2006/07 £'000
Surplus/Deficit on single entity Income & Expenditure for the year			(1,213)
Add Surplus/Deficit from other entities: Subsidiaries		(3,001)	(3,001)
Group Account Surplus/Deficit for the year			(4,214)

Group Statement of Total Recognised Gains and Losses

	Notes	2006/07 £'000
Net Surplus / Deficit for the year		(4,214)
Surplus / Deficit arising on revaluation of fixed assets		(74,967)
Actuarial gains and losses on pension fund assets and liabilities		(31,374)
Other gains or losses		(12,808)
Total recognised gains or losses		(123,363)
Cumulative effect on reserves of prior period adjustments		0

Group Balance Sheet

	Notes	31-Mar-07	
		£'000	£'000
Intangible Assets			
Purchased software licenses		1,235	
Tangible Fixed Assets			1,235
Operational Assets:			
Council dwellings		1,132,788	
Land and Buildings		267,693	
Vehicles, Plant, Furniture and Equipment		9,273	
Infrastructure Assets		98,268	
Community Assets		893	
Non-Operational Assets		66,119	
Total Fixed Assets			1,576,269
Long-term Debtors		804	
Total Long-term Assets			804
Deferred premiums on early repayment of debt			25,150
Current Assets:			
Stock and Work in Progress		364	
Debtors		93,413	
Investments		100,700	
Cash and Bank		10,326	
Total Current Assets			204,803
Current Liabilities:			
Temporary Borrowing		(144)	
Creditors		(87,226)	
Bank Overdraft		(7,696)	
Total Current Liabilities			(95,066)
Current Assets Less Current Liabilities			109,737
Net Current Assets			1,711,960
Long Term Liabilities:			
Long-term Borrowing		(634,026)	
Government Grants Deferred		(148,756)	
Deferred Discounts (early debt repayment)		(1,275)	
Deferred Credits		(5,030)	
Provisions for liabilities and charges		(8,726)	
Liability Related to Defined Benefit Pension Scheme		(296,987)	
Total Long Term Liabilities			(1,094,800)
Total Assets Less Liabilities			617,160
Represented by:			
Fixed Asset Restatement Account		414,045	
Usable Capital Receipts Reserve		10,044	
Pensions Reserve		(296,987)	
Major repairs reserve		0	
Earmarked Reserves		68,235	
General Fund		12,007	
Housing Revenue Account		3,597	
Collection Fund		26	
Capital Financing Account		406,192	
profit/loss/other reserves:group entities, assocs & JV		1	
Total Balances and Reserves			617,160

Group Cash Flow Statement

	Notes	2006/07 £'000
Net Cash Inflow from Revenue Activities		(86,789)
Dividends from joint ventures and associates		
Cash Inflows		
Dividends received		0
Returns on investment and Servicing of Finance:		
Cash Outflows		
Interest paid		45,418
Preference dividend paid to minority interest		0
Interest element of finance lease rental payments		85
Cash Inflows		
Interest received		(4,353)
Dividends received from investments		0
Net Cash Outflow from Servicing of Finance		41,150
Taxation		
Capital Expenditure and Financial Investment		
Cash Outflows		
Purchase of fixed assets		97,650
Purchase of long-term investments		0
Other capital cash payments		7,195
Total Payments		
Cash Inflows		
Sale of fixed assets		(22,398)
Capital grants received		(57,334)
Other capital cash receipts		(14,876)
Total Receipts		
Net Cash Outflow from Capital Activities		10,237
Equity dividends paid		
Acquisitions and disposals		
Cash Outflows		0
Cash Inflows		0
Net Cash Inflow before Financing		0
Management of Liquid Resources		
Net increase in short term deposits		
Net increase in other liquid resources		
Financing:		
Cash Outflows		
Repayments of amounts borrowed		48,342
Capital element of finance lease rental payments		0
Purchase/redemption of share capital		0
Cash Inflows		
Issue of share capital		0
New loans raised		(77,000)
New short term loans		(18,200)
Net Cash Outflow from Financing	4	(46,858)
Increase / (Decrease) in Cash and Cash Equivalents	3	(82,260)

Notes to the Group Accounts

Pension Costs and FRS17

The Group Pension Fund provides members with defined benefits related to pay and service. The Financial Statements of the Pension Fund are set out in Section 4 of this document.

The Group Income and Expenditure Account includes the pension fund costs in line with FRS17. We recognise the cost of retirement benefits in the Net Cost of Services when they are actually earned by employees, rather than when the benefits are eventually paid as pensions. The following transactions have been made in the Group's accounts during the year.

	Pension Scheme	
	Year to 31-Mar-07 £'000	Year to 31-Mar-06 £'000
Net Cost of Services:		
Current service cost	(28,388)	(20,591)
Past service costs/curtailments	(6)	(489)
Net Operating Expenditure:		
Interest cost	(43,523)	(40,201)
Expected return on assets in the scheme	37,257	29,874
Net Return on Assets	(6,266)	(10,327)
Amounts to be met from Government Grants and Local Taxation:		
Movement in pensions reserve	2,774	4,634
Actual amount charged against council tax for pensions in the year:		
Employers' contributions payable to scheme	(27,210)	(23,753)

The Group's Pension Fund is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

As at 31 March 2007, the Authority had the following overall assets and liabilities for pensions

	2006/07 £'000	2005/06 £'000
Present value of scheme liabilities	831,348	829,467
Present value of unfunded liabilities	53,060	43,777
Estimated assets in scheme	(587,421)	(541,640)
Net Liability	296,987	331,604

The primary cause of the change from an estimated net liability of £332m as at 31 March 2006 to an estimated net liability of £297m as at 31 March 2007 is as a result of the performance of the scheme improving over the past year.

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The net liability of £297 million has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £617m. However, statutory arrangements for funding this deficit mean that the financial position of the authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

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 based on estimates of mortality rates, salary levels, etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	2006/07 %	2005/06 %
Rate of inflation	3.20	3.10
Rate of increase of salaries	4.70	4.60
Rate of increase in pensions	3.20	3.10
Rate for discounting scheme liabilities	5.40	4.90
Expected return on assets	7.00	6.70

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

Assets in the Fund are valued at their fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

	Long term return %	31 March 2007 %	31 March 2006 %
Equity investments	7.8	72	74
Bonds	4.9	19	18
Property	5.8	6	5
Cash	4.9	3	3
		100	100

The Pension Fund Reserve

This represents the authority's proportion of the net assets and liabilities in the pension scheme. The Pensions reserve liability has decreased by £34.617 million during 2006/07, as follows:

	2006/07 £'000	2005/06 £'000
Deficit at start of Year	(331,604)	(313,599)
Current Service Costs	(28,388)	(20,591)
Employer Contributions	27,210	23,753
Contributions re: Unfunded benefits	3,756	3,020
Past Service costs	(6)	(489)
Impact of Settlements and Curtailments	(363)	0
Net Return on Assets	(6,366)	(10,327)
Actuarial gains/(losses)	38,774	(13,371)
Deficit at end of Year	(296,987)	(331,604)

The actuarial gains identified as movements on the Pension Reserves in 2006/07 can be analysed into following categories, measured in absolute amounts and as a percentage of assets and liabilities at 31 March 2007.

	Local Government Pension Scheme	
	£'000	%
Differences between the expected and actual return on assets	(1,800)	-0.3
Differences between actuarial assumptions about liabilities and actual experience	(12,044)	-1.5
Changes in financial assumptions underlying the Present Value of scheme liabilities	52,618	n/a
Total actuarial gain/(loss) for 2006/07	38,774	
Total actuarial gain/(loss) for 2005/06	(13,371)	

SECTION 5
PENSION FUND
2006/07

Pension Fund Financial Statements

Introduction

The Authority's Pension Fund is operated under the provisions of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 as amended.

All officers and manual workers can become contributors on appointment with Haringey or a scheduled body. Employees of other bodies are also admitted to the Fund. The Fund's income is derived from employees, contributions from employing authorities and income from investments.

The Fund operates as a defined benefits scheme and provides retirement pensions and lump sum allowances, survivor dependant's pensions and death gratuities.

Fund Management

The day to day management of the Fund was the responsibility of five professional fund managers, Alliance Bernstein, Capital International, Fidelity, ING and Wellington for most of the year, although as explained below Wellington were removed on 16 March 2007 as part of our full review of investment strategy.

Overall investment strategy is the responsibility of the Pensions Panel (Pensions Committee from 2007/08), which consists of eight councillors (trustees) and a trade union representative who receive advice from the Acting Director of Finance and an independent advisor. Panel (Committee) meetings are held approximately 6 times per annum.

Our new Investment Management structure was implemented on 16 March 2007 following a full review of strategy by Pensions Panel that was advised by the Acting Director of Finance, the Independent Advisor to Trustees and our external Investment advisors, Hymans Robertson.

The new Investment management structure was implemented following a transition of investments from the old structure. This means that a new benchmark has also been implemented.

Fund managers took over active management for their new mandates from 16 March 2007 and Wellington ceased to be one of the Fund's managers. The Fund's current Investment managers are Alliance Bernstein, Capital International, Fidelity International and ING.

As part of our full review of strategy Pensions Panel also agreed to introduce a 5% allocation (approximately £30 million) to Private Equity investments. Pantheon was appointed as our Private Equity manager in April 2007.

In addition it was agreed as part of the review of strategy to increase our property allocation from 6% of fund investments to 10%, to move the UK/Overseas split within equity investments from 60:40 to 50:50 with a 5% allocation to a Global Market cap mandate, to introduce an active currency overlay and passive currency hedging and implement a shift within the bond allocation. We are in the process of appointing two active currency managers and at an appropriate time the Committee will consider the appointment of a passive currency manager.

It will take some time to become fully invested in private equity, property and currency.

Fund administration and membership

At 31 March 2007, there were 7,045 employees contributing to the Fund and 5,537 pensioners and dependents receiving benefits. There were also 4,947 deferred pensioners.

Staff of Haringey Magistrates Courts (scheduled), Haringey Age Concern (admitted), Jarvis Workspace Ltd (admitted), Alexandra Palace Trading Co. (admitted), Haringey Accord Ltd (admitted), Urban Futures London Ltd (admitted), Haringey CAB (admitted), Capita Business Services Limited (admitted), Initial Catering Services Limited (admitted), Trident Securities

Limited (admitted), CONEL (scheduled), Harrisons Catering Services Ltd (admitted), Greig City Academy (scheduled), Homes for Haringey (scheduled), CSS Haringey Ltd (admitted), John Loughborough (Community school) and Rokely Dene Homes Ltd (admitted) contribute to the Fund and benefit accordingly.

The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Actuarial position

The Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's investments and contributions to meet its liabilities.

The last triennial valuation of the Fund was as at 31 March 2004. The actuaries report was approved by trustees at the Pensions Panel meeting in March 2005.

The 2004 valuation was carried out in accordance with Guidelines GN9: Retirement Benefits Schemes – Actuarial reports published by the Institute of Actuaries. The valuation method used was the projected unit method. The resulting contribution rates reflected the cost of providing year-by-year accrual of benefits for the funded members and the level of funding for each employer's past-service liabilities.

The main economic and statistical assumptions used were:

<u>Asset class</u>	<u>Rate of Return Nominal % p.a</u>
Equities	6.7
Bonds	4.9

Rate of pensionable salary increases (excluding increments)

Compound 4.4% p.a

Rate of price inflation/
Pension increases
(Compound) 2.9% p.a

The Market value of the Fund at the time of the last triennial valuation was £405m.

The level of funding as a whole reduced from 88% (31 March 2001) to 69% at 31 March 2004. The main reason for the reduction in funding levels between valuation dates was the reduction in the value of investments caused by increased stock market volatility.

Following the valuation the actuary certified a phased increase of the Council's contribution rate: 2005/06 19.6%, 2006/07 21.2% and 2007/08 22.9%. The 2007/08 contribution rate is split 10.1% between the past service adjustment to fund the deficit over 20 years and the future service rate of 12.8%.

Subsequently, interim actuarial valuations were undertaken by the actuaries as at 31 March 2005, 31 March 2006 and 15 February 2007. The valuation as at 31 March 2005 disclosed that after making allowance for longer life expectancy the level of funding as a whole was broadly unchanged from the 69% funding level as at 31 March 2004. As at 31 March 2006 the interim valuation showed an improvement in funding to 76% which reflects strong returns from fund investments over the period, although this increase has been offset by the reduction in bond yields since the 2004 valuation.

The latest interim valuation at 15 February 2007 showed that the funding level had remained at 76%. It should be noted that interim actuarial valuations are not prepared in accordance with GN9. When completing the interim valuation as at 15 February 2007, the actuary made assumptions about the 2008 scheme benefits that are going through a consultation process. The actuary therefore advises that the results as at 31 March 2007 could differ significantly

from the results shown in the interim valuation as at 15 February 2007. This could be differences in factors including changes in membership data, methodology assumptions, regulations and investment market conditions, assumed future inflation and the value of the funds assets. The triennial actuarial valuation as at 31 March 2007 is in progress, the results are expected to be available by early 2008.

Statement of Investment Principles (SIP)

A statement of investment principles was approved by trustees at the Pensions Panel meeting held in October 2006. The SIP is updated annually to reflect any changes made to investment management arrangements and reports the extent of compliance with Myners principles. The SIP is published on the Council's internet web site.

Related party transactions

In 2006/07 the Pension Fund paid £0.591m to the Council for administration (£0.576 in 2005/06). As at 31 March 2007 £4.066m was due from the Council to the Fund (£2.472m in 2005/06). During 2006/07 five trustees were also members of the pension scheme. There were no other material related party transactions.

Currency Hedging

The Council permits its Pension Fund managers to use forward contracts as a currency hedging tool between sterling and the base currency. Cross hedging is not permitted. When the managers use these instruments it is generally because a strong view is held on the likely movement of a specific currency. The principle objective of using the instrument is to lower the risk profile of the portfolio.

Accounting Policies and Principles

The accounts have been prepared in accordance with the LGPS Regulations 1997, the 2005 Code of Practice on Local Authority Accounting in Great Britain issued by CIPFA and comply with chapter 2 of the Pensions SORP. Previous year accounts have been restated in line with the Pensions SORP.

Basis of preparation - income and expenditure are accounted for on an accruals basis with the exception of liabilities to pay pension and other benefits in the future and transfer values, which are accounted for on a cash basis in accordance with accounting guidance.

Valuation of investments - all investments are included at their market value, which is determined using closing mid market prices from independent pricing sources.

Foreign currency translation – the valuation of foreign equities is calculated by using the overseas market price current at the relevant date and the exchange rate for the appropriate currency at the time to express the value as a sterling equivalent.

Investment management expenses - the fees of investment managers are paid in accordance with their investment management agreements and are linked to the current value of the portfolio on an ongoing basis.

Costs incurred in acquiring assets – are included as part of the book cost of investments.

Pension Fund Account

The Pension Fund shows the contributions to the Fund during the 2006/07 and the benefits paid from it.

Pension Fund Account	Notes	2006/07 £'000	2005/06 £'000
Dealings with members, employers and others directly involved in the scheme			
Contributions receivable	1	(38,049)	(34,702)
Transfers In	2	(5,187)	(5,257)
Other Income		0	0
Benefits payable	3	24,408	22,864
Payments to and on account of leavers	4	4,588	4,391
Other payments		0	0
Administrative Expenses	5	657	612
Net additions from dealings with members		(13,583)	(12,092)
Returns on Investments:			
Investment Income	6	(18,678)	(15,827)
Change in market value of investments	7	(16,629)	(93,389)
Investment management expenses	8	2,309	2,152
Net returns on investments		(32,998)	(107,064)
Net (increase)/decrease in the fund during the year		(46,581)	(119,156)
Add: Opening net assets of the scheme		(573,458)	(454,302)
Closing net assets of the scheme		(620,039)	(573,458)

Notes to Pension Fund Account**1 Contributions Receivable**

	2006/07 £'000	2005/06 £'000
From employers		
- normal	(28,759)	(25,888)
- special	(854)	(875)
- additional	0	0
	(29,613)	(26,763)
From members		
- normal	(8,258)	(7,799)
- additional voluntary	(178)	(140)
	(8,436)	(7,939)
Total	(38,049)	(34,702)

1a Analysis of Contributions Receivable and Benefits Payable

	2006/07 £'000	2005/06 £'000
Contributions receivable		
Administering authority	(31,281)	(32,296)
Scheduled bodies	(5,307)	(1,581)
Admitted bodies	(1,461)	(825)
Total	(38,049)	(34,702)
Benefits payable		
Administering authority	22,734	22,168
Scheduled bodies	1,146	298
Admitted bodies	528	398
Total	24,408	22,864

2 Transfers In

	2006/07 £'000	2005/06 £'000
Group transfers from other schemes	0	0
Individual transfers in from other schemes	(5,187)	(5,257)
Total	(5,187)	(5,257)

3 Benefits Payable

	2006/07 £'000	2005/06 £'000
Pensions	20,907	20,377
Commutation of pensions & lump sum retirement benefits	2,712	2,112
Purchased annuities	0	0
Lump sum death benefits	789	375
Total	24,408	22,864

4 Payments to and on account of leavers

	2006/07 £'000	2005/06 £'000
Refunds of contributions	32	54
State scheme premiums	0	0
Purchased annuities	0	0
Group transfers out to other schemes	0	0
Individual transfers out to other schemes	4,556	4,337
Total	4,588	4,391

5 Administrative Expenses

	2006/07 £'000	2005/06 £'000
Council Administration charges	591	576
Legal and other fees	66	36
Total	657	612

6 Investment Income

	2006/07 £'000	2005/06 £'000
Interest from fixed interest securities	(2,475)	(2,705)
Dividends from equities	(11,447)	(8,812)
Income from index - linked securities	(449)	(507)
Income from pooled investment vehicles	(3,610)	(3,194)
Net rents from properties	0	0
Interest on cash deposits	(697)	(549)
Share of profits/losses of associates	0	0
Other	0	(60)
Total	(18,678)	(15,827)

Investment income is shown net of irrecoverable withholding tax of £0.275m in 2006/07 (£0.254m in 2005/06)

7 Change in market value

The change in market value of the Fund is £17m and this mainly comprises realised gains of £37m, unrealised losses of £22m and an increase in council cash of £2m.

8 Investment management expenses

	2006/07 £'000	2005/06 £'000
Fund managers fees	2,055	1,903
Custodian fees	153	171
Trustees advisor fees	16	15
Investment consultant fees	78	49
Other	7	14
Total	2,309	2,152

Net Asset Statement

The Net Asset Statement sets out the financial position for the Fund as at 31st March 2007. The Fund is separately managed by the Council acting as trustee and its accounts are separate from the Council's.

Net Asset statement	Notes	2006/07 £'000	2005/06 £'000
Investment assets	1	(616,117)	(571,178)
Fixed assets		0	0
Borrowings		0	0
Net current assets and liabilities	2	(3,922)	(2,280)
Total Assets		(620,039)	(573,458)

Notes to Net Asset Statement

1 Investment Accounts

	2006/07 £'000	2005/06 £'000
Fixed Interest Securities		
- Public Sector	(41,045)	(45,542)
- Other	(711)	(16,328)
Equities		
- UK	(162,870)	(204,508)
- Overseas	(117,829)	(130,198)
Index Linked securities	(25,095)	(22,096)
Pooled investment vehicles		
- Unit trust – property	(42,134)	(31,428)
- Unit trust – other	(45,134)	(3,281)
OEIC's	(153,066)	(106,277)
Property	0	0
Insurance Policies	0	0
Loans	0	0
Other investments (venture capital)	0	0
Cash deposits	(7,250)	(8,397)
Other investment balances	(20,983)	(3,123)
Total	(616,117)	(571,178)

The allocation of investments has altered between 2005/06 and 2006/07 mainly due to the introduction of our new investment management structure on 16 March 2007 as previously mentioned.

In 2006/07 there was a reduction in the value of directly held UK and Overseas Equities. This was principally due to the replacement of Wellington in the strategic review of the Fund and the redistribution of their assets which were predominantly held in these asset classes.

Wellington's direct equity holdings have been partially replaced by OEIC investments held by Fidelity and Unit trust investments held by Capital International, these two categories show an increase in 2006/7 as a result.

In 2006/07 there was also a significant reduction in Fixed Interest securities – other. This category mainly comprises directly held corporate bonds. During 2006/07 Capital International moved away from direct holdings for this asset class, preferring to invest through a unit trust, Unit trust – other, in 2006/07 therefore includes a corresponding increase.

The increase in Unit trust - property in 2006/07 partly reflects surplus cash advanced to our property manager, ING, at the end of the year to increase property holdings towards the 10% allocation approved by trustees in their strategic review.

Other Investment balances in 2006/07 includes £18 million earmarked as part of the transition to the new investment structure to invest in property during 2007/08 as ING identify good investment opportunities.

2 Net current assets and liabilities

	2006/07 £'000	2005/06 £'000
Contributions due from employees and employers	(275)	(262)
Unpaid benefit	0	0
Cash balances	(4,066)	(2,472)
Other current assets and liabilities	419	454
Total	(3,922)	(2,280)

3 Fund Management

Shares	Funds	% of	UK	Overseas	Funds	% of	UK	Overseas
	Managed 31/03/07 £m	Fund	Assets £m	Assets £m	Managed 31/03/06 £m	Fund	Assets £m	Assets £m
Alliance	164.3	26.7	130.2	34.1	118.5	20.7	118.5	-
Bernstein								
Capital	191.6	31.1	93.7	97.9	158.3	27.7	107.4	50.9
International								
Fidelity	192.8	31.3	94.2	98.6	147.1	25.8	113.8	33.3
ING	46.6	7.5	46.6	-	34.2	6.0	34.2	-
Wellington	-	-	-	-	113.0	19.8	14.7	98.3
Haringey	18.0	2.9	18.0	-	0.1	-	0.1	-
Transition	2.8	0.5	2.7	0.1	-	-	-	-
Manager								
Total	616.1	100	385.4	230.7	571.2	100	388.7	182.5

4 Listed and Unlisted Investments

The Fund's investment assets analysed between listed and unlisted investments was as follows:

Market Value of Investment assets as at 31/03/07 £m	Listed Investments £m	Unlisted investments £m	Market Value of Investment assets as at 31/03/06 £m	Listed Investments £m	Unlisted investments £m
616.1	415.7	200.4	571.2	433.5	137.7

Unlisted investments comprise holdings in Institutional Open Ended Companies (OEIC's) and Property and other Unit trusts. OEIC's are a form of investment vehicle. It should be noted that whilst the OEIC vehicles themselves are unlisted, the assets in which those vehicles invest comprise listed equities and bonds.

5 Investment Transactions

The sales and purchases during the year were as follows:

Fund Managers	Purchases at cost £m	Sales Proceeds £m
Alliance Bernstein	35.6	28.8
Capital International	120.8	96.3
Fidelity	104.6	56.9
ING	14.4	6.9
Wellington	83.7	82.8
Transition Manager	66.5	138.9
Total	425.6	410.6

6 Top Ten shares held

As at 31 March 2007				As at 31 March 2006			
Shares	Rank	% of Equities	Market Value	Shares	Rank	% of Equities	Market Value
		%	£'000			%	£'000
Shell	1	2.9	12,438	Vodafone	1	3.5	14,777
Royal Bank of Scotland	2	2.2	9,434	Shell	2	3.3	13,853
Vodafone	3	2.1	9,005	Royal Bank of Scotland	3	2.8	11,749
BP	4	2.1	8,962	Astrazeneca	4	2.8	11,720
Astrazeneca	5	1.6	6,821	BP	5	2.5	10,250
HBOS	6	1.5	6,585	HBOS	6	2.3	9,704
Barclays	7	1.5	6,193	Barclays	7	1.6	6,601
HSBC	8	1.3	5,755	HSBC	8	1.3	5,576
Glaxosmithkline	9	1.3	5,342	BAT	9	1.2	5,386
Aviva	10	1.1	4,625	BAE Systems	10	1.1	4,890

7 Additional voluntary contributions (AVC's)

AVC's paid by scheme members are not included within the accounts. AVC's are managed independently by three specialist providers, Prudential Assurance, Clerical and Medical Investment Group Ltd and Equitable Life Assurance Society.

Key information regarding the AVC's administered for Haringey are as follows:

Equitable Life (as at 5 April 2007)

Number of active members	52
Number of members with preserved benefits	30

Number of members investing in:	
Equitable with profits	60
Equitable unit-linked	29
Equitable Building Society Pension Fund	17
Clerical Medical with profits	1

	£
Value of funds as at 6 April 2006	(583,629)
Income	(36,376) (incl. contributions of £15,722)
Less expenditure	100,587
Value of fund at 5 April 2007	(519,418)

Prudential Assurance (as at 5 April 2007)

Number of active members 46

The main fund invested in by the majority of Haringey's AVC investors with Prudential Assurance is set out below.

With profits cash accumulation fund:	£
Value of funds as at 6 April 2006	(355,656)
Income	(74,357) (incl. contributions of £59,128)
Less expenditure	15,817
Value of fund at 5 April 2007	(414,196)

Clerical and Medical

Number of active members 2

Appendix A

ALEXANDRA PARK AND PALACE

2006/07

Consolidated Statement of Financial Activities for the year ended 31st March 2007

	Note No.	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	-	1,225,028	1,225,028	1,374,248
Activities for generating funds	5	4,701,375		4,701,375	5,119,351
Incoming resources from charitable activities	4	1,189,217		1,189,217	1,014,528
Other incoming resources		2,182		2,182	4,803
Total incoming resources		5,892,774	1,225,028	7,117,802	7,512,930
Resources Expended:					
Cost of generating funds					
Interest payable					
Fundraising Trading cost of goods sold and other costs	6	4,044,448		4,044,448	3,808,775
Charitable activities		3,651,613	1,201,662	4,853,275	5,460,899
Governance costs		92,348		92,348	64,493
Total Resources expended	6	7,788,409	1,201,662	8,990,071	9,334,167
Net (outgoing)/incoming resources before transfer and net movement in funds.		(1,895,635)	23,366	(1,872,269)	(1,821,237)
Opening deficit fund balance 1 April		(31,350,833)	16,408	(31,334,425)	(29,513,188)
Closing deficit fund balance as at 31 March	20	(33,246,468)	39,774	(33,206,694)	(31,334,425)

The notes on pages 88 to 102 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

Trust Statement of Financial Activities for the year ended 31st March 2007

	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
Note No.	£	£	£	£
Incoming resources:				
Incoming resources from generated funds				
Voluntary income	3	1,225,028	1,225,028	1,374,248
Activities for generating funds	5	625,000	625,000	1,255,000
Incoming resources from charitable activities				
	4	1,189,217	1,189,217	1,014,528
Other incoming resources		2,182	2,182	4,803
Total incoming resources		1,816,399	3,041,427	3,648,579
Resources Expended:				
Charitable activities		3,651,613	1,201,662	4,853,275
Governance costs		66,848	-	66,848
Other resources expended				47,993
Interest payable				
Total Resources expended	6	3,718,461	1,201,662	4,920,123
Net (outgoing)/incoming resources before transfer and net movement in funds.		(1,902,062)	23,366	(1,878,696)
Opening deficit fund balance 1 April		(31,391,508)	16,408	(31,375,100)
Closing deficit fund balance as at 31 March	20	(33,293,570)	39,774	(33,253,796)

The notes on pages 88 to 102 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

Consolidated and Trust Balance Sheets as at 31st March 2007.

	Note	Group	Group	Trust	Trust
	No.	2007	2006	2007	2006
		£	£	£	£
Fixed assets					
Tangible assets	12	572,408	671,217	566,940	663,926
Investments	13		0	2	2
		572,408	671,217	566,942	663,928
Current assets					
Stocks	14	122,860	181,635	53,269	64,715
Debtors	15	711,711	805,123	1,181,020	1,736,652
Cash at bank and in hand		1,058,999	1,912,410	3,082	139,995
		1,893,570	2,899,168	1,237,371	1,941,362
Creditors:	16				
Amount falling due within one year		(1,098,439)	(1,882,371)	(483,876)	(957,951)
Net current assets		795,131	1,016,797	753,495	
Total assets less current liabilities		1,367,539	1,688,014	1,320,437	1,647,339
Provision		(34,574,233)	(33,022,439)	(34,574,233)	(33,022,439)
Total Net Liabilities		(33,206,694)	(31,334,425)	(33,253,796)	(31,375,100)
Accumulated Funds:					
Unrestricted deficit funds		(33,246,468)	(31,350,833)	(33,293,570)	(31,391,508)
Restricted Funds		39,774	16,408	39,774	16,408
Total Funds		(33,206,694)	(31,334,425)	(33,253,796)	(31,375,100)

Approved by the Board of Trustees on 17th July 2007. and signed on its behalf by:

Councillor Charles Adje

The notes on pages 88 to 102 form an integral part of these financial statements.

Consolidated Cashflow Statement for the year ended 31st March 2006

	Group 2007 £	Group 2006 £	
Reconciliation of changes in resources to net cash inflow from operation activities:-			
Changes in resources	(1,872,269)	(1,821,237)	
Depreciation	116,761	127,039	
Interest receivable	(63,648)	(78,568)	
Decrease/(increase) in stocks	58,775	14,123	
Decrease/(increase) in debtors	93,412	248,753	
(Decrease)/increase in creditors	(783,932)	(381,220)	
Increase in provision	1,551,794	1,675,013	
Net Cash (outflow)/inflow from operation activities	(899,107)	(216,097)	
CASH FLOW STATEMENT:			
	Group 2007 £	Group 2006 £	
Net cash (outflow)/inflow from operating activities	(899,107)	(216,097)	
Returns on investments and servicing of income:			
Interest received	63,648	70,764	
Capital expenditure			
Payments to acquire tangible fixed assets	(17,952)	(131,790)	
(Decrease)/increase in cash	(853,411)	(277,123)	
Cash at 1 April	1,912,410	2,189,533	
Cash at 31 March	1,058,999	1,912,410	
Analysis of changes in cash	31 March 06 £	Change in Year £	31 Mar 07 £
Cash at bank and in hand	1,912,410	853,411	1,058,999

The notes on pages 88 to 102 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2007.

1. Basis of accounting

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), and applicable accounting standards with the exception of FRS17.

The charity has not complied with FRS 17 because of the impending transfer of its core staff to a new investor as in the Trustees report. Following transfer the charity will be left with a maximum of 3 employees who will be part of a defined benefit pension scheme administered and guaranteed by the London Borough of Haringey.

2. Accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise those of the Trust and its wholly-owned subsidiary, Alexandra Palace Trading Limited. The results of the subsidiary are consolidated on a line by line basis.

(b) Fund accounting and permanent endowment

Under the terms of the Alexandra Park and Palace Act 1985, the freehold and fixed assets of the Trust cannot be permanently disposed of. Under the terms of the Charities Act 1993 and the SORP 2005, these are inalienable assets and may be considered a permanent endowment although capable of being leased.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Trust for a particular purpose. The aim and use of each restricted fund is set out in the notes to the financial statements.

The unrestricted fund represents the accumulated surpluses and deficits of the Group. The funds generated by the Trust are available for use at the discretion of the trustees in furtherance of the general objectives of the Trust.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the trust is legally entitled to the income and the amount can be quantified with reasonable accuracy. The financial statements therefore reflect income due to the Trust but not received by the end of the year. Funds received for the purchase of fixed assets are accounted for as restricted income.

The treatment of the assets provided depends upon the restriction imposed by the grant and as the fixed assets' acquisition discharges the restriction then the assets will be held in the unrestricted funds. A corresponding transfer of the associated restricted income will be made to the unrestricted fund in the year of purchase.

Income in advance within creditors is made up of payments that have been received for events that will take place in future years. By far the bulk of this sum relates to the charity's trading company, Alexandra Palace Trading Limited and should the transaction with the preferred investor reach a satisfactory conclusion, these monies will be duly paid over to the new investment partner who will assume responsibility for holding these events.

(d) Resources expended and the allocation of expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to this category. Where costs cannot be attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Allocated costs have been allocated on the average of floor area basis and head count basis.

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day to day management of the charity's activities.

Support costs are those costs incurred in support of the expenditure on the objects of the Trust. These support costs are allocated across the categories of charitable expenditure, governance costs and the cost of generating funds.

(e) Investments

Fixed asset investments are shown at cost less provision for impairment in value in the Trust's accounts.

(f) Valuation of fixed assets

The Act that established the Trust and set down the framework within which it should operate places restrictions on asset disposal. It has been accepted that the Parliamentary Scheme was necessary before any redevelopment can take place. In the past no value has been put on the Park and Palace as this is deemed to be an inalienable asset as the Act of Parliament places restrictions on its disposal. With regard to assets brought forward at the beginning of the year this policy has continued as reliable cost information is not available and conventional valuation approaches lack sufficient reliability and significant costs would be involved which may be onerous compared with the additional benefit derived by users of the accounts. For new assets the Trust has adopted a policy of capitalising improvements to the buildings and other assets purchased.

Tangible fixed assets are shown at cost, less accumulated depreciation to date. Depreciation is provided on all tangible fixed assets and is calculated at rates designed to write off the cost of fixed assets over their expected useful lives. The rates applied are as follows:

Improvements to the park:	-on a straight line basis over 10 years.
Plant & Machinery:	-on a straight line basis over 10 years.
Office equipment, furniture and fittings:	-on a 25% reducing balance basis.

(g) Valuation of stock

Stock consists of purchased goods for resale, marketing publications, china and cutlery and other sundry items. Stock is valued at the lower of cost and net realizable value.

(h) Bank account

The Alexandra Park and Palace bank account is included in the arrangements for the Council's pooled account. This amount is included in the balance sheet both as an asset and as an amount due to Haringey Council.

(i) Provision

These accounts reflect the decision of the Attorney General that Haringey Council is entitled to indemnification for the revenue deficits for 1991/92 to 2006/2007. Haringey Council may also be entitled to indemnification for the years 1988/89 to 1990/91, and this amount has also been provided for in the accounts.

Both of these amounts include interest charged for the outstanding revenue deficits at the Council's Loan Pool Rate, which in 2004/05 was 7.33% (2003/04: 7.56%). No interest was charged in 2006/07.

(j) Related party transactions

Because of the close and unique relationship between Haringey Council and Alexandra Park and Palace, there is a significant number of transactions between the two parties. The extent of this relationship is detailed in note 17 to the financial statements.

(k) Leases

Parts of the Trust's assets are subject to leasing arrangements.

(l) Leased assets

All leases are operating leases and the annual rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred.

(m) Pension contributions

Costs are accounted for on a contributions payable basis. The Group has not complied with the requirements of FRS 17 for the reasons set out above and in the trustees' report and in particular

that, in light of the anticipated transfer of the company's workforce to Firoka that there will not be any ongoing pension deficit falling to the company.

3. Restricted Funds: grants

Restricted fund grants of £32,198 from the English Heritage , Organ Appeal £5,913 receivable from The Alexandra Palace Organ Appeal, and £889,832 (2006: £1,022,762) from the Heritage Lottery Grant with £297,085 (2006: £341,466) from the London Borough of Haringey for major works to the park.

4. Incoming resources from charitable activities

	2007	2006
	£	£
Ice rink	984,246	842,982
Community events	50,898	70,181
Leases and concessions	154,073	101,365
Total income	1,189,217	1,014,528

5. Activities for generating funds

Alexandra Park & Palace Charitable Trust owns the entire share capital of Alexandra Palace Trading Limited, a company registered in England. Alexandra Palace Trading Limited raises funds for Alexandra Park & Palace Charitable Trust through the hiring of halls and catering for exhibitions, banquets, conferences, weddings and other events and the running of the Phoenix Public House. Alexandra Palace Trading Limited retained £6,428 of its profit this year with the remainder being gift aided to Alexandra Park & Palace Charitable Trust. The net income attributable to the group is consolidated on a line by line basis in the consolidated statement of financial activities. A summary of the results is shown below:

Alexandra Palace Trading Limited

	2,007	2,006
	£	£
Income from events	4,161,871	4,533,534
Income from Phoenix public house	475,856	507,249
Interest receivable	63,648	78,568
Total Income	4,701,375	5,119,351
Cost of sales	3,117,237	3,334,849
Cost of operating expenses	952,711	490,426
Total cost of generating funds	4,069,948	3,825,275
Net income to the group	631,428	1,294,076
Less: Licence fee to the Trust	(255,000)	(255,000)
Deed of Covenant/Gift Aid to the Trust	(370,000)	(1,000,000)
Retained profit	6,428	39,076
Retained profit loss)/brought forward	40,675	1,599
Retained profit carried forward	47,103	40,675

6. Analysis of total resources expended.**Group:**

	Direct costs £	Support costs £	2007 Total £	2006 Total £
Costs of generating fund				
Expenditure of trading subsidiary	4,044,448		4,044,448	3,808,775
Charitable expenditure				
Ice Rink	656,048	83,377	739,425	687,014
Community events	122,295	4,632	126,927	121,020
Leases and concessions	57,765	3,474	61,239	78,899
Repairs and maintenance of building/park	2,922,498	368,708	3,291,206	3,947,351
Security of building/park	578,893	55,585	634,478	626,615
	4,337,499	515,776	4,853,275	5,460,899
Governance costs				
Wages and salaries	-	19,408	19,408	18,793
Professional fees	-	26,940	26,940	16,000
Audit fee	-	46,000	46,000	29,700
	0	92,348	92,348	64,493
Total for Group	8,381,947	608,124	8,990,071	9,334,167

Trust Only:

	Direct costs £	Support costs £	2007 Total £	2006 Total £
Charitable expenditure				
Ice Rink	656,048	83,377	739,425	687,014
Community events	122,295	4,632	126,927	121,020
Leases and concessions	57,765	3,474	61,239	78,899
Repairs and maintenance of building/park	2,922,499	368,707	3,291,206	3,947,351
Security of building/park	578,893	55,585	634,478	626,615
	4,337,500	515,775	4,853,275	5,460,899
Governance Costs				
Wages and salaries		19,408	19,408	18,793
Professional fees		26,940	26,940	16,000
Audit fee		20,500	20,500	13,200
	0	66,848	66,848	47,993
Total for Trust	4,337,500	582,623	4,920,123	5,508,892

7. Support costs

	Group 2007	Group 2006
	£	£
Management costs	1,228	920
Wages and salaries	210,417	151,600
Overheads	396,479	845,217
	608,124	997,737

8. Deficit on current year activities

	Group 2007	Group 2006
	£	£
Operating deficit is stated after charging:		
Auditors' remuneration: audit fee	46,000	29,700
Operating lease rentals - land and buildings	35,896	35,896
Operating lease rentals - vehicles	3,585	8,339
Depreciation	116,761	127,039

The trustees received no remuneration (2006:-£Nil) from the charity and were not reimbursed for any of their expenses by the charity during the year (2006-£Nil).

9. Analysis of costs by activity

GROUP

Costs directly allocated to activities	Bases of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2007	Total 2006
		£	£	£	£	£	£	£	£	
Interest payable	Direct								0	0
Expenditure of trading subsidiary	Direct	4,044,449						25,500	4,069,949	3,825,275
Salaries	Direct		350,266	433,867			747,887		1,532,020	1,435,329
Professional fees	Direct		21,472				33,907	26,940	82,319	105,943
Parks lottery expenditure	Direct						1,201,662		1,201,662	1,364,229
Overheads	Direct		172,007	856	114,946	46,944	782,566		1,117,319	1,227,448
Audit fees	Direct							20,500	20,500	13,200
Direct costs	Direct		31,152						31,152	18,057
Support costs allocated to activities										
General office and finance support staff	Staff time & area average							19,408	19,408	18,793
Apportioned overhead cost	Staff time & area average		81,150	144,170	7,349	10,821	156,476		399,966	392,650
Apportionated support and overhead cost	Staff time & area average		83,377	55,585	4,632	3,474	368,708		515,776	933,243
Total for Group		4,044,449	739,424	634,478	126,927	61,239	3,291,206	92,348	8,990,071	9,334,167

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

9. Analysis of costs by activity - continued

TRUST ONLY

Costs directly allocated to activities	Bases of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2007	Total 2006
		£	£	£	£	£	£	£	£	
Interest payable	Direct									0
Salaries	Direct		350,266	433,867			747,887		1,532,020	1,435,329
Professional fees	Direct		21,472				33,907	26,940	82,319	105,943
Parks lottery expenditure	Direct						1,201,662		1,201,662	1,364,229
Overheads	Direct		172,007	856	114,946	46,944	782,566		1,117,319	1,227,448
Audit fees	Direct							20,500	20,500	13,200
Direct costs	Direct		31,152						31,152	18,057
Support costs allocated to activities										
General office and finance support staff	Staff time & area average							19,408	19,408	18,793
Apportioned overhead cost	Staff time & area average		81,150	144,170	7,349	10,821	156,476		399,966	392,650
Apportioned support and overhead cost	Staff time & area average		83,377	55,585	4,632	3,474	368,708		515,776	933,243
Total for Group		0	739,424	634,478	126,927	61,239	3,291,206	66,848	4,920,122	5,508,892

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

10. Staff Costs

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Wages and salaries	1,551,775	1,626,208	627,672	534,117
Social security costs	130,079	130,130	34,607	31,295
Pension costs	134,093	120,304	60,016	56,555
Agency staff costs	816,746	789,657	505,927	470,940
	2,632,693	2,666,299	1,228,222	1,092,907

The number of employees whose emoluments as defined for taxation purposes amounted to over £50,000 in the year was as follows:

	Group 2007	Group 2006	Trust 2007	Trust 2006
£50,001-£60,000	1	1	0	0
£60,001-£70,000	1	1	0	1

The trust employee earning more than £50,000 received employer contributions into the defined benefit pension scheme (see note 23(a)).

The average number of employees, analysed by function, including both permanent employees and casual staff calculated on a full-time equivalent basis (number of permanent employees only illustrated by the bracketed figures) was:

	Group 2007	Group 2006	Trust 2007	Trust 2006
	Number	Number	Number	Number
Ice rink	16(4)	23(6)	16(4)	23(6)
Repairs and maintenance including park	2(2)	3(3)	2(2)	3(3)
Community events		1(1)		1(1)
Cost of generating funds	31(16)	43(27)		39(25)
Support costs	2(2)	2(2)	2(2)	1(1)
Management and administration	9(8)	1(1)	2(2)	1(1)
	60(32)	73(40)	22 (10)	30(13)

11. Taxation

Alexandra Park and Palace Charitable Trust is a registered charity. As such its sources of income and gains, received under Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. The trading subsidiary donates all taxable profits to the Trust under Gift Aid. No tax charge has arisen in the year.

12. Tangible fixed assets

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Trust only:	£	£	£	£
Cost: At 1st April 2006	197,346	482,497	316,043	995,886
Additions			17,952	17,952
At 31st March 2007	197,346	482,497	333,995	1,013,838
Depreciation: At 1st April 2006	39,470	146,311	146,179	331,960
Charge for the year	19,734	48,250	46,954	114,938
At 31st March 2007	59,204	194,561	193,133	446,898
Net Book Value				
At 31st March 2007	138,142	287,936	140,862	566,940
At 31st March 2006	157,876	336,186	169,864	663,926

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Group	£	£	£	£
Cost: At 1st April 2006	197,346	482,497	348,555	1,028,398
Additions			17,952	17,952
At 31st March 2007	197,346	482,497	366,507	1,046,350
Depreciation: At 1st April 2006	39,470	146,311	171,400	357,181
Charge for the year	19,734	48,250	48,777	116,761
At 31st March 2007	59,204	194,561	220,177	473,942
Net book value:				
At 31st March 2007	138,142	287,936	146,330	572,408
At 31st March 2006	157,876	336,186	177,155	671,217

13. Fixed Asset Investments

	2007	2006
	£	£
Shares in trading subsidiary at 1st April and 31 March	2	2

The Trust owns the entire share capital of its trading subsidiary (see note X).

14. Stock

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
China and cutlery	47,593	58,309	47,593	58,309
Food and beverages	58,716	104,698		0
Publications and stationery	16,551	18,628	5,676	6,406
	122,860	181,635	53,269	64,715

15. Debtors

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Trade debtors	92,828	162,623		0
Amounts due from subsidiary undertaking		0	264,375	157,406
Deed of covenant/gift aid due from subsidiary undertaking		0	370,000	1,000,000
Other debtors	132,380	41,865	113,620	34,060
Prepayments and accrued income	486,503	600,635	433,025	545,186
	711,711	805,123	1,181,020	1,736,652

16. Creditors: amount falling due within one year

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Trade creditors	109,894	181,644		0
Other taxes and social security cost		192,302		0
Other creditors	330,576	419,962	330,576	419,962
Accruals	416,529	498,813	159,403	406,636
Income in advance	247,543	458,497		200
Haringey Council: Bank Account	(6,103)	131,153	(6,103)	131,153
	1,098,439	1,882,371	483,876	957,951

Income in Advance is payments received for events that will take place in future years. The Trust's bank account is part of Haringey Council's pooled account, and the amount is shown both as an asset and a liability to the Trust as the bank account is owed in its entirety to the Council. The difference between the two sums of £9,184 (2006: £8,842) relates to the Trust's cash float and is not part of that liability.

17. Provision

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Haringey Council: Indemnification	34,574,233	33,022,439	34,574,233	33,022,439
Reconciliation of movement:				
Balance brought forward	33,022,439	31,347,426	33,022,439	31,347,426
Amount charge to SOFA	329,466	251,722	329,466	251,722
Transfer to bank less VAT debtor	1,222,328	1,423,291	1,222,328	1,423,291
Balance carried forward	34,574,233	33,022,439	34,574,233	33,022,439

The relationship between the Trust and the London Borough of Haringey:

The Council of the London Borough of Haringey is Trustee of the Trust. The Council delegates the entire function of trustee to the Alexandra Park and Palace Board. The Council

elects individual members to sit on the Alexandra Park and Palace Board to act as the charity trustees. The charity trustees are those persons having the general control and management of the administration of the Trust. All employees of the Trust are employees of Haringey Council as trustee and are included in the Council's pension arrangements.

Due to the nature of the relationship between the Trust and Haringey Council there are a number of significant related party transactions. These amounts are consolidated into the Trust's financial statements. However, due to the unique nature and structure of the relationship it is thought appropriate to disclose these items: Business rates of £46,104 (2006: £42,200); central administration of £30,000 (2006: £30,000); entertainment licences of £46,104 (2006: £52,247); public liability insurance £34,574 (2006: £33,731); provision of park patrol service £33,620(2006: £40,000); legal expense £1,625 (2006: £10,154); printing and other sundry items of £3,654 (2006: £3,210). Charles Adje wishes to voluntarily declare that he receives £9,500 as a Special Responsibility Allowance payment from Haringey Council's Corporate Funds (not charged to the Trust) with Charity Commission knowledge and consent for his appointment as Chair of the Board

In view of the uncertainty created by the complex legislative position, the Council had resolved to seek the Directions of the Court regarding its precise duties as Trustees of Alexandra Park and Palace Charitable Trust. However this process is now not being followed given the progress on its preferred investment partner selection described at paragraph 23 and in the Trustees' Report.

Alexandra Park and Palace is a going concern because the overall trustee, Haringey Council, uses its corporate funds to support the revenue deficits of the Trust. It is the Council's current policy to continue providing this support until responsibility for the assets passes to a private developer and the support of the Council is no longer required. The deficits incurred each year form part of the provision due to Haringey Council and are shown as a creditor on the balance sheet.

The analysis of the current year's figure is as follows:

	Accumulated Balances	Interest	Total
	£'000	£'000	£'000
Haringey Council:			
Indemnification 1991/92 to 1994/95	5,005.00	9,881.00	14,886.00
Indemnification 1995/96 to 2005/06	11,438.00	4,854.00	16,292.00
Provision: 1988/99 to 1990/91	755.00	2,641.00	3,396.00
	17,198.00	17,376.00	34,574.00

1. This is the amount which the Attorney General has agreed that Haringey Council is entitled to, in respect of expenditure incurred from operational deficits in the financial years 1991/92 to 1994/95.
2. This is the amount relating to the operational deficits for 1995/96 to 2006/07 which the Attorney General has agreed in principle that Haringey Council is entitled to. The final value has yet to be formally agreed. (The operational deficit is calculated as the deficit for the year before interest and the increase in working capital in the year).
3. Haringey Council may also be entitled to indemnification for the operational deficits from 1988/89 to 1990/91, so this amount has also been provided for.

18. Accumulated unrestricted funds

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Trust deficit funds:				
Balance brought forward	31,350,833	29,519,576	31,391,508	29,521,175
Deficit in year	1,895,635	1,831,257	1,902,062	1,870,333
Balance carried forward	<u>33,246,468</u>	<u>31,350,833</u>	<u>33,293,570</u>	<u>31,391,508</u>

The above amounts represent the deficit equity of the Trust. The Group figure includes £6,428 (2006:£39,076) of the trading subsidiary retained profit/losses) carried forward.

19. Restricted Funds**Movement in Resources**

	Balance 1 April 2006	Incoming Resources	Expenditure & transfers	Balance 31Mar.2007
	£	£	£	£
Lottery Grant Fund	0	1,186,917	1,186,917	
Environment Agency Grant	10,000		8,832	1,168
Organ Appeal Fund	5,776	5,913	5,913	5,776
Theatre Fund	232			232
BBC Studios Fund	400			400
English Heritage		32,198		32,198
	<u>16,408</u>	<u>1,225,028</u>	<u>1,201,662</u>	<u>39,774</u>

The restricted fund balance at 31 March 2007 are represented by cash at bank and in hand of £39,774

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
20. Total Funds				
Balance brought forward	31,334,425	29,153,188	31,375,100	29,514,787
Deficit in year	1,872,269	1,821,237	1,878,696	1,860,313
Balance carried forward	<u>33,206,694</u>	<u>30,974,425</u>	<u>33,253,796</u>	<u>31,375,100</u>

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£

Vehicles:

Payments due within one year on leases expiring within 1 year.

Land and Buildings:

Payments due within one year on leases expiring within 1 year.

35,896

Payments due within one year on leases expiring within 2-5 years.

22. Audit fees

The Charity Commission requires the Board to appoint an independent Registered Auditor to carry out a full statutory audit of the financial statements. The audit fee for the year was £46,000, (2006: £29,700).

The Audit Commission, as part of the external audit of the Council's accounts, reviews the financial statements for Alexandra Park and Palace Charitable Trust. The Council meets the fee of the Audit Commission.

23. Private developer

In 1996/97, the Trust carried out a competition to find a private developer to take over the running of Alexandra Park and Palace. The development proposals could only be progressed following parliamentary approval of amendments to the 1985 Alexandra Park and Palace Act to allow a 125 year lease. The amendments passed into law in February 2004. The trustees returned to the preferred developer to establish the level of interest given the passage of time and changes to the leisure market since the development competition. The preferred developer has advised that they have no continuing interest in developing Alexandra Palace. The charity trustees appointed a professional advisory team to provide advice on both the process and the selection of an investment partner. The process concluded with the selection of the Firoka Group on the 30th January 2006. The Trustees' Report sets out the current position in relation to the progress being made to conclude on the lease.

24. Pension Scheme

Trust:

(a) Defined benefit scheme

The Trust operates a defined benefit pension scheme for the benefit of the employees. The assets of the Scheme are in a fund independent from the Trust and are administered by Haringey Council under the provisions of the Local Government Superannuation Act of 12 June 2000.

The Fund is independently valued every three years by a firm of actuaries to access the adequacy of the Fund's investments and contributions to meet its liability. The last valuation took place in March 2006. The last actuarial valuation was carried out in accordance with Guidelines GN9: Retirement Benefit Schemes - Actuarial reports published by the Institute of Actuaries and the Faculty of Actuaries. The last actuarial valuation was carried out using the Projected Unit Method.

Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	Nominal % per annum
Rate of investment – equities	6.70% per annum compound
Rate of investment – bonds	4.905% per annum compound
Rate of pensionable salary increases (excl. increments)	4.40% per annum compound
Rate of price inflation/pensions increases	2.90% per annum compound
Discount rate	6.30% per annum compound

The level of funding as a whole at 31 March 2006 was 69.0%, and the market value of the Fund at the time of the last valuation was £441 million. The employer's contribution is 18% of salary, increasing to 22.9% with effect from 1 April 2005 as a result of the past service adjustment to fund the deficit over 20 years which accounts for 10.1% of this increased contribution rate. The pension contribution for the year was £56,555 (2005: £53,604).

In accordance with FRS 17, the Trust will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to confirm the Trust's share of the assets and liabilities in the scheme on a consistent and reasonable basis.

The trading company operates a defined benefit pension scheme for the benefit of 22 scheme members who transferred to the trading company, from the Trust, on 1 November 1999. There are 9 (2005: 11) scheme members still in the employment of the trading company as at 31 March 2006. The assets of the Scheme are in a fund independent from the trading company and are administered by Haringey Council under the provisions of the Local

Government Superannuation Act. The company has not complied with FRS 17 and has accounted for contributions on the basis of those payable.

Trading company:

(b) Defined benefit scheme

The Fund is independently valued on a regular basis by a firm of actuaries. The last valuation took place in March 2006. The purpose is to assess the adequacy of the Fund's investments and contributions. The last actuarial valuation was carried out using the Projected Unit Method.

Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	Nominal % per annum
Rate of investment – equities	7.40% per annum compound
Rate of investment – bonds	4.60% per annum compound
Rate of pensionable salary increases (excl. increments)	4.60% per annum compound
Rate of price inflation/pensions increases	3.10% per annum compound
Discount rate	4.90% per annum compound

The level of funding as a whole at 31 March 2006 was 69.0%, and the market value of the Fund at the time of the last valuation was £405 million for the whole of the scheme of which £1,010,000 is the share for Alexandra Palace Trading Limited. Alexandra Palace Trading Limited employer's contribution is 16.5% of salary, decreasing to 16.2% with effect from the 1 April 2005. Alexandra Palace Trading Limited is also paying additional monetary amounts £119,000 for the year ended 31 March 2007 and £125,000 for the year ended 31 March 2008. The pension contribution for the year was £39,095 (2005: £48,462).

The actuarial valuation described above has been updated at 31 March 2007 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	Nominal % per annum compound		
	2007	2006	2005
Price increased		3.10	2.90
Rate of pensionable salary increases (excluding increments)		4.10	4.40
Rate of price inflation/pensions increases		3.10	2.90
Discount rate		4.90	5.40

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2007	2007	2006	2006	2005	2005
	%	£	%	£	%	£
Equities			7.4	1,092,000	7.7	755,000
Bonds			4.6	274,000	5.1	215,000
Property			5.5	72,000	6.5	52,000
Cash			4.6	46,000	4.0	36,000
Total fair value of assets				<u>1,484,000</u>		
Present value of scheme liabilities				<u>2,028,000</u>		
Net pension liability				<u>(544,000)</u>		

For the year ended 31 March 2006, the expected return on the above assets was £78,000 (2005: £72,000) less the interest on pension scheme liabilities

of £90,000 (2005: £87,000) gives a net return of (£12,000) (2005: (£15,000)) as the amount credited from other finance income. Therefore overall the net cost to the revenue account for the year ended 31 March 2006 is £57,000 (2005: £66,000) after deduction of the service cost.

**Analysis of amount recognised in statement of total recognised
Gains and Losses (STRGL):**

	2007 £	2006 £
Actual return less expected return on pension scheme assets		194,000
Experience gains and losses arising on the scheme liabilities		(1,000)
Changes in financial assumption underlying the present value of the scheme liabilities		(259,000)
Actuarial gain/(loss) in pension plan		(66,000)
Increase in irrecoverable surplus from membership fall and other factors	0	0
Actual gain/(loss) in recognised in STRGL	<u>0</u>	<u>(66,000)</u>

	2007 £	2006 £
Movement in Deficit during the year:		
Deficit at beginning of the year		(585,000)
		(45,000)
Employers contributions		164,000
Net return on assets		(12,000)
Actuarial gains/(losses)		(66,000)
Deficit at the end of the year	<u>0</u>	<u>(544,000)</u>

History of Experience Gains and Losses

	2007 £	2006 £
Difference between the expected and actual return on assets		194,000
Value of assets		1,484,000
Percentage of assets		13.0%
Experience losses on liabilities		13.0%
Experience losses on liabilities		(1,000)
Present value of liabilities		2,028,000
Percentage of the present value of liabilities		(0.0%)
Actuarial gains/(losses)		(66,000)
Present value of liabilities		2,028,000
Percentage of the present value of liabilities		(3.3%)

The scheme is a closed scheme and therefore under the project4d unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

(b) Stakeholder personal pension scheme

For new employees to the trading company since 1 September 1999, the trading company has established a stakeholder pension and contributes personal pension contributions into this scheme. The employer's contribution is 10% of salary and the pension contribution for the year was £26,264 (2006: £24,654).