LONDON BOROUGH OF HARINGEY

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2008

SECTION 1

EXECUTIVE SUMMARY

2007/08

Executive Summary

Foreword

This document sets out the financial statements for Haringey Council, the Pension Fund and the group accounts. Set out below is a review of the financial year 2007/08 setting out the Council spending in the year on both capital and revenue across all services. I also set out the major changes in this year's accounts and further details my responsibilities, as the Authority's Chief Financial Officer, and finally gives a description of the purpose of each of the main statements in the accounts.

Review of the Financial Year

The Sustainable Community Strategy was adopted by the Authority in 2007 and covers a ten year period to 2016. The vision is:

'A place for diverse communities that people are proud to belong to.'

The priorities are:

1. Making Haringey one of London's greenest boroughs
2. Creating a Better Haringey: cleaner, greener and safer
3. Encouraging lifetime well-being at home, work, play and learning
4. Promoting independent living while supporting adults and children when needed
5. Delivering excellent, customer focused, cost effective services

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

- The General Fund revenue account
- The Housing revenue account
- Capital investment
- The balance sheet

This commentary is then supplemented by information on the major changes in these statements and a review of the Pension Fund.

In addition the Council's carbon statement has been included as part of this executive summary. This shows the extent of the Council's carbon emissions and sets out what is planned to be done over the coming years to reduce these.

The General Fund – Where the council tax goes

The General Fund contains income and expenditure relating to all of the services of the Authority, other than Council housing which is recorded separately in the housing revenue account. In 2007/08 the Authority planned net expenditure of £382 million, as set out in the following table:

	Budget £'000	Outturn £'000	Variance £'000
Children and Young People	229,097	226,116	(2,981)
Adults, Culture & Community	75,132	75,971	839
Corporate Resources	10,387	10,087	(300)
Urban Environment	44,860	44,401	(459)
PPPC*	8,431	8,038	(393)
People, Organisation & Development	59	(189)	(248)
Chief Executive Services	657	698	41
Services	**368,623**	**365,122**	**(3,501)**
Non service revenue	13,447	19,526	6,079
Transfer surplus on DSG - schools		(1,866)	(1,866)
Transfer underspend on DSG - central		(775)	(775)
Total on General Fund	**382,070**	**382,007**	**(63)**
General balances 1 April 2007			**(12,007)**
Collection Fund Deficit			67
General balances 31 March 2008			**(12,003)**

*PPPC is Policy, Performance, Partnerships & Communications

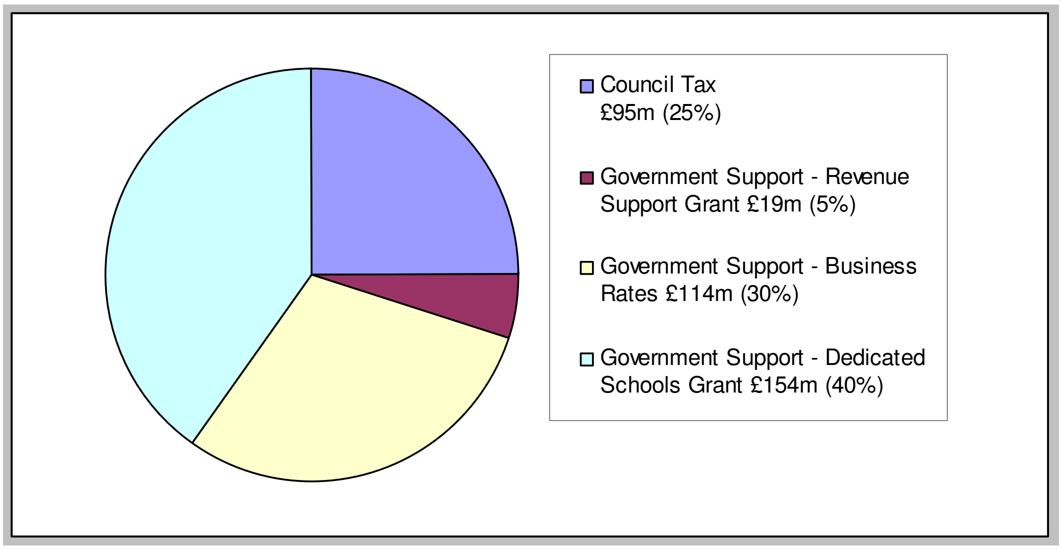
There is a net service underspend of £3.5 million. After taking into account the non-service revenue account and transfers of the ring-fenced Dedicated Schools Grant into reserves there was an underspend on the General Fund of £63,000 which is added to general balances.

Included in the figures above are a number of transfers to earmarked reserves, as detailed below.

Reserve Transfer	**£'000**
Property Maintenance Reserve	455
IT infrastructure Reserve	1,000
Redundancy Reserve	2,000
Achieving Excellence Programme Reserve	1,763
Resource Centre Equalisation Reserve	318
Capital Financing Reserve	2,600
LABGI Reserve	85
Housing Subsidy Reserve	692
Strategic Waste Depot Reserve	600
Carry forward of 2007/08 underspends	1,490
Total	**11,003**

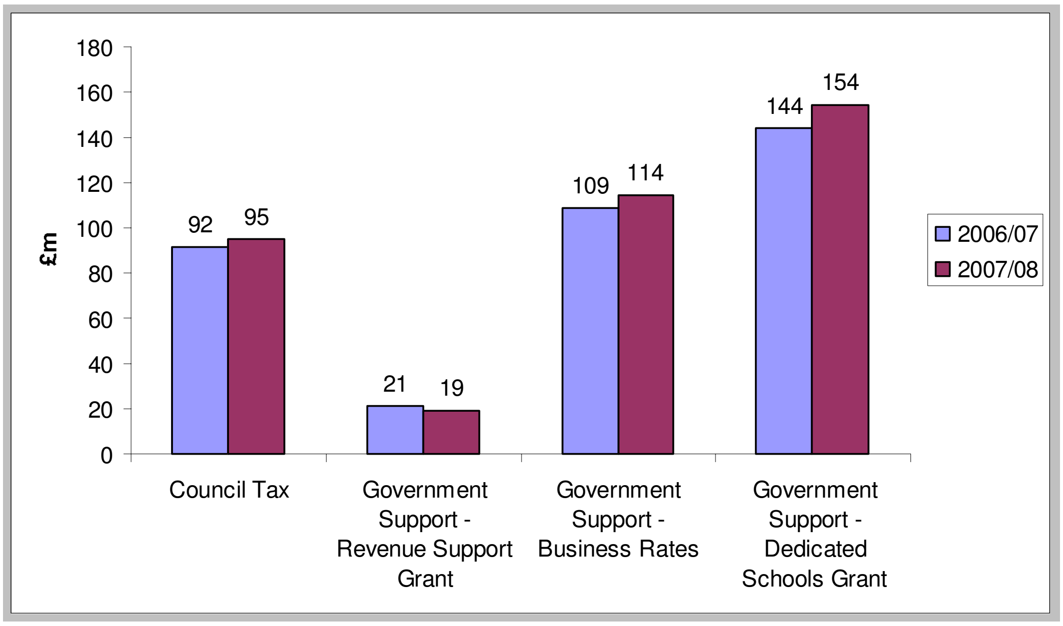
Below is a graph showing the revenue funding sources of Government Grants, NNDR and Council Tax for the net costs of the spend in 2007/08.

Sources of Revenue Funding 2007/08 – Total £382m



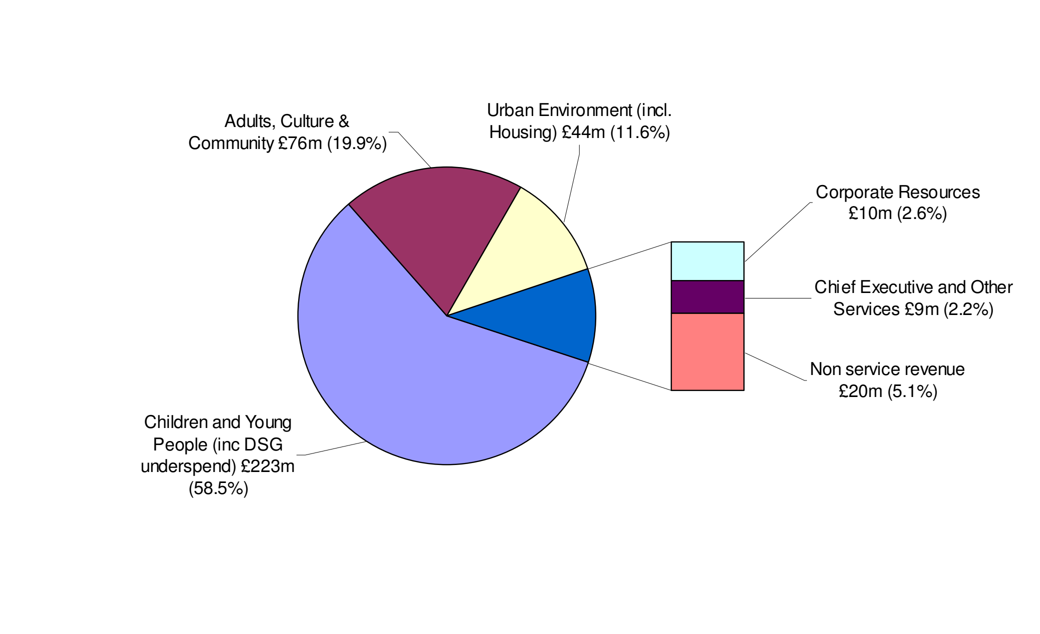
As can be seen from the above, council tax funds only 25% of the full net cost of services.

Sources of Revenue Funding 2007/08 (£382m) and 2006/07 (£366m)

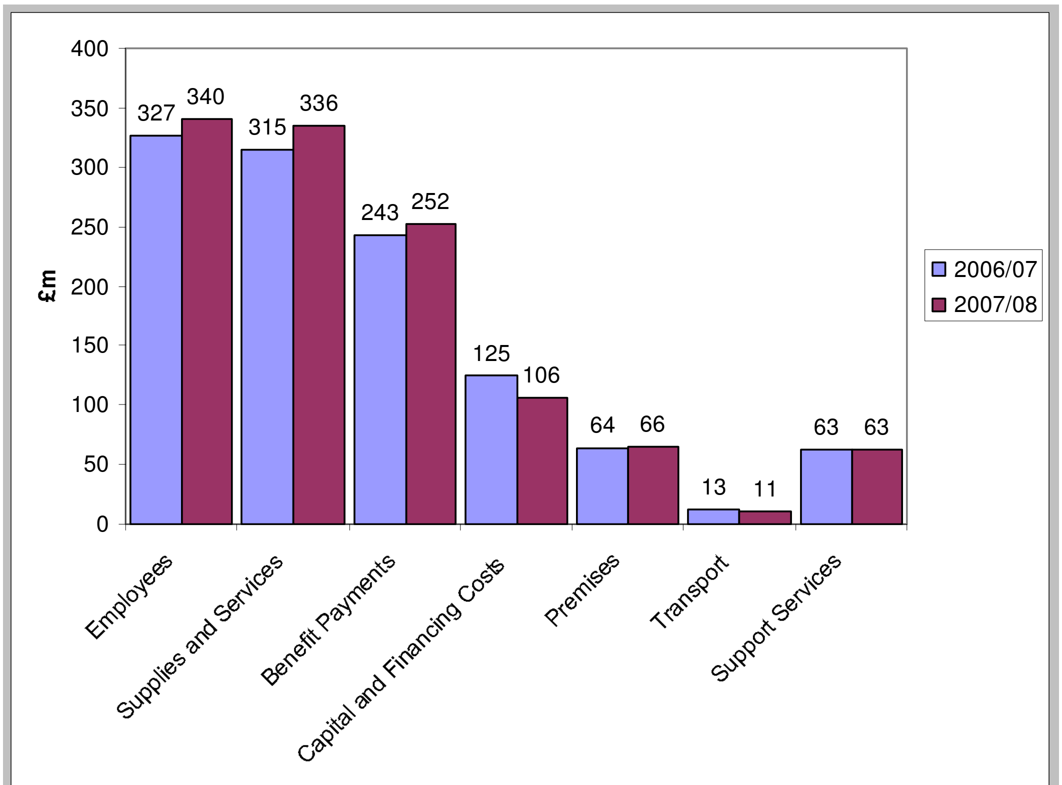


How the money was spent – Total £382m

The following two graphs then show how the Council budget was used across each department and then, of the money spent, what it was spent on, e.g. staff costs.



Subjective Analysis of Gross Revenue Expenditure



The Housing Revenue Account – Where your Housing Rent goes

The Housing Revenue Account is a statement of the income and expenditure on Council housing. The Authority is landlord for 16,350 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. The housing revenue account services are primarily funded from rents (£66.7 million) and government grant (£23.0 million). The total funding requirement is £108 million.

In 2007/08, the authority spent £77.3 million on its Council housing, including £18.9 million on repairs and maintenance and £39.6 million on supervision and management. After financing and appropriation adjustments, there was a surplus of £1.1 million on the account.

Capital Investment

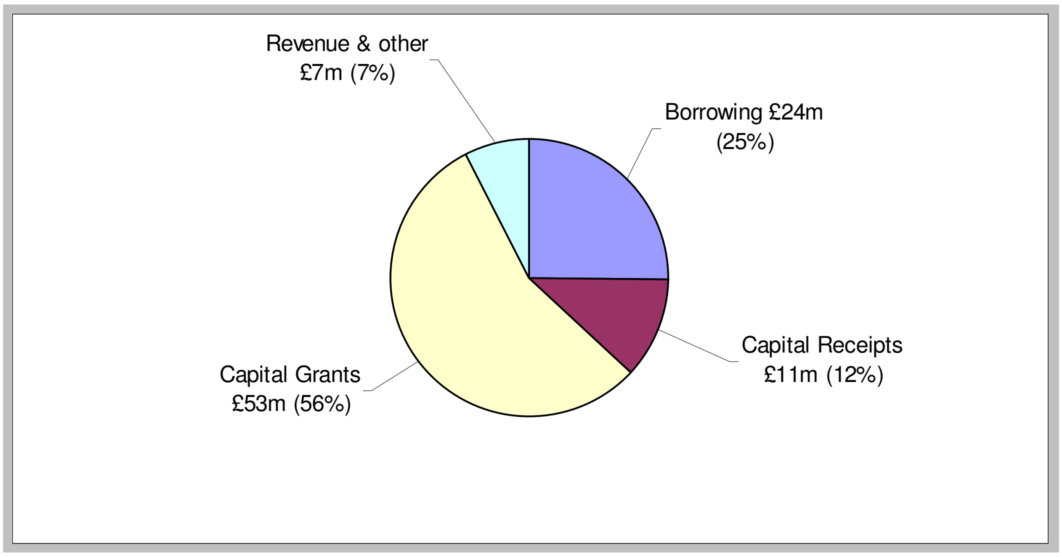
Capital investment is money spent on the physical assets of the Authority such as buildings, roads etc.

In 2007/08, the authority planned to spend £101.6 million on its assets, as shown in the following table. The actual expenditure was £94.9 million. The total long-term debt of the authority is £651 million, which relates to capital investment in previous years. 56% of this debt relates to council housing investment.

	Budget £'000	Outturn £'000	Variance £'000
Children & Young People	33,703	31,895	(1,808)
Adults, Culture & Community	7,501	6,353	(1,148)
Corporate Resources	9,121	8,420	(701)
Urban Environment – General Fund	31,137	29,991	(1,146)
Urban Environment – HRA	19,819	18,165	(1,654)
Policy, Performance, Partnerships & Communications	306	73	(233)
Total	**101,587**	**94,897**	**(6,690)**

The graph below details how this capital expenditure was financed.

Capital Financing – Total £95m



Balance Sheet

The balance sheet shows the financial position of the Authority and summarises its assets and liabilities. The net worth of the Authority is £936.8 million and is made up of the following items:

Description	£'000
Fixed Assets	1,975,709
Net current assets	121,502
Long-term Borrowing	(651,043)
Other long-term Liabilities	(509,356)
Total Net Worth of the Authority	**936,812**

Every year a proportion of the Council's fixed assets, e.g. land and buildings, are revalued. In 2007/08 this added £283 million to the value of the council's assets. The net current assets of the Authority are £121.5 million, which when broken down shows the Council has twice as many current assets as current liabilities.

As can be seen the Council has long-term borrowing outstanding of £651 million, however when the asset base of the Council is taken into account it has a debt ratio of 31%, i.e. the total council debt is 31% of it's total assets.

Changes to the Statement of Accounts in 2007/08

There are have been some changes to the accounting regulations for 2007/08 that have brought some new accounting treatments into place for this year. These are detailed below:-

- **Financial Instruments –** these are the debt the Council holds (financial liabilities) and investments it has made (financial assets) and 2007/08 has brought about a change in how we present this information in the accounts. As a result there are some additional notes in the accounts that provide further information to the reader and also state the total value of these debts or investments as at 31st March, taking into account all the money owed. This compares to the figure in the balance sheet that just declares the value of principal outstanding.

- **Revaluation Reserve –** the balance sheet includes a new account called the revaluation reserve. The balance in this account represents the value by which the Council's Land and Buildings have increased since they were purchased or built. Since this is a new account for 2007/08, the figure shown for this year represents the increase in value since 2006/07.

- **London Borough of Haringey's School PFI contract –** during 2007/08 negotiations have taken place with the provider that manages the Council's secondary schools under a PFI (Private Finance Initiative) contract. The result of this is that the element relating to the facilities management of these schools, i.e. the cleaning, caretaking, maintenance, has temporarily transferred to become the responsibility of the schools directly. The result of this is that Haringey has brought these school assets (at a value of £103.7 million) back onto its balance sheet as at 1st February 2008. These schools were then revalued which has resulted in an increase of £164 million. In bringing these assets onto the Council's balance sheet an outstanding liability due to the PFI contractor of £73.175 million has been brought onto the balance sheet.

- **Changes to 2006/07 comparator figures –** since the publication of the 2006/07 statement of accounts work has been undertaken to further analyse and understand the 'other' balance in the Statement of Total Recognised Gains and Losses (page 33), which was £14.79 million in 2006/07. This work has shown that a number of accounting entries were incorrectly shown in 2006/07 which have been restated for 2007/08. This results in some of the comparator figures in the principle statements being changed, thus allowing a more meaningful comparison with the 2007/08 figures. None of these changes affect the 'bottom line' of the Council's finances, i.e. the balance on the revenue account, council tax or its balances.

The Pension Fund

The Pension Fund is part of the Local Government Pension Scheme. This funds the pensions and receives contributions from members of the scheme and employer bodies. In 2007/08, the Fund made payments to pensioners of £26.7 million and received contributions of £41.3 million (£8.8 million from members and £32.5 million from the employers).

The fund has been valued at £605.2 million, most of which is invested in the stock market. In 2007/08 the Fund decreased in value by £15 million primarily caused by a decrease in the market value of investments.

Carbon Statement

The London Borough of Haringey accounts for 3% of the London Population with approximately 225,700 residents (ONS). As pressure grows to provide a sustainable environment for future generations, Haringey Council is taking steps to provide strong leadership both within the organisation, and with external partners and residents, to tackle climate change. Along with the signing of the Nottingham Declaration in 2006, Haringey has now developed a ‘Greenest Borough Strategy’, providing a strong strategic framework for a coordinated approach to tackling environmental issues, including major work around reducing carbon emissions.

DEFRA (Department for Environment, Food and Rural Affairs) have calculated our Co2 emissions total to be 1116 (kilotons per annum) – split broadly three ways:

	% of ktpa (kilotons per annum)	**ktpa**	**Non-Council**	**Council**
Domestic housing	47%	521 ktpa	430.9 ktpa 83%	90.1 ktpa 17%
Non-Domestic (Commercial and industrial)	27%	305 ktpa	265.1 ktpa 87%	39.9 ktpa 13% ***(NI 185)***
Transport	26%	290 ktpa	286.3 ktpa 99%	3.7 ktpa 1% ***(NI 185)***
TOTAL		1116 ktpa	982.3 ktpa	133.7 ktpa ***(NI 185 Total: 43.6 ktpa)***

NI 185 Target Reduction	
Year1- 2008 2.5%	1.09 ktpa
Year 2- 2009 3%	1.31 ktpa
Year 3- 2010 4.5%	1.96 ktpa
Total 10% Reduction	4.36 ktpa

The government target is to reduce CO2 emissions 60% by 2050 which implies a reduction of 670 ktpa. However, this could increase to as much as 865 ktpa when taking into consideration the predicted growth in emissions from new housing, non residential floor space and increased demand for transport.

The Council’s Greenest Borough Strategy is underpinned by a detailed implementation plan setting out proposed activities and projects, to be delivered over the next ten years, that together will reduce carbon emissions in Haringey, as well as protect and adapt the environment to minimise the potential impact of climate change.

Domestic Housing

As approximately one half of all CO2 emissions within Haringey come from domestic dwellings it is clear that this sector will have a vital role to play in meeting CO2 reduction targets.

Key areas of work which will impact on climate change and CO2 reduction targets

- Delivery of £198m Decent Homes Programme - this will fund a range of improvements including new roofs, double glazing, replacing old boilers with new condensing ones and installing better insulation to make homes more energy efficient
- Partnership working with energy providers: £150k partnership programme to improve energy efficiency in private sector homes (cavity walls, draught proofing, energy advice) – advice information for home owners (Warm Front)
- Affordable housing - RSLs within Haringey are also working towards the Government Decent Homes Standard. In addition, all new build is required to meet minimum energy efficiency standards (Level 3).

Transport

Research from the SEA/RENUE Report 2007 revealed that the emissions generated from road traffic consist of 63% cars, 14% HGVs, 12% LGVs, 6% buses and coaches, 3% taxis and 1%, motorcycles.

A SMART working programme report (2008) analysed CO2 emissions from council employee transport and property. It found that the total annual CO2 contribution from commuting transport for the 2985 staff working in the four buildings investigated was 1,385,747 kg CO2 (1.4ktpa). This equates to 464.24 kg (0.00046 ktpa) CO2 per passenger/year. For the 7240 employees of Haringey Council, the CO2 emission contribution can therefore be estimated to be 3,361,097.6 kg CO2 (3.4ktpa) per year.

Key areas of work which will impact on climate change and CO2 reduction targets

- Staff travel plan - the Council aims to reduce the levels of emissions created by staff travel by encouraging staff to use other modes of transport rather than their own private cars
- Electric cars – biodiesel – the Council is investing in electric pool cars and switching to a 5% biodiesel blend for its vehicles. LBH now purchase vans and dustcarts at the latest specification and has switched to purchasing Euro 4 specification vans and Euro 5 specification dustcarts - the most carbon friendly available
- The council are employing qualified driver assessors for council drivers to teach improved techniques in order to use fuel more economically
- Promoting and facilitating sustainable travel – the Council is investing in a range of projects aimed at encouraging and enabling residents to choose more environmentally friendly modes of travel including School Travel Plans, new cycling and walking routes, Haringey Community Transport
- Energy efficient infrastructure = the Council is investing in new energy efficient street lighting throughout the borough

Non Domestic (Commercial and Industrial)

The Council recognises that it needs to lead by example and is now taking steps to audit energy use throughout its buildings, improve energy efficiency and reduce its overall use of accommodation.

Key areas of work which will impact on climate change and CO2 reduction targets

- Accommodation strategy - this proposes a 28% reduction in the council's overall accommodation portfolio from 35,038 m2 to 25,414 m2.
- Reduce energy consumption in Council buildings - the Greenest Borough Strategy outlines the intention to reduce energy consumption in council managed buildings 10% by 2010. It is also the intention to install automated meter reading equipment in order to increase energy saving possibilities.
- SMART working – a programme of flexible working projects including 'Hot-desking' and home working are designed to reduce building use and overall energy consumption
- Increasing the efficient use of space. A combination of flexible working and new layouts facilitated by modern technology has allowed a decrease in the ratio of workstations to staff (currently 8:10) and a reduction in space utilisation rate (from 12.9m2 gross per work station in 2003 to 9.4m2 per work station currently). The reduction in work station ratio also results in a reduction in energy using equipment, particularly computers.
- Design and develop a toolkit to provide information and self help tools for businesses in the local community.

GOL (Government Office for London) and DEFRA anticipate that National measures will reduce Haringey's baseline by a further 6.7%. Together with the measure outlined in this statement we estimate an 11% reduction in CO2 emissions by 2010/2011. This will provide a modest but important start to reducing carbon emissions in the Borough. It is anticipated that as the Greenest Borough Strategy gathers pace and momentum, the Council and its partners will invest in new technologies and practices which will increase the speed at which carbon reduction targets are met.

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 Chief Financial Officer,

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

- 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 Chief Financial Officer 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 Annual Governance Statement.

The Chief Financial Officer's responsibilities

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

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

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that were reasonable and prudent, and,
- complied with the Code of Practice.

The Chief Financial Officer has also:

- kept proper accounting records which are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Financial Officer has signed and dated the Statement of Accounts for the year ended 31 March 2008.

The Statement of Accounts

Detailed below are each of the main sections of the Statement of Accounts with an explanation of what these statements show and represent.

Annual Governance Statement

This details the processes in place during 2007/08 for ensuring appropriate management and control. It then reviews the effectiveness and raises any major issues that have arisen in the year. (Page 17)

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 24)

Income and Expenditure Account

This statement summarises the income and expenditure of all the Authority's services, providing a breakdown by service, in line with UK Generally Accepted Accounting Standards (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 31)

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows entries that are in line with UK GAAP 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 32)

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 33)

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 Pension Fund. (Page 34)

Cashflow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue transactions. (Page 35)

Notes to the Primary Statements

All the notes to the statements detailed above then follow these primary statements. (Pages 36 to 69). These aim to further explain the key figures in the primary statements and to provide the reader with additional information to allow full interpretation of the accounts.

Housing Revenue Account Income and Expenditure Account

This shows the income and expenditure incurred during the year on the housing landlord functions. 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. (Page 65)

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 65)

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 68)

Pension Fund Account and Net Assets Statement

The Pension Fund Account shows the contributions to the Fund during 2007/08 and the benefits paid from it. The Net Assets Statement sets out the financial position for the Fund as at 31 March 2008. The Fund is separately managed by the Authority acting as trustee and its accounts are separate from the Authority's. (Page 83)

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). Homes for Haringey (HfH) was incorporated on 1st April 2006 and is a wholly owned subsidiary of the Council, limited by guarantee. HfH is responsible for managing and providing all the housing related services to the Council's tenants such as repairs and maintenance of council housing and collection of rents. The authority's financial statements do not include the financial information of Homes for Haringey. 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 74)

For Information
Appendix A – Alexandra Park and Palace Accounts (AP&P)

These accounts are presented as a supplement to, and not a part of, the Authority's accounts. The Council is the Trustee of the Alexandra Park and Palace Accounts Charitable Trust, and these draft accounts are presented for information only. AP&P's accounts, as a separate organisation to the Council, are subject to a separate independent external audit and the accounts are included at Appendix A are still to be audited.

Approval of the Accounts

The Accounts and Audit Regulations 2003, require the accounts to be approved by the Authority.

The Statement of the Chief Financial Officer

I certify that the financial statements set out in sections 3 – 5 have been prepared in accordance with the accounting policies set out in section 2 and present fairly the financial position as required.

Gerald Almeroth, CPFA
Chief Financial Officer
27th June 2008

SECTION 2

ANNUAL GOVERNANCE STATEMENT AND ACCOUNTING POLICIES

2007/08

Annual Governance Statement and Accounting Policies

Annual Governance Statement 2007/08

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, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.3 The authority has a framework of corporate governance in place which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. In 2007/08, Haringey drew together all the required elements of corporate governance, which were already in place and operating effectively, into a formal local code of corporate governance which will receive formal adoption by full Council in July 2008. A copy of this can be obtained from the Council's Monitoring Officer. This statement explains how Haringey has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide a reasonable 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.

2.3 The governance framework has been in place at Haringey for the year ended 31st March 2008 and up to the date of the approval of the annual report and accounts.

3. The governance framework

3.1 The key elements of the systems and processes that comprise the authority's governance arrangements are:

a) Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

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. The Council, together with its partners, has developed the Haringey Community Strategy 2007-2016 which sets out a joint vision and objectives. The Community Strategy was developed after extensive consultation with residents and stakeholders through the '*Have your say Haringey – shape the future'* campaign. The Community Strategy is published and is also available on the council's website and a summary of the strategy has been translated into ten languages.

The Council Plan is linked to the Community Strategy and sets out the priorities of the Council and how these will be achieved in practice over the period 2007-10. The Council's objectives are informed by what residents and service users say and their views are captured in our annual residents' survey.

b) Reviewing the authority's vision and its implications for the authority's governance arrangements

The implementation of the Community Strategy is monitored through the delivery of the Local Area Agreement, which contains all the required national and local targets. In support of the Community Strategy, all the Council's business and financial planning documents reflect its vision and objectives. Delivery of these is through an integrated annual business and financial process, which are subject to full consultation and review by the Council's Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council.

Progress against the business plans is reviewed mid-year as part of the Council's formal pre-business plan review process. The Council's Medium Term Financial Strategy sets out the three year budget for the Council. It supports the Council Plan and allocates resources over all the council's activities, including to the council's priorities, and is monitored on a regular basis to ensure that resources are aligned to council objectives.

c) Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best 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. Haringey has comprehensive performance management systems, which include Business Plans, Service Improvement Plans and National and Local Performance Indicators. Performance measurement is undertaken at various levels and is subject to review both internally by managers and members and externally by the Council's external auditors.

The Cabinet receive regular reports highlighting key financial and performance management information, which include a corporate 'balanced scorecard' and allows them to effectively monitor compliance with all key policies and Council objectives. Cabinet agendas, reports and minutes are available on the Council's website. An independent survey of a representative sample of residents and service users is completed on an annual basis and reported to senior officers and members to ensure appropriate action can be taken in specific areas.

d) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

The Council's Constitution sets out the policy and decision making framework of the authority and is held in hard copy and on the council's intranet and external website. The roles and responsibilities of the whole Council, the Cabinet, other committees, all councillors including Cabinet Members, and officers is clearly documented, and it also contains protocols governing the relationships between members and officers and job descriptions of the council's Statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). The roles and functions of all councillors in relation to governance issues are clearly documented, including their responsibilities for ward duties and the governance of the Council.

The Constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the Council. The council's scheme of delegation is contained within the Constitution and is reviewed and communicated on a regular basis to all appropriate officers and members.

e) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Haringey has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members. The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. Members are provided with regular briefings on the code of conduct as part of the established induction and training programme. The council's Member Learning and Development Strategy also incorporates specific sections relating to corporate governance issues.

The Council's officer code of conduct has been reviewed and updated on a regular basis. Following the last comprehensive review in July 2006, all staff employed by the Council were required to formally acknowledge receipt of the code of conduct. All new members of staff receive training, including the code of conduct, as part of their induction processes. The Audit Commission completed an ethical governance audit in Haringey in 2006/07 and the Council developed an action plan to ensure the recommendations were implemented. Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas.

f) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

The Constitution Working Group is an established group which meets on a regular basis to monitor, review and update the Council's Constitution and associated governance arrangements, based on a rolling work programme and taking into account any new legislative and statutory requirements. During 2007/08 the Constitution Working Group completed work on updating Standing Orders, Procedure Rules and the Scheme of Delegation. The Council's Statutory Officers meet on a quarterly basis and review key areas of governance.

Haringey has a Risk Management Strategy which was updated and approved during 2007/08 and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including being an integral part of the business planning process. The Council has a corporate risk register and all departments and business units have risk registers in place. Regular reports are provided to both the Chief Executive's Management Board and the Audit Committee detailing progress in embedding risk management throughout the Council.

g) Undertaking the core functions of an audit committee, as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'

A review of the core functions of the Council's Audit Committee was undertaken and reported to the Audit Committee in June 2006, using the CIPFA guidance as a benchmark. The report confirmed that the Council's Audit Committee met the CIPFA requirements. During 2007/08, a further review was undertaken to assess the effectiveness of the Council's Audit Committee, using the Institute of Public Finance Toolkit, which demonstrated that it met the requirements of the guidance.

h) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council's Constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution. The Constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers.

Regular internal and external audit reviews check compliance with Financial and Contract Procedure Rules across the council. During 2007/08, all the Council's key financial systems received a 'substantial' assurance rating from internal audit.

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. 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.

i) Whistle-blowing and for receiving and investigating complaints from the public

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 Council also has a free-phone telephone number and email reporting facilities which are contained on the external website to receive reports of suspected frauds, which can be done anonymously. These are monitored and managed by Internal Audit and all referrals are subject to review and investigation where sufficient details are provided. Fraud and corruption policies and procedures are contained within the Employee Handbook, the council's intranet and website and regular staff newsletter items are published which explain how and where to report suspected fraud.

The Council also has a corporate complaints policy, and agreed procedures, which are subject to regular review and updates. The Council's policy and procedures are complaint with all relevant statutory requirements and are publicised on the Council's external website and at various public sites across the borough. Reports are provided to members on a regular basis, summarising the numbers and types of complaints, together with the outcome and resolution of these.

j) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

Haringey Council has implemented a Member Learning and Development Strategy. The Council was the first in London to achieve a Member Development Charter which recognises the work carried out by the Council to provide members with the support, skills and training needed to develop and manage council services and budgets effectively.

The Council also delivers a Leadership Programme for all managers, which includes a variety of training courses, workshops and work-related projects. All staff within the Council receive an annual performance review and appraisal, which is linked to the council's competency framework, and results in individual work targets and development plan. Every year, the Council provides a programme of learning events for managers and staff based on the council's vision and values, aims and objectives, and key service delivery requirements.

k) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

The Council's publishes a resident's magazine, Haringey People, ten times per year containing information on council activities. Hard copies are delivered to all residential addresses and the magazine is also available via the Council's intranet and external website. Once a year this includes a summarised annual report and set of financial statements.

The Council also runs seven Area Assemblies, which are informal, and discussions take place on issues which are important to the residents of the area. The Assemblies are open to everyone; are held in local community buildings in all parts of the borough; and are attended by council officers and members. Details of meetings are published on the Council's website and Assembly Newsletters are produced after each meeting.

The Council joined with local public agencies, community groups and businesses to create the Haringey Strategic Partnership (HSP) in April 2002. The shared vision for the future of Haringey and the HSP priorities are set out in the Sustainable Community Strategy which is published and available on the Council's website.

l) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

The Council has identified its key partnerships, based on the Audit Commission's definition, and during 2007/08 has reviewed the governance arrangements and structures within these. The Council has collated corporate governance assurances in the form of terms of reference and/or the Constitution of the partnership. Governance arrangements within the Haringey Strategic Partnership, the Council's key partnership, are clearly identified and defined. The Council's member services division provides operational support to the HSP to ensure that its governance arrangements are robust and in accordance with the agreed arrangements.

4. Review of effectiveness

4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 Under the Comprehensive Performance Assessment (CPA) Haringey achieved a rating of three stars (out of four), and during 2007/08 89% of best value performance indicators have maintained or improved performance over the year. In the CPA Use of Resources assessment, Haringey also achieved a rating of 3 (out of 4) overall. During 2007/08, the Housing Allocations service was subject to Audit Commission review and a number of significant governance issues were identified. A project team has been put in place and action plan drawn up to address the findings and recommendations.

4.3 The risk management strategy was revised in 2007/08 and improvements to ensure that the recommendations from external audit and the 2006/07 SIC action plan were incorporated. Risk management is an area which is continuously under review and the revised Risk Management Strategy has now drawn together the various elements of risk management, including risk registers, health and safety, business continuity and emergency planning and project management into a process which is aligned to the Council's business planning cycle.

4.4 Directors have submitted a statement of assurance covering 2007/08 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. Key governance issues which have been identified and which remain outstanding have been incorporated into the action plan.

4.5 The Head of Audit and Risk Management provided an Annual Audit Report and opinion for 2007/08, which concluded that overall there are sound internal financial control systems and corporate governance arrangements in place. All of the council's key financial systems received a 'substantial' assurance rating and the follow up programme concluded that all high priority recommendations had been appropriately addressed.

4.6 The Cabinet undertakes regular monthly reviews of financial and service performance, based on a range of key performance indicators and financial and budget management information. Cabinet also review the delegated decisions and significant actions undertaken by council officers, or urgent actions taken in consultation with Cabinet members, to ensure they comply with the scheme of delegation. Minutes of sub-bodies are also reviewed by Cabinet, including procurement decisions and actions. In 2007/08, the financial and performance information presented to Cabinet was revised.

4.7 The Council's Audit Committee has responsibility for internal and external audit, risk management and corporate governance issues included within its terms of reference. The Committee receive regular reports throughout the year detailing progress made against the internal and external audit plans, highlights of any significant control weaknesses, together with the outcome of the follow up programme of audit reviews. No significant issues were identified during 2007/08 by the Audit Committee. The Audit Committee provides an annual report on the work it has undertaken to full Council.

4.8 The Council's Standards Committee is chaired by an independent person and received reports from the Monitoring Officer on the referrals received from the Standards Board for England. An annual report on its work is presented to full Council for information.

4.9 The Overview and Scrutiny Committee undertakes a planned programme of work. During 2007/08 this included waste collection and recycling; neighbourhood management services; and primary care strategy. Reports on the outcome of the reviews, together with any recommendations are presented. The Cabinet respond to the recommendations presented by the Overview and Scrutiny Committee. The Overview and Scrutiny Committee also provide challenge to the Cabinet's budget proposals.

4.10 The Leader of the Council and the Chief Executive have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.

5. Significant governance issues

5.1 In 2006/07, two actions were reported in the SIC to deal with outstanding control issues. The summary below highlights what the council has done to address these issues:

- Business unit, departmental and corporate risk registers were all updated to take account of the re-shaped organisational structure. During 2007/08, monitoring by managers and internal audit has ensured that the risk registers were reviewed and updated on a regular basis; and
- The council has ensured that all key partnerships have been identified and governance arrangements have been identified and appropriate records maintained.

5.2 Although work has been done to address the issues raised in the SIC, the processes to further enhance partnership governance arrangements within the Council's overall governance framework will continue into 2008/09.

5.3 The Council proposes over the coming year to take steps to further improve governance arrangements in key areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
Further enhance partnership governance arrangements	Ensure governance arrangements in respect of partnerships are fully integrated into the council's overall governance arrangements	Head of Member Services/ Head of Legal Services	September 2008
Address the areas of high risk identified in Strategic and Community Housing Services	Ensure the Housing Improvement Board delivers the Housing Improvement Plan. Ensure the Service Improvement Groups, and delivery of the Temporary Accommodation Reduction Strategy and Homelessness Strategy support the delivery of the Housing Improvement Plan.	Assistant Director – Strategic and Community Housing	Ongoing during 2008/09
Embed the Local Code of Corporate Governance (LCCG) across the Council	Ensure that the LCCG is approved and adopted at full Council. Ensure that the LCCG is published and appropriately publicised to all relevant stakeholders.	Head of Member Services/ Head of Legal Services	September 2008
Provide corporate governance assurances to officers and members	Provide updates and information on governance issues on a regular basis to CEMB and other officer and/or member groups on corporate governance issues.	Head of Member Services/ Head of Legal Services	Ongoing during 2008/09
Improve corporate data management systems and procedures	Ensure that the corporate data management policy is formally approved and adopted.	Assistant Director – Culture, Libraries and Learning	September 2008
Fully embed the corporate Management of Risk Strategy	Ensure the Management of Risk Strategy is appropriately publicised to all relevant stakeholders. Ensure that processes are in place to provide assurance that the strategy is fully complied with for all risk management activities.	Head of Audit and Risk Management	Ongoing during 2008/09

George F Meehan

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 doubts exist over the recoverability of these debts a provision is made. Once a debt is deemed irrecoverable it 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 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 revenue 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.

The council has a PFI arrangement for it's secondary schools. Prior to 2007/08 these assets were not accounted for on the Council's balance sheet as the major risks and rewards of the contract lay with the Council's partner. However changes to the contract from 1st February 2008 have resulted in these assets being brought back onto the Council's balance sheet

Valuation of Stock

Stocks have been valued at net current replacement value.

Capital Receipts

These arise from the sale of long-term assets. 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%. This 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;
(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:

(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 debt owed by Alexandra Park and Palace.

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 probable 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. Any recoverable amounts due from HMRC are included in the balance sheet as a debtor.

Contingent Liability

Where the Authority can estimate with some certainty a contingent loss 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.

Contingent Gain

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

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)

Group Accounts Basis of Consolidation

The group accounts of the London Borough of Haringey have been produced using the acquisition method.

Financial Instruments

With effect from 1 April 2007, local authorities have had to adopt a major change of accounting policy in order to comply with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom – the Statement of Recommended Practice 2007, issued by the Chartered Institute of Public Finance and Accountancy / LASAAC Joint Committee. This has been based on major changes in international accounting standards which have resulted in this country in the introduction of new U.K. accounting standards for financial instruments - FRS25, 26 and 29.

This has caused major changes in the accounting treatment of financial instruments, soft loans and guarantees, which have been designed to present a higher quality of information on financial instruments, in line with the private sector. In addition, in order to help identify, quantify and inform on the exposure to and management of risk, new "fair value" disclosure requirements have been introduced. The need for this has arisen in recent years through the high profile failure of a number of financial institutions e.g. Barings, Enron, World Com etc.

Amortised Cost

This change in accounting standards has meant that most financial instruments (whether borrowing or investment) have, in 2007/08, to be valued on an amortised costs basis using the effective interest rate (EIR) method.

However, it should be noted that figures for 31.3.07 which appear in these disclosure notes are shown unaltered from those which were published in the accounts for 2006/07 i.e. they have not been restated to amortised cost etc. Consequently, the figures for 31.3.07 and 31.3.08 are not properly comparable as they have been produced on two different basis. This is a one off problem which will not occur in the accounts for future years when two years' figures will be properly comparable.

Fair Value

In these disclosure notes, financial instruments are also required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Guidance from CIPFA states that as fair value valuations were not calculated as at 31st March 2007, the column for fair value as at 31st March 2007 in these disclosure notes cannot be filled in and so no figures appear.

For the very same reasons, no figures appear under 'Gains and losses on financial instruments' for 2006/07.

Compliance

This authority has complied with the following: -

1. it has adopted the CIPFA's Treasury Management in the Public Services: Code of Practice
2. set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code

SECTION 3

THE STATEMENT OF ACCOUNTS

2007/08

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	2007/08 Gross Expenditure £'000	2007/08 Gross Income £'000	2007/08 Net Expenditure £'000	2006/07 Net Expenditure £'000
Service					
Children's and Education Services					
Education Services	3	331,971	(278,136)	53,834	24,806
Children's Social Care		50,416	(10,870)	39,546	40,921
Adult Social Care		112,993	(51,637)	61,356	56,560
Housing Services - General Fund		287,085	(286,479)	607	(1,824)
Housing Services - HRA		77,285	(108,045)	(30,760)	(28,576)
Cultural, Environmental and Planning Services		86,137	(38,944)	47,193	42,114
Highways, Roads and Transport Services		28,725	(15,774)	12,950	11,262
Central Services		111,881	(108,225)	3,656	6,607
Court Services		826	(680)	146	125
Net cost of Services		**1,087,319**	**(898,791)**	**188,529**	**151,995**
(Gain) / Loss on disposal of fixed assets				3,786	(7,122)
Levies				6,242	5,838
Net Surplus on Trading Activities	14			(1,437)	(316)
Interest Payable and Similar Charges				45,349	48,761
Contribution of housing capital receipts to Government pool				9,461	8,494
Interest and Investment Income				(8,790)	(5,252)
Pensions Interest Cost and Return on Assets				5,379	6,366
Net Operating Expenditure				**248,519**	**208,763**
Demand on the Collection Fund				(95,265)	(91,692)
(Surplus) / Deficit on Collection Fund				67	(98)
Government grants (not attributable to specific services)				(19,042)	(21,073)
Distribution from National Non-Domestic Rates Pool				(113,466)	(109,153)
(Surplus) / Deficit for Year				**20,814**	**(13,253)**

Statement of Movement on the General Fund Balance

	Notes	2007/08 £'000	2006/07 £'000
Increase / Decrease in General Fund			
(Surplus) / Deficit on Income & Expenditure Account		**20,814**	**(13,253)**
Additional amount required by statute and non-statutory proper practice	**1**	**(20,809)**	**13,651**
Total Increase / Decrease in General Fund		**5**	**398**
General Fund Balance brought forward		**(12,007)**	**(12,405)**
General Fund Balance carried forward		**(12,002)**	**(12,007)**
Analysis of General Fund Balance Movement			
Amount available to authority		(12,002)	(12,007)
		(12,002)	**(12,007)**

Statement of Total Recognised Gains and Losses

	Notes	2007/08 £'000	2006/07 £'000
Increase / Decrease in General Fund			
(Surplus) / Deficit on Income & Expenditure Account		20,814	(13,253)
(Surplus) / Deficit arising on revaluation of fixed assets		(292,413)	(74,967)
Actuarial (gains) and losses on pension fund assets and liabilities		(46,651)	(38,474)
Other gains or losses		(786)	(368)
Total recognised (gains) or losses		**(319,036)**	**(127,062)**

Cumulative effect on reserves of prior period adjustments		83	0

The following note is included to illustrate how the STRGL links to the balance sheet and to illustrate the prior-year adjustments that have been made and also impact on the line 'Cumulative effect on reserves of prior period adjustments.'

	£'000	£'000
Closing Balance Sheet 31/03/07		**617,859**
Prior year adjustments shown at 31/03/07		
Asset added to land and buildings	2,843	
PFI assets added to balance sheet	24,104	
Subtotal		26,947
Restated closing balance sheet 31/03/07		**644,806**
Prior year adjustments shown at 01/04/07		
Financial Instruments Adjustment	(25,129)	
PFI Residual Interest	2,199	
Actuarial gains / losses	(4,100)	
Subtotal		(27,030)
Restated opening balance sheet 01/04/07		**617,776**
Total recognised gains / losses as per STRGL		319,036
Closing balance sheet 31/03/08		**936,812**
Prior year adjustments shown at 31/03/07		26,947
Prior year adjustments shown at 01/04/07		(27,030)
Cumulative effect of prior year adjustments		**(83)**

Balance Sheet

	Notes	31-Mar-08		31-Mar-07	
		£'000	£'000	£'000	£'000
Fixed Assets					
Housing Revenue Account Assets		1,281,060		1,132,788	
Other Operational Assets:					
Land and Buildings		498,125		279,621	
Vehicles, Plant, Furniture and Equipment		10,239		9,273	
Infrastructure Assets		113,087		98,268	
Community Assets		393		893	
Intangible Fixed Assets		2,389		16,255	
Non-Operational Assets		69,846		66,119	
Total Fixed Assets	15		1,975,139		1,603,217
Debt Restructuring Premium		0		25,150	
Long-term Debtors	20	570		804	
Total Long-term Assets			1,975,709		1,629,171
Current Assets:					
Stocks and Work in Progress		124		108	
Debtors	21	77,252		79,788	
Payments in Advance		1,541		15,631	
Investments		146,000		100,700	
Cash in Hand		13,388		10,326	
Total Current Assets			238,305		206,553
Current Liabilities:					
Temporary Borrowing		(24)		(144)	
Bank Overdraft		(15,439)		(8,191)	
Creditors	22	(101,341)		(88,482)	
Total Current Liabilities			(116,804)		(96,817)
Net Current Assets			121,502		109,736
Long Term Liabilities:					
Long-term Borrowing		(651,043)		(634,026)	
Deferred Capital Receipts		(467)		(600)	
Deferred Credits		(4,114)		(4,430)	
Debt Restructuring Discounts		0		(1,275)	
Government Grants Deferred	24	(194,351)		(148,756)	
Provisions	26	(9,831)		(8,726)	
Liability related to defined benefit pension scheme		(227,418)		(296,287)	
Other Long Term Liabilities		(73,175)		0	
Total Long Term Liabilities			(1,160,399)		(1,094,101)
Total Assets Less Liabilities			936,812		644,806
Financed by:					
Revaluation Reserve		283,186		0	
Capital Adjustment Account		805,878		847,184	
Capital Receipts Reserve	30	8,661		10,044	
Earmarked Reserves	32	70,091		68,235	
Financial Instruments Adjustment Account	33	(20,321)		0	
General Fund		12,002		12,007	
Housing Revenue Account		4,724		3,597	
Pensions Reserve	31	(227,418)		(296,287)	
Collection Fund		8		26	
Total net worth			936,812		644,806

Cash Flow Statement

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

	Notes	2007/08 £'000	2006/07 £'000
Revenue Activities			
Payments:			
Cash paid to and on behalf of employees		287,314	282,051
Other operating costs		371,317	359,101
Housing Benefit paid out		245,905	236,944
Subtotal		**904,535**	**878,095**
Precepts paid		25,668	24,180
Payments to the Capital Receipts Pool		9,461	8,494
Non-domestic rates paid to National Pool		45,860	46,187
Total Payments		**985,524**	**956,957**
Receipts:			
Rents (after rebates)		(31,150)	(26,962)
Council Tax receipts		(75,937)	(79,547)
National non-domestic rate receipts from national pool		(46,024)	(48,208)
Government grants	41	(582,237)	(549,831)
Cash received for goods and services		(30,491)	(31,009)
Other revenue cash payments/income		(285,574)	(308,188)
Total Receipts		**(1,051,413)**	**(1,043,745)**
Net Cash Inflow from Revenue Activities	42	**(65,889)**	**(86,788)**
Servicing of Finance:			
Payments- Interest paid		45,765	45,503
Receipts – Interest received		(7,890)	(4,353)
Net Cash Outflow from Servicing of Finance		**37,875**	**41,150**
Capital Activities:			
Payments:			
Purchase of fixed assets		94,433	97,650
Purchase of long-term investments			
Capital grants and advances		16,393	7,195
Total Payments		**110,826**	**104,845**
Receipts:			
Sale of fixed assets		(19,020)	(22,398)
Capital grants received		(53,142)	(57,334)
Other capital cash income		(6,876)	(14,876)
Total Receipts		**(79,038)**	**(94,609)**
Net Cash Outflow from Capital Activities		**31,788**	**10,237**
Net Cash Inflow before Financing		**3,774**	**(35,401)**
Financing:			
Payments:			
Repayments of amounts borrowed		30,412	48,342
Receipts:			
New loans raised		(75,300)	(77,000)
New short term loans		0	(18,200)
Net Cash Outflow before Financing		**(44,888)**	**(46,858)**
Net (Increase) / decrease in cash		**(41,114)**	**(82,259)**

Notes to the Primary Statements

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

	2007/08 £'000	2006/07 £'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	(339)	(24)
Depreciation and impairment of fixed assets	(40,497)	(12,804)
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of Housing Subsidy	(1,383)	(1,353)
Government Grants Deferred amortisation	6,856	5,743
Write downs of deferred charges to be financed from capital resources	(18,002)	(7,195)
Net gain on sale of fixed assets	(3,786)	7,122
Amount by which finance costs calculated in accordance with the SORP are different from the amount of finance costs calculated in accordance with statutory requirements	4,808	0
Net charges made for retirement benefits in accordance with FRS17	26,318	(3,197)
	(26,024)	(11,709)
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	9,219	9,724
Capital expenditure charged in-year to the General Fund balance	3,998	7,432
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(9,461)	(8,494)
	3,756	8,662
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	1,128	(787)
Voluntary revenue provision for capital financing	6,223	5,723
Net Transfer to or from earmarked reserves	(5,891)	11,861
Adjustment to previous year General Fund balance	0	(99)
Transfers to/from General Fund	0	(0)
	1,459	16,697
Net additional amount required to be credited to the General Fund balance for the year	(20,809)	13,651

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 re-stated prior year comparators

The STRGL reconciles the movement in the balance sheet from one reporting period to the next. Additional work carried out in 2007/08 identified a number of balance sheet transactions reported in 2006/07 on the 'Other' line that should be correctly accounted for via the Income & Expenditure account and the Statement of Movement of the General Fund Balance.
Consequently the 2006/07 comparator figures have been restated to allow meaningful comparison to the 2007/08 figures. None of these changes have an impact on the 'bottom line' i.e. there is no impact on the council tax required, rents to be paid or any of the reserves held by the council.

Summary of Restated Comparators	**Original Value** 2006/07 £'000	**Restated Value** 2006/07 £'000
Income and Expenditure Account		
Net Cost of Services	183,350	151,995
Net Operating Expenditure	223,185	208,763
(Surplus) / Deficit for Year	1,169	(13,253)
Statement of Movement of the General Fund Balance		
Additional amount required by statute and non-statutory proper practice	(771)	13,651
Total (Increase) / Decrease in General Fund	**398**	**398**

Housing Revenue Account		
Net cost of HRA services per Authority Income and Expenditure Account	(29,565)	(28,212)
Statement of Movement of the HRA Balance		
Net Additional Items required by statute and non-statutory practices:	(1,263)	(2,616)
Increase or decrease in the Housing Revenue Account Balance	**787**	**787**

Statement of Total Recognised Gains and Losses		
Other (gains) or losses	(14,790)	(368)

3. Disclosure of deployment of the Dedicated Schools Grant

The council's expenditure on schools is funded by the Dedicated Schools Grant (DSG), a specific grant provided by the Department for Children, Schools and Families. The 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. Over and under spends on the two elements are required to be accounted for separately and carried forward to the next financial year.

During the year, the ISB was underspent by £1.866m. This will be added to school balances of £5.219m brought forward from previous years. Central budgets also underspent and a balance of £0.775m is being carried forward to 2008/09.

Details of the deployment of DSG receivable for 2007/08 are as follows:

	2007/08 Central Expenditure £'000	2007/08 Individual Schools Budget £'000	2007/08 Total £'000	2006/07 Total £'000
Original grant allocation to Schools Budget for the current year in the authority's budget	20,648	136,181	156,829	144,702
Adjustment to finalised grant allocation	(776)	(1,756)	(2,532)	(293)
DSG receivable for the year	19,872	134,425	154,297	144,409
Actual expenditure for the year	20,438	132,559	152,997	143,885
Over/(underspend) for the year	**566**	**(1,866)**	**(1,300)**	**(524)**
Planned top-up funding of ISB from Council resources	0	0	0	0
Use of schools balances brought forward	0	279	279	538
Over/(underspend) from prior year	(1,341)	279	(1,062)	0
Over/(underspend) carried forward to 2007/08	**(775)**	**(1,866)**	**(2,641)**	**(1,062)**

4. Publicity

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

	2007/08 £'000	2006/07 £'000
Staff Recruitment	1,195	777
Communications Unit	658	489
Other Expenditure	1,552	1,464
Total Expenditure	**3,405**	**2,730**

5. 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 2007/08.

	2007/08 £'000	2006/07 £'000
Other London Boroughs	246	241
Other Local Authorities	15	14
Others	14	16
Grand Total	**275**	**271**

6. 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.

	2007/08 £'000	2006/07 £'000
Statutory Inspection	87	156
Audit Fee	419	483
Grant Claims Audit	153	176
Other Audit Work	1	1
Total	**660**	**816**

7. 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 Planning Services line of the Income and Expenditure Account.

	2007/08		
	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employees	472	254	726
Transport	12	7	19
Supplies	20	11	31
Support Costs	164	88	252
Other	0	67	67
Total Expenditure	**668**	**427**	**1,095**
Total Income	**(684)**	**(0)**	**(684)**
Net (Surplus) /Deficit 2007/08	**(16)**	**427**	**411**
Net (Surplus) /Deficit 2006/07	5	383	388
Net (Surplus) /Deficit 2005/06	(1)	326	325
3 year Total	**(12)**		

8. Levies

The table below details the amounts paid to levying bodies.

	2007/08 £'000	2006/07 £'000
London Pensions Fund Authority	252	228
North London Waste Authority	4,785	4,463
Lee Valley	256	249
Environment Agency	155	97
ALG Grants Committee	793	801
Total	**6,241**	**5,838**

In addition to the above a payment was made to the NLWA for the cost of the disposal of Non-Household Waste in 2007/08 of £1.202m (£1.177m in 2006/07).

9. Pension Costs

Teachers

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

In 2007/08 the Council paid £8,113,224 (2006/07 £7,521,597) to Teachers' Pensions in respect of teachers' pension costs which represent 14.10% 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 £81,765.75 in 2007/08 (2006/07 £81,765) equivalent to 0.14% 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 2007. Following this valuation, the Actuary has agreed that the Council's contribution can prudently remain at the 2007/08 rate of 22.9 %. In 2006/07 the rate was 21.2%. As part of the Council's budget process funding has been included for these increases.

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

From 1 April 2006, the Local Government Pension Scheme (LGPS) regulations changed, giving LGPS members retiring on or after 6 April 2006 the option to increase the amount of the tax-free lump sum from 3/80ths of the pension to 25% of the value of the benefits in exchange for reducing their annual pension. The actuarial valuation of the Authority's Pension Fund has allowed for the uptake of the new regulations by 50% of members this year.

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 32) 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-08 £'000	**Year to 31-Mar-07 £'000**
Net Cost of Services:		
Current service cost	(20,715)	(24,488)
Past service costs/curtailments	(239)	(6)
Net Operating Expenditure:		
Interest cost	(44,255)	(42,923)
Expected return on assets in the scheme	26,420	36,557
Net Return on Assets	(17,835)	(6,366)
Amounts to be met from Government Grants and Local Taxation:		
Movement in pensions reserve	(26,318)	3,197
Actual amount charged against council tax for pensions in the year:		
Employers' contributions payable to scheme	(26,805)	(24,110)

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

As at 31 March 2008, the Council had the following overall assets and liabilities for pensions

	2007/08 £'000	**2006/07 £'000**
Present value of scheme liabilities	681,516	785,448
Present value of unfunded liabilities	51,338	53,060
Estimated assets in scheme	(505,436)	(542,221)
Net Liability	**227,418**	**296,287**

The primary cause of the change from an estimated net liability of £278m as at 31 March 2007 to an estimated net liability of £227m as at 31 March 2008 is as a result of the performance of the scheme which has improved over the past year.

The liabilities show the underlying commitments that the council has in the long-run to pay retirement benefits. The net liability of £227 million has a substantial impact on the net worth of the council as recorded in the balance sheet, resulting in an overall balance of £681m. However, statutory arrangements for funding this deficit mean that the financial position of the council 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:

	2007/08 %	**2006/07 %**
Rate of inflation	3.60	3.20
Rate of increase of salaries	5.10	4.70
Rate of increase in pensions	3.60	3.20
Rate for discounting scheme liabilities	6.90	5.40
Expected return on assets	7.10	7.00

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 2008	31 March 2007
	%	%	%
Equity investments	7.7	70	72
Bonds	5.7	21	19
Property	5.7	5	6
Cash	4.8	4	3
		100	100

10. Statement of employees' salaries

The number of employees whose gross pay is more than £50,000 is detailed below.

Salary range (£)	Staff numbers		Left in Year	
	2007/08	2006/07	2007/08	2006/07
50 – 59,999	229	187	11	4
60 – 69,999	78	63	5	2
70 – 79,999	42	25	3	0
80 – 89,999	18	20	4	0
90 – 99,999	7	5	1	1
100-109,999	5	3	0	0
110-119,999	1	3	0	2
120-129,999	0	0	0	0
130-139,999	2	1	0	0
140-149,999	1	0	0	0
150-159,999	0	1	0	0
160-169,999	0	0	0	0
170-179,999	1	1	0	0
Totals	**384**	**309**	**24**	**9**

The 2006/07 comparatives have been restated to include employee’s pension contributions.

11. Members allowances

The members allowances for 2007-08 were £1,351,605 compared to £1,031,233 in 2006-07. These figures are included in the Central Services line of the Income and Expenditure Account.

12. 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 2007 to 31 March 2008.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 Adult Social Care line in the income and expenditure account.

2007/08 Statement of Income and Expenditure of the Learning Disabilities					
	Cash	SP Grant	Partnership Fund	Total 07/08	Total 06/07
	£'000	£'000	£'000	£'000	£'000
Funding					
Other Contributions	1,999	67	0	2,066	1,551
LBH	7,103	0	0	7,103	6,678
LDDF	0	0	233	233	227
HPCT	0	0	1,565	1,565	1,418
MHT	0	0	95	95	92
Total Funding	**9,102**	**67**	**1,893**	**11,062**	**9,966**
Services Provided					
Management and assessment	3,494	0	0	3,494	3,108
Day Opportunities	3,652	0	0	3,652	3,540
Talbot Road Hostel	317	0	0	317	519
Linden Residential Home	762	0	0	762	672
Whitehall Residential Home	1,296	0	0	1,296	742
Mulberry House	457	0	0	457	474
Edwards Drive	589	0	0	589	496
Adult Care	173	0	0	173	164
Community Support	387	0	0	387	308
Total Expenditure	**11,127**	**0**	**0**	**11,127**	**10,023**
Net (Underspend)/Overspend				**65**	**57**

2007/08 Statement of Income and Expenditure of the Physical Disabilities Partnership					
	Cash	Staff	Partnership	Total 07/08	Total 06/07
	£'000	£'000	£'000	£'000	£'000
Gross Funding					
LBH	111	0	0	111	113
HPCT	0	0	124	124	146
Other Contributions		0			
Total Funding	**111**	**0**	**124**	**235**	**259**
Expenditure					
Physical Disabilities OT Stores	265	0	0	265	289
Total Expenditure	**265**	**0**	**0**	**265**	**289**
Net (Underspend)/Overspend				**30**	**30**

13. 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 and provide on-going facilities management of these schools. On the 1st February 2008 the facilities management element of the PFI contract was temporarily suspended in order to allow the Council access to the sites to carry out major capital works provided under the Building Schools for the Future programme.

A consequence of the suspension agreement is to move the balance of risk and rewards of the contract back to the Council. Financial Reporting Standard 5 (FRS 5) advises that in this instance the assets should be recognised in the Council's balance sheet.

The Council still has a liability with the PFI contractor to cover the debt incurred when the original PFI works were first undertaken. This debt has also been recognised within the council's balance sheet. Detailed below is the impact of this on the Council's revenue account and balance sheet.

Revenue Account
In the 2007/08 financial statements, the income and expenditure account included payments of £20.5 million to the provider (£11.2 million in 2006/07), the receipt of government grant of £5.7 million (£5.7 million in 2006/07), the release of a £12.6 million prepayment and the transfer of £13.1 from the PFI reserve. In addition £1.107 million was transferred to a new PFI lifecycle to pay for future capital works at the schools.

For the period of the suspension agreement the overall responsibility for the facilities management of the schools will rest with the Council and the day to day management will revert to the schools. The Council will continue to receive a PFI grant from the Government of £5.37 million and will be making payments to the PFI contractor of £4.2 million to cover the cost of the initial capital investment. Any surplus amounts generated from the PFI grant will be transferred to the PFI lifecycle reserve to fund future PFI related costs.

Balance sheet
A number of entries have been required as a result of the contract suspension. The assets have been brought back onto the balance sheet in two phases, firstly a value at the point of the suspension agreement, 1st February 2008 and then revalued as at 31st March 2008 in line with current Council policy.

Value as at 1st February 2008 – The assets were brought back onto the balance sheet at the estimated Depreciated Replacement Cost (DRC) as per the original PFI contract of £94.6 million. This represents the estimated value of the schools at the point the original contract was signed. The entries are detailed below:

Debit Account	Credit Account	£'000
Land and Buildings	Intangible asset – residual interest	15,019
Land and Buildings	Long-term liability	77,381

Revaluation as at 31st March 2008
The schools were revalued as at 31st March 2008 at their current DRC. This has resulted in a valuation of £167.7 million This increased valuation was put onto the revaluation reserve representing a real increase in the balance sheet value of the schools.

A prior year adjustment has also been posted to apply the correct treatment to a number of PFI assets. For 2006/07 this has created an intangible asset of Residual Interest. The residual interest account represents the value of the schools asset that should have been written onto the Councils balance sheet each year over the life of the contract. In addition, the Council has recognised the land value associated with the schools on the balance sheet. The land value was initially removed from the Council's balance sheet at the inception of the contract.

The accounting entries for this are shown below:

Debit Account	Credit Account	£'000
Intangible asset – residual interest	Capital Adjustment Account	15,018
Land and Buildings	Capital Adjustment Account	9,085

Operating Leases
Vehicles, Plant and Equipment – the authority enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers. In 2007/08 £253,729 was charged to revenue for these leases (£355,373 in 2006/07).The outstanding rental commitments on these leases is £474,821 (£324,849 in 2006/07). 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 £51,649 are recharged to Haringey Accord.

Authority as Lessor - The Council owns a number of commercial properties which it leases out to third parties. In 2007/08 £3.750 million was received in rent for these properties (£3.517m million in 2006/07). The value of these assets on the balance sheet is £53.04 million.

Finance Leases

The council has a major finance lease for 48 Station Road, Wood Green, an administrative building. The lease was originally for 20 years and the outstanding commitment as at 31st march 2008 is £4.271 million (£4.555 million in 2006/07) and the value of the asset in the Councils balance sheet is £2.830 million. There are a number of other small leases which have an outstanding commitment of £275,252 as at 31 March 2008 (£412,878 in 2006/07).

14. Trading activities

The trading activities of the Council are detailed below:

Trading Activity	Expenditure £'000	Income £'000	(Surplus) /Deficit 2007/08 £'000	(Surplus) /Deficit 2006/07 £'000
Industrial Estates	5,218	(5,812)	(594)	0
Markets	12	(125)	(113)	11
School & Welfare Catering	5,060	(5,222)	(162)	(15)
Legal Services	5,892	(5,688)	204	884
Total	**16,182**	**(16,847)**	**(665)**	**880**

15. Fixed Assets

The value of fixed assets shown on the balance sheet represents the value of assets held by the Council.

Category		Tangible Assets								
		Operational Assets					Non-Operational Assets			
	Intangible assets	council dwellings	Other land & buildings (HRA & GF)	Vehicle, Plant & Equipment	Infrastructure	community assets	Investment properties (HRA & GF)	Assets under construciton (HRA& GF)	Assets awaiting disposal (HRA&GF)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Opening balance as at 01.04.2007	**16,254**	**1,132,788**	**279,621**	**9,273**	**98,268**	**893**	**50,559**	**12,861**	**2,699**	**1,603,216**
Enhancements	1,492	18,990	99,326	3,718	19,024	0	899	3,045	0	146,494
Revaluation	0	147,977	131,352	0	0	215	3,642	0	0	283,186
Disposal	0	(5,418)	(5,380)	0	0	0	(1,860)	0	(885)	(13,543)
Depreciation	(339)	(13,277)	(5,626)	(2,752)	(4,204)	0	0	0	0	(26,198)
Impairments	0	0	(1,170)	0	0	(17)	(1,811)	0	0	(2,998)
Reclassification/adjustments	(15,018)	0	0	0	0	(698)	1,613	0	(915)	(15,018)
31.03.2008	2,389	1,281,060	498,123	10,239	113,088	393	53,042	15,906	899	1,975,139
Accumulated depreciation at 1.04.2008	**(652)**	**(109,881)**	**(44,421)**	**(15,158)**	**(32,018)**	**0**	**(19,994)**	**0**	**0**	**(222,124)**

Deferred Charges	**Additions**	**Write-offs**
Improvement grants	1,609	(1,609)
Capitalised Salaries &Other	16,393	(16,393)
	18,002	(18,002)

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.

The additions shown comprise all capital expenditure, agreeing with that in note 16 below. Capital expenditure that does not add to the value of fixed assets is written. The assets are assessed each year for any impairments in line with the SORP and accounting standards. In 2007/08 there were £2.998 million of impairments.

16. Capital Expenditure

The Council's capital expenditure, on a cash basis, must be financed. The financing of the 2007/08 expenditure is set out in the following table. The HRA capital expenditure of £18.2 million is solely spent on improving HRA dwellings.

Directorate	Additions to Fixed Assets	Net Capital Creditors	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
Corporate Resources & Partnerships	8,493	(104)	8,389	4,113	2,370	121	1,786	8,390
Children & Young People Services	31,895	848	32,743	6,110	0	24,172	2,460	32,742
Adult, Cultural & Community services	6,352	31	6,383	833	2,875	2,024	651	6,383
Urban Environment	29,991	410	30,401	0	5,315	22,314	2,773	30,402
Subtotal General Fund	**76,731**	**1,185**	**77,916**	**11,056**	**10,560**	**48,631**	**7,670**	**77,917**
Housing Revenue Account	18,165	(39)	18,126	13,232	382	4,511	0	18,125
TOTAL 2007/08	**94,896**	**1,146**	**96,042**	**24,288**	**10,942**	**53,142**	**7,670**	**96,042**
TOTAL 2006/07	107,319	(2,474)	104,845	22,246	12,376	55,347	14,876	104,845

17. Major contractual commitments

Significant capital commitments entered into by the council at 31 March 2008 are shown below. The expenditure will be incurred in future years.

	2007/08 £'000	2006/07 £'000
Environmental Services	1,634	246
Housing Services	2,527	2,919
Adult Social Services	516	910
Children and Young People's Service	6,818	5,658
Total	**11,495**	**9,733**

The 2007/08 commitments for Children & Young People Services include Building Schools for the Future (£5.668m) and South Harringay and Tetherdown Schools Phase 2 (£1.148m). The Environmental Services relates to the new mortuary.

18. Statement of Physical Assets

Asset	2007/08 No.	2006/07 No.	Asset	2007/08 No.	2006/07 No.
Council Dwellings	16,351	16,627	Roads (km)	350	346
Garages	2,271	2,374	Magistrates' Court	0	0
Administrative Buildings	24	23	Coroner's Court	1	1
Under 5's centres	4	4	Childrens' Homes & Hostels	3	3
Community Primary Schools	41	41	Homes for Older People	4	3
Secondary Schools	7	8	Homes for People with Learning Disabilities	3	3
Sixth form centre	1	0	Day Nurseries and Family Centres	2	2
HALS/Youth Buildings	2	2	Day Centres for Older People	4	4
Nursery schools	3	3	Day Centres for People with Mental Health Problems and Disability	5	5
Play centres	6	7	Cemeteries & Crematoria	3	3
Pupil referal units	3	3	Allotments (Plots)	1,647	1,647
Libraries	9	9	Depots	4	4
Community Buildings	44	44	Parks and Open Parks	167	167
Sports and Leisure Centres	4	4	Museums	1	1

Voluntary Aided and Foundation Schools are excluded from the table above, as the Council does not own them. The 2006/07 values now include Nursery schools and Pupil Referral Units which had previously been omitted.

19. Housing Stock

The Council was responsible for managing 16350 properties as at 31 March 2008, 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	2007/08 Number	2006/07 Number
Low rise flats	1,733	1,753
Medium rise flats	6,455	6,540
High rise flats	2,669	2,683
Houses	5,331	5,371
Hostels (HDE)	161	278
Shared Ownership	1	2
Total	**16,350**	**16,627**

20. 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 2008 is shown below.

	2007/08 £'000	2006/07 £'000
Housing mortgages	441	573
Housing associations	45	49
Loans to Employees	84	182
Total	**570**	**804**

21. 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 2008 and which at that date was yet to be received.

	2007/08 £'000	2006/07 £'000
Government Depts.	11,910	21,805
NNDR Pool	2,733	2,553
HM Revenue and Customs	8,996	11,176
NHS	2,426	1,949
Education - Recoupment	2,590	2,231
Other Local Authoritites	2,193	1,026
Other Public Bodies	3,559	3,381
Total Debtors	**34,407**	**44,121**

(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 2008 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.

	2007/08 £'000	2006/07 £'000
Housing Rent payers	8,460	7,552
Council Tax payers	29,298	25,214
Business Rate payers	5,217	5,674
Parking Notices	10,360	7,507
Homelessness	8,298	5,858
Leasehold	2,462	3,069
Housing Benefit Overpayments	8,419	7,055
Sundry Debtors	14,360	12,513
Total Non-Public Sector Debtors	**86,874**	**74,442**
Provisions for Bad Debts:		
Housing Rents	(6,533)	(5,798)
Council Tax	(10,009)	(8,067)
Business Rate payers	(3,582)	(5,086)
Parking Notices	(8,379)	(5,651)
Homelessness	(6,209)	(5,000)
Leasehold	(853)	(1,101)
Housing Benefit Overpayments	(4,796)	(4,464)
Sundry Debtors	(3,668)	(3,608)
Total Provisions	**(44,029)**	**(38,775)**
Net debtors	**42,845**	**35,667**

The total outstanding debtors is £77.252 million (£79.788 million in 2006/07).

22. Creditors

The following table provides an analysis of money owed by the Council as at 31 March 2008.

	2007/08 £'000	2006/07 £'000
Government Departments	26,197	20,375
NHS	2,311	1,000
Other Public Sector	142	490
Interest Accrual	0	13,428
HMRC - Tax and NI	6,383	6,085
Education - Recoupment	2,870	1,954
Pension Funds	5,640	4,850
Sundry Creditors	42,138	31,011
Receipts in advance (including Planning Gains)	15,660	9,289
Total	**101,341**	**88,482**

The interest accrual now included in long term borrowings

23. 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 2008.

Service	2007/08 £'000	2006/07 £'000
Environmental	0	353
St James Group	1,800	1013
Planning Cost Recovery	238	0
Hornsey Waterworks	925	945
Middx University	231	500
Devonshire	0	501
Education Pool	1,436	0
Hale Village	280	0
Lynx Express Parcel Depot	550	0
Other	990	826
Total	**6,450**	**4138**

24. 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 over the useful life of the asset, to match depreciation charges on the asset.

25. 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 £4.1 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.

26. Provisions

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

	2007/08 £'000	2006/07 £'000
Insurance	6,358	6,654
Alexandra Palace Pension Fund Deficit	200	1,000
Asylum Seekers Grant Claim	312	312
PFI Contract	0	550
Single Status	1,500	0
Redundancy	444	122
Hays Agency	563	0
Other provisions	454	88
Total	**9,831**	**8,726**

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 2007/08 grant paid.

The Single Status relates to the on-going negotiations regarding single status pay directives.

The Hays Agency provision relates to prior year costs that the Council still may be liable for on its agency contract.

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

27. Contingent Liabilities

In 2007 Haringey council joined London Authorities Mutual Ltd, a mutual company set up in partnership with other London boroughs for the purpose of providing insurance. The creation and operation of this company is currently being challenged through the courts by a number of insurance companies. The Council has a liability, in the form of a guarantee, with LAML of £700k and may be liable for additional costs and compensation should a judgement go against LAML.

Redcorn Ltd has taken legal proceedings against the Council for £413,000 plus costs and interest regarding the payment of invoices for the de-pollution of abandoned and untaxed vehicles collected within the borough between September 2003 and August 2006. The authority disputes the validity of this claim and has made no provision in the accounts.

28. Analysis of Net Assets Employed

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

	2007/08 £'000	2006/07 £'000
General Fund	412,198	251,805
Housing Revenue Account	524,614	362,354
Total Net Assets	**936,812**	**614,159**

29. 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.

	Balance 1 April 2007 £'000	Net Movement in Year £'000	Balance 31 March 2008 £'000
Revaluation Reserve	0	283,186	283,186
Capital Adjustment Account	847,184	(41,306)	805,878
Capital Receipts	10,044	(1,383)	8,661
Pensions Reserve	(296,287)	68,857	(227,430)
Housing Revenue Account	3,597	1,127	4,724
General Fund	12,007	(5)	12,002
Collection Fund	26	(18)	8
Financial Instruments Adjustment Account	0	(20,321)	(20,321)
Other Reserves	68,235	1,856	70,091
Total	644,806	291,994	936,800

The **Revaluation Reserve** 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 Adjustment 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 2007/08 and amounts set aside for the repayment of outstanding debt.

The **Capital Receipts Reserve** shows the receipt and application of capital receipts, which the Authority receives when it sells fixed assets. Note 30 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 2007/08.

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 31 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 32 below.

30. 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.

	2007/08 £'000	2006/07 £'000
Balance at 1 April	**10,044**	**8,517**
Sale of Assets:		
Council Dwellings	12,625	11,315
HRA Land and Buildings	3,931	1,093
Other HRA Assets	0	0
General Fund Assets	2,464	9,990
Total Receipts	**19,020**	**22,398**
Use of Receipts:		
Receipts Pooled / Set-Aside	(9,461)	(8,494)
Financing Capital Expenditure	(10,942)	(12,377)
Balance at 31 March	**8,661**	**10,044**

31. 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 £68.8 million during 2007/08, as follows:

	2007/08 £'000	2006/07 £'000
Deficit at start of Year	(296,287)	(331,604)
Current Service Costs	(20,715)	(24,488)
Employer Contributions	26,805	24,110
Contributions re: Unfunded benefits	3,926	3,756
Past Service costs	(239)	(6)
Impact of Settlements and Curtailments	18,220	(163)
Net Return on Assets	(5,779)	(6,366)
Actuarial gains/(losses)	46,651	38,474
Deficit at end of Year	**(227,418)**	**(296,287)**

The actuarial gains identified as movements on the Pension Reserves in 2007/08 can be analysed into following categories, measured in absolute amounts and as a percentage of assets and liabilities at 31 March 2008.

	Local Government Pension Scheme	
	£'000	**%**
Differences between the expected and actual return on assets	(62,145)	-12.3
Differences between actuarial assumptions about liabilities and actual experience	(21,023)	-2.9
Changes in financial assumptions underlying the Present Value of scheme liabilities	129,819	n/a
Total actuarial gain/(loss) for 2007/08	**46,651**	
Total actuarial gain/(loss) for 2006/07	34,374	

32. Earmarked Reserves

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

	2007/08 £'000	2006/07 £'000
Schools (Revenue)	7,085	5,219
Services (Revenue)	2,265	2,801
Insurance	12,498	11,895
PFI – Education	3,780	15,846
Property and IT Sinking Funding	2,930	3,026
Risk	10,160	10,160
Financing	13,105	8,951
Debt Repayment	9,570	10,124
Major Repairs Reserve	8,098	213
Housing	600	0
Total	**70,091**	**68,235**

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. A change in the PFI contract in 2007/08 has resulted in a new PFI Lifecycle reserve to be created to fund future years capital investment in schools.

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.

33. Financial Instruments Adjustments Account

The change in accounting regulations regarding financial instruments has brought about the creation of a new reserve, the Financial Instruments Adjustment Account. This contains the following transactions:-

Transaction	£'000
Discounts on previous debt restructuring	19,623
Premiums on previous debt restructuring	(2,786)
Effective interest rate (EIR) adjustment on LOBO borrowing	3,484
Balance of FIAA	20,321

The values relating to debt restructuring result in a movement within the balance sheet from long-term debtors and long-term liabilities. These are being written down, per statutory requirements, over the life of the loan that was repaid.

The EIR on LOBO's represents adjustments made in the accounts to charge the Income and expenditure account with the average interest on LOBO's over their expected lifetime.

34. Types of Financial Instruments

The table below shows an analysis of the Council's Financial Instruments as shown on the balance sheet. The table classifies the instruments as either financial liabilities or financial assets.

	Long-Term		Current	
	31st March 2008 £'000	31st March 2007 £'000	31st March 2008 £'000	31st March 2007 £'000
Borrowings				
Financial liabilities at amortised cost	647,443	0	(15,415)	0
Financial liabilities at fair value through profit and loss	0	0	0	0
cash overdrawn	0	0	0	8,191
Total borrowings	**647,443**	**634,026**	**(33,874)**	**8,335**
Investments				
Loans and receivables	0	0	160,813	111,616
Available-for-sale financial assets	0	0	0	0
Fair value through Profit and Loss	0	0	0	0
Unquoted equity under available for sale through x method	0	0	0	0
Total investments	**0**	**0**	**160,813**	**111,616**

Since the balances at 31st March 2007 are not reclassified into the new categories, only the total borrowing and investment figures are shown in the table above. LOBOs of £80m have been included in long term borrowing but have a call date in the next 12 months.

35. Gains And Losses On Financial Instruments

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

2007/08	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total £'000
Interest expense	(45,349)	0	0
Losses on derecognition	0	0	0
Impairment losses	0	0	0
Interest payable and similar charges	**(45,349)**	**0**	**(45,349)**
Interest income	0	8,790	0
Gains on derecognition	1,782	0	0
Interest and investment income	**1,782**	**8,790**	**10,572**
Net gain/(loss) for the year	**(43,567)**	**8,790**	**55,921**

Below the line adjustments of write off of premiums and discounts in 2007/08	(1,782)	0	(1,782)
Net gain/(loss) for the year	**(45,349)**	**8,790**	**54,139**

Soft loans

A further type of financial instrument are soft loans which are loans the Councils has given to individuals or organisations at zero or lower than the market rate interest. No adjustment has been made in the accounts for these as they are very small in value.

The table below shows the value of soft loans and type that Haringey Council has as at 31st March 2008:

Loan	**Value (£'000)**
Employee Loans	84
Bernie Grant Centre capital funding	432
Total	**516**

36. Fair Value Of Assets And Liabilities Carried At Amortised Cost

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below. The fair value represents what the total amount of repayment on our debt should be if the Council had to repay it in 2008/09. As this is a new financial standard the fair value calculation has not been done for the 2006/07.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31st March, using bid prices where applicable.

The calculations are made with the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing as per rate sheet number 064/08.
- For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender.
- We have used interpolation techniques between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- We have calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

Fair Value Of Liabilities Carried At Amortised Cost

	31st March 2008		31st March 2007	
	Carrying amount £'000	**Fair value £'000**	**Carrying amount £'000**	**Fair value £'000**
PWLB - maturity	508,595	608,172	508,595	[redacted]
PWLB - annuity	13	13	534	[redacted]
PWLB - EIP	26	29	37	[redacted]
LOBOs	125,000	146,356	125,000	[redacted]
Market loans	4	4	4	[redacted]
Finance Lease	2,743	[redacted]	2,826	[redacted]
Bank overdraft	15,439	15,439	8,191	[redacted]
Financial liabilities	**651,821**	**770,013**	**645,187**	[redacted]

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Fair Value Of Assets Carried At Amortised Cost

	31st March 2008		31st March 2007	
	Carrying amount £'000	**Fair value £'000**	**Carrying amount £'000**	**Fair value £'000**
Cash	13,388	13,388	10,326	[redacted]
Deposits with banks and building societies	147,425	147,473	101,290	[redacted]
Other				
Financial assets	**160,813**	**160,861**	**111,616**	[redacted]

37. Nature And Extent Of Risks Arising From Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written polices and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of £20 million.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

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

Debtors

The total Council debtors as at 31st March 2008 was £121.3 million (see note 21 for a full breakdown). Of this £34.4 million is debt outstanding with other public bodies such as Government departments and other Local Authorities and is therefore deemed to have no credit risk. The total non-public sector debt is £86.9 million of which the Council has set aside a total bad debt provision of £44.0 million against non payment of this debt. This bad debt provision has been set against each category of debt and not against any individual debtor as no single debtor to the Council is of significant value in its own right. This bad debt provision is made after taking into account the age-debt profile of each category of debt, e.g. council tax, rents.

Liquidity Risk

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meets its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year and 40% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

Loans outstanding	31-Mar-08 £000s	31-Mar-07 £000s
Public Works Loans Board	508,635	509,022
Market debt	125,000	125,000
Other	4	4
Total	**633,639**	**634,026**
Less than 1 year	24	144
Between 1 and 2 years	17,800	131
Between 2 and 5 years	134,505	112,527
Between 5 and 10 years	127,517	142,175
More than 10 years	353,793	379,193
Total	**633,639**	**634,170**

In the more than 10 years category there are £80m of LOBOs which have a call date in the next 12 months.

Interest rate risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the authority is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account.
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Income and Expenditure Account.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in the STRGL.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum £190 million of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provide compensation for a proportion of any higher costs.

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

According to this assessment strategy, at 31 March 2008, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Interest Rate Risk

	£'000
Increase in interest payable on variable rate borrowings	450
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Income and Expenditure Account	**450**
Share of overall impact debited to the HRA	**252**
Decrease in fair value of 'available for sale' investment assets	0
Impact on STRGL	**0**
Decrease in fair value of fixed rate investment assets (no impact on I&E account or STRGL)	(71,260)
Decrease in fair value of fixed rate borrowing liabilities (no impact on I&E account or STRGL)	(254)

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

38. Investments – Related businesses and companies

Homes for Haringey

Homes for Haringey is a local authority controlled company of the London Borough of Haringey. The company was created on 1st April 2006 and manages the Council's housing stock and carries out the day to day repairs on properties, for which fees totalling £40.3 million were paid to the company. The Council has 5 Councillors on the Board of Homes for Haringey. The company forms part of the London Borough of Haringey Group and the Group's accounts are shown in section 4 of these accounts.

	as at 31 March 2008 £'000	**as at 31 March 2007 £'000**
Net assets	1	1
Net income for the year	87	(1,344)

The Council is involved with the following associated 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 2008 £'000	**as at 31 March 2007 £'000**
Net assets	405	358
Net income for the year	47	90

The accounts for Urban Futures have not yet been audited consequently the figures stated are from the draft accounts. The values as at 31 March 2007 have been restated based on the audited 2006/07 accounts.

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 2008 £'000	as at 31 March 2007 £'000
Net assets	3,224	2,579
Net income for the year	697	257

The accounts for London Grid for Learning Trust have not yet been audited consequently the figures stated are from the draft accounts.

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 2008 £'000	as at 31 March 2007 £'000
Net assets	n/a	12,050
Net income for the year	n/a	8,900

The accounts for the BGCP have not yet been produced or audited for 2007/08 consequently no figures are available as at 31 March 2008.

39. 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 Income & Expenditure account or balance sheet. Details of the sums administered are shown below. All of these trust funds are for educational purposes and the figures below represent a number of smaller funds.

	2007/08 £'000	2006/07 £'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	(151.0)	(150.5)
(Surplus)/Deficit	(0.5)	(0.5)
Fund Balance Carried Forward	**(152.0)**	**(151.0)**
Represented by:		
Investments	(26.0)	(26.0)
Cash in hand	(126.0)	(125.0)
Total	**(152.0)**	**(151.0)**

Alexandra Park and Palace

Under the Alexandra Park and Palace Act 1985 the Council is the sole trustee for the Alexandra Park and Palace Charitable Trust, details of which are set out below. Seven Councillors are on the board of AP&P. The purpose of the trust is to manage the site of the Palace and Park and to run the day to day operations. These funds do not represent assets of the Council as local authority and are not included within the Council's Balance Sheet.

	2007/08 £'000	2006/07 £'000
Income	(2,629)	(7,117)
Expenditure	5,594	8,990
Assets	1,018	1,237
Liabilities	(36,772)	(33,738)

As a result of being the sole trustee of AP&P the Council has a close relationship with the trust, providing a number of support functions to the day to day operation. The principal support it gives is in the form of deficit funding, which the Council as local authority is required to do under the Alexandra Park and Palace Act 1985. In 2007/08 the extent of this deficit provision was £3.1million (£1.8 million 2006/07). In addition the Council as local authority and under its wellbeing powers provided additional support in the form of the temporary secondment of staff to the Alexandra Palace Trading company and the provision of a grant to the company of £300,000.

As a result of these additional provisions in 2007/08 the Council has re-examined the group status of AP&P to ascertain whether these interventions result in the Council as local authority having a controlling interest in the trust and therefore forming part of the Council's group. The conclusion of this work was that the AP&P Charitable Trust is not part of the Council's group and therefore the Charity's accounts do not form a part of the Council's Local Authority accounts. The nature of the relationship between the two organisations is described above.

The figure in the Council's accounts in respect of funding the Alexandra Palace deficit is based on the draft AP&P accounts and deficit position as the AP&P accounts are still subject to formal audit in accordance with the Charity Commission regulations.

40. 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.

<u>Central government</u> 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 41.

<u>Members of the Council</u> 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.

<u>Other Public Sector Organisations</u> 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 49) 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 12. 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 Chief Financial Officer, Gerald Almeroth, is a Director of London Authorities Mutual Ltd. He is not remunerated for this role.

The Director of Resources, Julie Parker, is a Director of Alexandra Palace Trading Ltd. She is not remunerated for this role.

The Head of Safer Communities, Jean Croot, is a Trustee of Exposure and Victim Support Haringey. She 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 £4.996 million as at 31/3/08. The Council paid the Fund £474,000 in interest and also charged the Fund £543,000 for administering the Fund.

Companies – the Council has interests in a number of companies. These are disclosed in note 38 This includes details of the relationship with Homes for Haringey; the arms length management organisation owned by the Council with responsibility for the management of the Council's housing stock.

41. 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.

	2007/08 £'000	2006/07 £'000
Revenue Support Grant	19,042	21,401
Housing Benefit Subsidy	251,495	243,286
Housing Subsidy	21,119	22,113
Home Office	2,899	6,345
Department of Education	230,540	197,454
Department of Health	11,818	10,565
Single Regeneration Budget	128	958
Neighbourhood Renewal	9,081	7,886
Private Finance Initiative	5,673	5,669
CLG	24,524	25,793
Other	5,918	8,361
Total Government Grants	**582,237**	**549,831**

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

	2007/08	2006/07
Revenue Activities:		
Deficit/(surplus) per Income and Expenditure Account	5	237
Deficit/(surplus) per HRA	(1,127)	763
Deficit/(surplus) per Collection Fund	19	(98)
Subtotal	**(1,103)**	**902**
Interest	(37,875)	(41,150)
Non-Cash Transactions:		
Contributions to provisions	(1,105)	(190)
Contributions to reserves	(5,891)	(10,201)
Contributions to capital	(3,998)	(18,201)
Items on an accruals basis:		
(Decrease)/increase in LT Debtor	(234)	(364)
(Decrease)/increase in stock and work in progress	16	(240)
(Decrease)/increase in debtors	(2,536)	(4,720)
Decrease/(increase) in creditors	(12,859)	(12,794)
Decrease/(increase) in deferred credits	(304)	170
Net Cash Inflow from Revenue Activities	**(65,889)**	**(86,788)**

43. 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 2006/07 and 2007/08 Balance Sheets, as shown in the table below:

	2007/08 £'000	2006/07 £'000	Movement £'000
Bank (overdrawn)/in hand	(15,139)	(8,191)	(6,948)
Cash In Hand	13,388	10,326	3,062
Investments	146,000	100,700	45,300
Total Cash And Cash Equivalents	**144,249**	**102,835**	**41,114**

44. Analysis of Changes in Financing

	31 March 2008 £'000	31 March 2007 £'000	Movement £'000
Temporary Borrowing	(24)	(144)	121
Long Term Borrowing	(651,043)	(634,026)	(17,017)
Total Financing	**(651,067)**	**(634,170)**	**(16,896)**

Housing Revenue Account Income and Expenditure Account

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

	Notes	2007/08 £'000	2006/07 £'000
Income:			
Rent from Dwellings		64,685	61,350
Rent from Other Properties		2,039	2,440
Rent	46	**66,724**	**63,790**
Charges for Services and Facilities		18,298	12,661
Supporting People Grant		2,420	2,663
Housing Revenue Account Subsidy receivable	47	20,601	21,135
Grant		**41,319**	**36,459**
Total income		**108,043**	**100,249**
Expenditure:			
Repairs and Maintenance		18,899	21,744
Supervision and Management		39,607	32,217
Rent and Other Charges		2,900	3,104
Depreciation and Impairment of Assets		15,019	13,214
Debt Management Costs		220	203
Increase in bad debt provision		633	1,555
Total expenditure		**77,278**	**72,037**
Net cost of HRA services per Authority Income and Expenditure Account		**(30,765)**	**(28,212)**
HRA services share of Corporate and Democratic core		970	804
HRA share of other amounts included in the whole authority Net Cost of services but not allocated to specific services		(45)	0
Net cost of HRA services		**(29,840)**	**(27,408)**
Financing			
Interest payable and similar charges		26,668	26,195
Amortised Premiums/Discounts		0	4,921
Interest and investment income		(500)	(305)
Pensions Interest Cost and Return on Assets		68	0
Total financing		**26,236**	**30,811**
(Surplus)/ deficit for year		**(3,604)**	**3,403**

Statement of Movement on the Housing Revenue Account Balance

	Notes	2007/08 £'000	2006/07 £'000
(Surplus)/ deficit for year		(3,604)	3,403
Net Additional Items required by statute and non-statutory practices:	45	2,477	(2,616)
Increase or decrease in the Housing Revenue Account Balance		(1,127)	787
HRA balance brought forward		(3,597)	(4,384)
HRA balance carried forward		**(4,724)**	**(3,597)**

Notes to the Housing Revenue Account

45. Note to the Statement of Movement on the HRA Balance

	2007/08 £'000	2006/07 £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements (if any)	1,829	(1,353)
Net charges made for retirement benefits in accordance with FRS17	48	(400)
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Transfer to / (from) Reserves	600	(885)
Interest charge on HRA assets		22
Net additional amount required by statute to be debited or credited to the HRA balance for the year	**2,477**	**(2,616)**

46. Gross Rent Income and Rent Arrears

This is the rent due for the year before rebates but after allowances for empty properties. The average weekly rent in 2007/08 was £75.48 compared to £72.02 in 2006/07 – a 5.00% increase.

As at 31 March 2008, the total arrears of rent for Council dwellings was £8.4million compared to £7.6million as at 31 March 2007. Against these amounts, provision has been made for bad debts. This amounted to £0.6 million as at 31 March 2008 (£1.6million as at 31 March 2007).

47. Housing Subsidy

	2007/08 £'000	2006/07 £'000
Management & Maintenance Allowance	35,331	35,325
Major Repairs Allowance	11,991	11,861
Charges for Capital	35,733	34,884
Admissible Allowance	0	107
Other Items of Reckonable Expenditure	681	1,103
Guideline Rent	(64,024)	(61,238)
Rental Constraint Allowance	639	86
Interest on Receipts	(55)	(68)
Housing Subsidy Payable	**20,296**	**22,060**
Subsidy adjustment	305	(925)
Housing Subsidy Receivable per Income and Expenditure Statement	**20,601**	**21,135**
Transfer from Reserve	0	885
Net Housing Subsidy Receivable for Year	**20,601**	**22,020**

48. Value of HRA Assets

Balance Sheet Valuation of HRA Assets		
	01 April 2008 £'000	01 April 2007 £'000
Operational Assets	1,284,546	1,136,455
Non Operational Assets	15,847	19,220
Total	**1,300,393**	**1,155,675**

Vacant Possession Value		
	01 April 2008 £'000	01 April 2007 £'000
HRA Dwellings	3,312,704	2,952,092

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.

49. 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.

	2007/08 £'000	2006/07 £'000
Balance at 1 April 2007	**(213)**	**0**
Transferred to Reserve	(13,277)	(13,214)
Transfer from Reserve to HRA	1,297	1,353
Applied to finance capital expenditure on Council Dwellings	4,095	11,648
Balance at 31 March 2008	**(8,098)**	**(213)**

50. 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 9 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	2007/08 £'000	2006/07 £'000
Income due:			
Council Tax			
Council Tax-payers		89,498	85,911
In respect of Council Tax Benefits		33,291	32,421
In respect of transitional relief		0	0
Total Council Tax – related income		**122,789**	**118,332**
Income due from Business Rate-payers:	52	46,323	46,639
Contributions:			
-Towards previous year's Collection Fund deficit/(surplus)	53	67	(98)
Total Income		**169,179**	**164,873**
Expenditure:			
Council Tax used to support expenditure on services:			
- Haringey Council		95,265	91,692
Greater London Authority		25,668	24,180
Total Precepts		**120,933**	**115,872**
Business Rates:			
- Payments to National Pool		45,860	46,187
- Cost of Collection		463	452
Payments to National Pool & cost of collection allowance		**46,323**	**46,639**
Provision for Bad and Doubtful Debts (Council Tax)		1,942	2,330
Total Expenditure		**169,198**	**164,841**
Surplus/(Deficit) for year	53	**(19)**	**32**
Balance brought forward 1 April 2007 surplus/(deficit)		**27**	**(5)**
Balance carried forward 31 March 2008		**8**	**27**

Notes to Collection Fund

51. 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*	A	B	C	D	E	F	G	H	Total
Number of dwellings	4	5,126	16,214	30,579	25,280	10,827	5,403	4,615	626	98,670
Discounts	1	693	2,307	3,729	2,559	1,010	386	268	58	11,010
Dwellings after discounts	3	4,433	13,907	26,850	22,721	9,817	5,017	4,347	568	87,660
Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D equivalent	**2**	**2,955**	**10,817**	**23,867**	**22,721**	**11,998**	**7,246**	**7,244**	**1,137**	**87,987**
Loss on collection										3,519
Council Tax Base										**84,468**

* - entitled to disabled relief deduction

52. 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: 44.4p (Standard) and 44.1p (Small businesses) (for 2006/07 - 43.3p & 42.6p 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 2008 is £131,437,606 (31 March 2007, £133,588,136).

53. Deficit / Surplus

In 2007/08 the Collection Fund made a deficit of £86k of which £67k is borne by London Borough of Haringey. The remaining £19k, the deficit balance on the collection fund, is due from the other preceptor, the Greater London Authority. This deficit on the Collection Fund is borne proportionately to the precepts.

54. Local Area Agreement

Haringey's Local Area Agreement was in the third round of LAA agreements and is based on the local Sustainable Community Strategy. The LAA set out the priorities in Haringey over the initial 3 year period as agreed between central government and partners that make up the local strategic partnership (HSP) in Haringey. The LAA provided an opportunity to focus specifically on addressing the big issues identified by the local community for the benefit of all in Haringey. The overall aim of the LAA was to jointly deliver improved local services with a focus on local needs and priorities.

The LAA began in April 2007 and was initially agreed for a 3-year period. However, it has been superseded by the new style LAA which began in April 2008 and will until March 2011.

The LAA in 2007 was made up of outcomes, indicators (mandatory and optional) and targets under the following four blocks:

- Children & Young People

- Safer & Stronger Communities
- Healthier Communities & Older People
- Economic Development and Enterprise

The contributing partners to the development of the LAA are:

- Haringey Council
- Haringey Teaching Primary Care Trust
- Job Centre Plus
- Learning and Skills Council (London North)
- Metropolitan Police
- Middlesex University
- College of North East London
- Metropolitan Housing Trust (RSL)
- The Bridge, New Deal for Communities (NDC)
- Homes for Haringey (ALMO)
- Haringey Peace Alliance
- Race Equality Joint Consultative Committee
- Haringey Community Empowerment Network
- Haringey Association of Voluntary and Community Organisations
- Barnet, Enfield and Haringey Mental Health Trust

Haringey Council is the accountable body for the LAA and LAA Grant on behalf of the HSP. As a result, the Council is responsible for applying the conditions within the LAA Grant Determination, including financial monitoring and completing the mid-year and end of year statements of grant usage. The HSP and Thematic Boards were responsible for allocating the LAA Grant funding to partners to deliver projects and services against the outcomes, indicators and targets within the LAA. The Thematic Boards were also responsible for performance management of the projects and services they chose to fund.

The total amount of LAA Grant received by the HSP in 2007/08 was £15.5m, comprising mandatory pooled funding streams in accordance with Government guidance.

Across the four blocks the Council was in receipt of £11.8m to fund its own services.

SECTION 4

THE GROUP ACCOUNTS

2007/08

The following group accounts show the combined financial statements for the London Borough of Haringey group, comprising the Authority itself and Homes for Haringey.

Group Income and Expenditure Account

	Notes	2007/08 Gross Expenditure £'000	2007/08 Gross Income £'000	2007/08 Net Expenditure £'000	2006/07 Net Expenditure £'000
Service					
Children's and Education Services					
Education Services		331,971	(278,136)	53,834	27,351
Children's Social Care		50,416	(10,870)	39,546	38,926
Adult Social Care		112,993	(51,637)	61,356	56,921
Housing Services - General Fund		287,085	(286,479)	607	(3,775)
Housing Services - HRA		77,503	(108,063)	(30,560)	(7,400)
Cultural, Environmental and Planning Services		86,137	(38,944)	47,193	46,884
Highways, Roads and Transport Services		28,725	(15,774)	12,950	11,679
Central Services		111,881	(108,225)	3,656	9,638
Court Services		826	(680)	146	125
Net cost of Services		**1,087,537**	**(898,809)**	**188,729**	**180,349**
(Gain) / Loss on disposal of fixed assets				3,786	(2,852)
Levies				6,242	(8,494)
Net Surplus on Trading Activities				(1,437)	5,838
Interest Payable and Similar Charges				45,349	43,840
Contribution of housing capital receipts to Government pool				9,461	8,494
Interest and Investment Income				(8,790)	(4,547)
Pensions Interest Cost and Return on Assets				5,379	5,966
Net Operating Expenditure				**248,719**	**219,784**
Demand on the Collection Fund				(95,265)	(91,692)
(Surplus) / Deficit on Collection Fund				67	(98)
Government grants (not attributable to specific services)				(19,042)	(21,073)
Distribution from National Non-Domestic Rates Pool				(113,466)	(109,153)
(Surplus) / Deficit for Year				**21,014**	**(2,232)**

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

	Notes	2007/08 £'000	2006/07 £'000
(Surplus) / Deficit on single entity Income & Expenditure for the year		**20,814**	**769**
Add (Surplus) / Deficit from other entities: Subsidiaries		**200**	**(3,001)**
Group Account (Surplus) / Deficit for the year		**21,014**	**(2,232)**

Group Statement of Total Recognised Gains and Losses

	Notes	2007/08 £'000	2006/07 £'000
Net (Surplus) / Deficit for the year		21,014	(2,232)
(Surplus) / Deficit arising on revaluation of fixed assets		267,413	(74,967)
Actuarial (gains) and losses on pension fund assets and liabilities		(47,352)	(31,374)
Other (gains) or losses		(241)	(14,790)
Total recognised (gains) or losses		**240,834**	**(123,363)**

Cumulative effect on reserves of prior period adjustments		(2,603)	0

Group Balance Sheet

	Notes	31-Mar-08		31-Mar-07	
		£'000	£'000	£'000	£'000
Fixed Assets					
Housing Revenue Account Assets		1,281,060		1,132,788	
Other Operational Assets:					
Land and Buildings		498,125		267,693	
Vehicles, Plant, Furniture and Equipment		10,239		9,273	
Infrastructure Assets		113,087		98,268	
Community Assets		393		893	
Intangible Fixed Assets		2,389		1,235	
Non-Operational Assets		69,846		66,119	
Total Fixed Assets			1,975,139		1,576,269
Debt Restructuring Premium		0		25,150	
Long-term Debtors		570		804	
Total Long-term Assets			1,975,709		1,602,223
Current Assets:					
Stocks and Work in Progress		480		364	
Debtors		74,676		77,782	
Payments in Advance		1,541		15,631	
Investments		146,000		100,700	
Cash in Hand		13,388		10,326	
Total Current Assets			236,085		204,803
Current Liabilities:					
Temporary Borrowing		(24)		(144)	
Bank Overdraft		(8,007)		(7,696)	
Creditors		(106,552)		(87,226)	
Total Current Liabilities			(114,583)		(95,066)
Net Current Assets			121,502		109,737
Long Term Liabilities:					
Long-term Borrowing		(651,043)		(634,026)	
Deferred Capital Receipts		(467)		(600)	
Deferred Credits		(4,124)		(4,430)	
Debt Restructuring Discounts		0		(1,275)	
Government Grants Deferred		(194,351)		(148,756)	
Provisions		(9,831)		(8,726)	
Liability related to defined benefit pension scheme		(222,818)		(296,987)	
Other Long Term Liabilities		(73,175)		0	
Total Long Term Liabilities			(1,155,799)		(1,094,800)
Total Assets Less Liabilities			941,389		617,160
Financed by:					
Revaluation Reserve		283,186		0	
Capital Adjustment Account		805,878		820,237	
Capital Receipts Reserve		8,661		10,044	
Earmarked Reserves		70,091		68,235	
Financial Instruments Adjustment Account		(20,321)		0	
Profit and Loss Account - Group Entities		4,601		1	
General Fund		12,002		12,007	
Housing Revenue Account		4,724		3,597	
Pensions Reserve		(227,418)		(296,987)	
Collection Fund		8		26	
Total net worth			941,389		617,160

Group Cash Flow Statement

	Notes	2007/08 £'000	2006/07 £'000
Net Cash Inflow from Revenue Activities		**(61,478)**	**(86,789)**
Servicing of Finance:			
Cash Outflows			
Interest paid		45,765	45,503
Cash Inflows			
Interest received		(7,890)	(4,353)
Net Cash Outflow from Servicing of Finance		**37,875**	**41,150**
Capital Activities			
Cash Outflows			
Purchase of fixed assets		94,433	97,650
Purchase of long-term investments			0
Other capital cash payments		16,393	7,195
Total Payments		**110,826**	**104,845**
Cash Inflows			
Sale of fixed assets		(19,020)	(22,398)
Capital grants received		(53,142)	(57,334)
Other capital cash receipts		(6,876)	(14,876)
Total Receipts		**(79,038)**	**(94,608)**
Net Cash Outflow from Capital Activities		**31,788**	**10,237**
Net Cash Inflow before Financing		**8,185**	**(35,402)**
Financing:			
Cash Outflows			
Repayments of amounts borrowed		30,412	48,342
Cash Inflows			
New loans raised		(75,300)	(77,000)
New short term loans		0	(18,200)
Net Cash Outflow from Financing		**(44,888)**	**(46,858)**
Increase / (Decrease) in Cash and Cash Equivalents		**(36,703)**	**(82,260)**

Notes to the Group Accounts

Basis of Consolidation

The group accounts of the London Borough of Haringey have been produced using the acquisition method.

Company Limited by Guarantee

Homes for Haringey (HfH) was incorporated on 1st April 2006 and is a wholly owned subsidiary of the Council and is limited by guarantee. The guarantors give an undertaking to contribute a nominal amount, towards the winding up of the company, in the event of a shortfall upon cessation of business. It cannot distribute its profits to its members, and is therefore eligible to apply for charitable status if necessary.

Accounting Policies

The accounting policies of both the London Borough of Haringey and Homes for Haringey and are in line with those stated in section 2 of these accounts.

Accompanying Notes

No additional notes to the group accounts are included here as there are no material differences with those contained within section 3 of the London Borough of Haringey accounts.

Homes for Haringey Accounts

The Homes for Haringey included as part of the group are draft accounts and subject to audit by their own independent auditor. Their draft accounts can be obtained from, Director of Finance, Homes for Haringey Ltd, 6th Floor, River Park House, Wood Green, London N22 8HQ.

SECTION 5

PENSION FUND

2007/08

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 Pantheon.

Overall investment strategy is the responsibility of the Pensions Committee, which consists of eight councillors (trustees) and a trade union representative, who receive advice from the Chief Financial Officer and an independent advisor. Committee meetings are held approximately 6 times per annum.

Our current Investment Management structure was implemented on 16 March 2007 following a full review of strategy by the then Pensions Panel that was advised by the Chief Financial Officer, the Independent Advisor to Trustees and our external Investment advisors, Hymans Robertson.

As part of our full review of strategy Pensions Panel agreed to introduce a 5 per cent 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 per cent of fund investments to 10 per cent and to introduce an active currency overlay. Mandates are in the process of being finalised with two active currency managers.

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

Fund administration and membership

At 31 March 2008, there were 6,954 employees contributing to the Fund and 5,657 pensioners and dependents receiving benefits. There were also 5,487 deferred pensioners.

Staff in the following organisations contribute to the fund and benefit accordingly.

- 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 (voluntary aided school);
- Rokely Dene Homes Ltd (admitted);
- One Complete Solution Ltd (admitted); and,
- Fortismere School (Foundation school).

The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end (31 March 2008).

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 2007. The actuaries report was approved by trustees at the Pensions Committee meeting in January 2008.

The 2007 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:

Asset class	Rate of Return Nominal % p.a
Equities	6.5
Bonds	4.9

Rate of pensionable salary increases (excluding increments)

Compound	4.7% p.a
Rate of price inflation/ Pension increases (Compound)	3.2% p.a

The Market value of the Fund at the time of the last triennial valuation (31 march 2007) was £620m.

The level of funding as a whole for the Fund has increased from 69 per cent to 77.7 per cent between the triennial actuarial valuations as at end of March 2004 and end of March 2007. The main reasons for the increase in the funding level are an improvement in investment earnings and value, and the planned stepped increases in employer's contributions from 2004.

Following this valuation, the actuary has agreed that the Council's contribution rate can prudently remain at the 2007/08 rate of 22.9 per cent. The 2008/09 contribution rate is split 8.8 per cent between the past service adjustment to fund the deficit over 20 years and the future service rate of 14.1 per cent.

Statement of Investment Principles (SIP)

A statement of investment principles was approved by trustees at Pensions Committee in September 2007. 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 2007/08 the pension fund paid £0.543m to the Council for administration (£0.591m in 2006/07). As at 31 March 2008 £4.996m was due from the Council to the fund (£4.066m in 2006/07). During 2007/08 four 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.

Use of Derivatives and the Value of Futures and Options

The Pension Fund managers are permitted to use certain derivatives in managing their portfolios, including warrants, futures, convertible securities and swaps. As at 31 March 2008 the market value of Futures contracts held was £96,216. The Pension Fund did not hold any options as at 31 March 2008.

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.

Investment income – Income from equities is accounted for on the date stocks are quoted ex-dividend. Income from fixed interest and index linked securities, cash and short term deposits is accounted for on an accruals basis.

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 and administrative 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. A proportion of relevant Council officers' time, including related on-costs, have been charged to the Fund on the basis of actual time spent on scheme administration and investment related matters.

Stock lending – the Fund does not participate in stock lending.

Contingent Liabilities and Post Balance Sheet Events – There are no material contingent liabilities or Post Balance Sheet events.

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

Valuation of Private Equity Holdings – Investment in Private Equity commenced in June 2008. Published prices by the Private Equity manager Pantheon lag the period end by a minimum of 120 days. This is typical of Fund of Fund managers who need to wait for valuations to be published for the underlying funds before valuing their own portfolio. The Private Equity valuation in the accounts therefore reflects cost price adjusted by our performance analysts Northern Trust to capture the assets performance over the period based on call payments made.

Pension Fund Account

The Pension Fund shows the contributions to the Fund during the 2007/08 and the benefits paid from it.

Pension Fund Account	Notes	2007/08 £'000	2006/07 £'000
Dealings with members, employers and others directly involved in the scheme			
Contributions receivable	1	(41,332)	(38,049)
Transfers In	2	(5,418)	(5,187)
Other Income		(5)	0
Benefits payable	3	26,696	24,408
Payments to and on account of leavers	4	4,484	4,588
Other payments		0	0
Administrative Expenses	5	595	657
Net additions from dealings with members		**(14,980)**	**(13,583)**
Returns on Investments:			
Investment Income	6	(17,338)	(18,678)
Change in market value of investments	7	45,083	(16,629)
Investment management expenses	8	2,069	2,309
Net returns on investments		**29,814**	**(32,998)**
Net (increase)/decrease in the fund during the year		**14,834**	**(46,581)**
Add: Opening net assets of the scheme		**(620,039)**	**(573,458)**
Closing net assets of the scheme		**(605,205)**	**(620,039)**

Net Asset Statement

The Net Asset Statement sets out the assets and liabilities for the Fund as at 31 March 2008. The Fund is separately managed by the Council acting as trustee and its accounts are separate from the Council's.

Net Asset statement	Notes	2007/08 £'000	2006/07 £'000
Investment assets	9	(599,375)	(616,117)
Fixed assets		0	0
Borrowings		0	0
Net current assets and liabilities	10	(5,830)	(3,922)
Total Assets		**(605,205)**	**(620,039)**

Notes to Pension Fund Account

1 Contributions Receivable

	2007/08 £'000	2006/07 £'000
From employers		
- normal	(31,896)	(28,759)
- special	(523)	(854)
- additional	(125)	-
	(32,544)	**(29,613)**
From members		
- normal	(8,588)	(8,258)
-additional voluntary	(200)	(178)
	(8,788)	**(8,436)**
Total	**(41,332)**	**(38,049)**

An additional lump sum employer contribution of £125,000 was received in 2007/08 from Alexandra Palace Trading Company. This was a voluntary payment to reduce the deficit, as agreed with the actuaries.

1a Analysis of Contributions Receivable and Benefits Payable

	2007/08 £'000	2006/07 £'000
Contributions receivable		
Administering authority	(34,400)	(31,281)
Scheduled bodies	(5,478)	(5,307)
Admitted bodies	(1,454)	(1,461)
Total	**(41,332)**	**(38,049)**
Benefits payable		
Administering authority	24,451	22,734
Scheduled bodies	1,438	1,146
Admitted bodies	807	528
Total	**26,696**	**24,408**

2 Transfers In

	2007/08 £'000	2006/07 £'000
Group transfers from other schemes	0	0
Individual transfers in from other schemes	(5,418)	(5,187)
Total	**(5,418)**	**(5,187)**

3 Benefits Payable

	2007/08 £'000	2006/07 £'000
Pensions	22,143	20,907
Commutation of pensions & lump sum retirement benefits	3,974	2,712
Purchased annuities	0	0
Lump sum death benefits	579	789
Total	**26,696**	**24,408**

4 Payments to and on account of leavers

	2007/08 £'000	2006/07 £'000
Refunds of contributions	13	32
State scheme premiums	0	0
Purchased annuities	0	0
Group transfers out to other schemes	0	0
Individual transfers out to other schemes	4,471	4,556
Total	**4,484**	**4,588**

5 Administrative Expenses

	2007/08 £'000	2006/07 £'000
Council Administration charges	542	591
Legal and other fees	53	66
Total	**595**	**657**

6 Investment Income

	2007/08 £'000	2006/07 £'000
Interest from fixed interest securities	(2,004)	(2,475)
Dividends from equities	(9,556)	(11,447)
Income from index - linked securities	(535)	(449)
Income from pooled investment vehicles	(3,948)	(3,610)
Net rents from properties	0	0
Interest on cash deposits	(1,295)	(697)
Share of profits/losses of associates	0	0
Other	0	0
Total	**(17,338)**	**(18,678)**

Investment income is shown net of irrecoverable withholding tax of £0.254m in 2007/08 (£0.275m in 2006/07)

7 Change in market value

The market value of the fund decreased by £45m during the year, this mainly comprises realised gains of £19m, unrealised losses of £65m and an increase in council cash of £1m. There has been much volatility in the market due to credit issues that have arisen and are linked to the sub prime mortgage market in the USA. This has impacted upon the performance of our portfolio, is still ongoing and are monitoring the position carefully.

8 Investment management expenses

	2007/08 £'000	2006/07 £'000
Fund managers fees	1,711	2,055
Custodian fees	151	153
Trustees advisor fees	17	16
Investment consultant fees	122	78
Other	68	7
Total	**2,069**	**2,309**

9 Investment Accounts

	2007/08 £'000	2006/07 £'000
Fixed Interest Securities		
- Public Sector	(41,876)	(41,045)
- Other	(460)	(711)
Equities		
- UK	(142,113)	(162,870)
- Overseas	(117,397)	(117,829)
Index Linked securities	(27,421)	(25,095)
Pooled investment vehicles		
- Unit trust – property	(39,415)	(42,134)
- Unit trust – other	(40,983)	(45,134)
OEIC's	(148,051)	(153,066)
- Limited Partnership – Property	(9,375)	0
-Limited Partnership -Other	(2,718)	0
Property	0	0
Insurance Policies	0	0
Loans	0	0
Other investments (venture capital)	0	0
Cash deposits	(7,348)	(7,250)
Other investment balances	(22,218)	(20,983)
Total	**(599,375)**	**(616,117)**

There has been much volatility in the market due to credit issues that have arisen and are linked to the sub prime mortgage market in the USA. This has impacted upon the performance of our portfolio and is still ongoing. We are monitoring the position carefully.

In accordance with the strategic review of the Fund approved by the then Pensions Panel, the allocation to property asset class is being increased from 6 per cent to 10 per cent. The increased allocation includes greater exposure to European property holdings. During 2007/08 the Fund's property manager ING made several European property acquisitions. The majority of these European Funds are constituted in the form of Limited Partnership's and this is reflected in the appearance of 'Limited Partnership – Property' asset category in the Investment Account.

The strategic review also sanctioned investment in Private Equity. In April 2007 Pantheon were appointed as the Fund's Private Equity manager. As at 31 March 2008 there had been five cash calls by Pantheon to fund their mandate. Pantheon's Private Equity funds are legally constituted as Limited Partnerships and are shown in the Investment account as 'Limited Partnerships - Other' to distinguish them from the property holdings referred to in the previous paragraph.

'Other Investment balances' in 2007/08 includes £9.35 million, representing the un-utilised balance of cash earmarked on transition to the new structure in March 2007 to invest in property. It also includes £9.5 million of cash generated from surplus contributions in 2007/08 and earmarked in accordance with the strategic review to fund the Private Equity mandate.

10 Net current assets and liabilities

	2007/08 £'000	2006/07 £'000
Contributions due from employees and employers	(284)	(275)
Unpaid benefit		0
Cash balances	(4,996)	(4,066)
Other current assets and liabilities	(550)	419
Total	**(5,830)**	**(3,922)**

11 Fund Management

Manager	**Funds Managed 31/03/08 £m**	% of Fund	UK Assets £m	Overseas Assets £m	**Funds Managed 31/03/07 £m**	% of Fund	UK Assets £m	Overseas Assets £m
Alliance Bernstein	**146.1**	24.4	110.8	35.3	**164.3**	26.7	130.2	34.1
Capital International	**187.7**	31.2	92.9	94.8	**191.6**	31.1	93.7	97.9
Fidelity	**192.0**	32.0	97.0	95.0	**192.8**	31.3	94.2	98.6
ING	**51.5**	8.6	42.1	9.4	**46.6**	7.5	46.6	0
Pantheon	**2.7**	0.5	2.7	0	**0**	0	0	0
Haringey	**18.9**	3.2	18.9	0	**18.0**	2.9	18.0	0
Transition Manager	**0.5**	0.1	0.2	0.3	**2.8**	0.5	2.7	0.1
Total	**599.4**	**100.0**	**364.6**	**234.8**	**616.1**	**100**	**385.4**	**230.7**

12 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 31/03/08 £m	**Listed Investments £m**	**Unlisted investments £m**	**Market Value of Investment assets as at 31/03/07 £m**	**Listed Investments £m**	**Unlisted investments £m**
599.4	388.5	210.9	616.1	415.7	200.4

Unlisted investments comprise holdings in Institutional Open Ended Companies (OEIC's), Participation notes, Property and other Unit trusts and Limited Partnerships including Private Equity. 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.

13 Investment Transactions

The sales and purchases during the year were as follows:

Fund Managers	Purchases at cost £m	Sales Proceeds £m
Alliance Bernstein	48.5	42.7
Capital International	136.4	129.9
Fidelity	89.5	86.9
ING	12.4	3.2
Pantheon	2.9	0
Total	**289.7**	**262.7**

14 Top Ten shares held

As at 31 March 2008				As at 31 March 2007			
Shares	**Rank**	**% of Equities**	**Market Value**	**Shares**	**Rank**	**% of Equities**	**Market Value**
		%	**£'000**			**%**	**£'000**
Shell	1	3.1	12,739	Shell	1	2.9	12,438
BP	2	2.3	9,546	Royal Bank of Scotland	2	2.2	9,434
Vodafone	3	2.0	8,244	Vodafone	3	2.1	9,005
Royal Bank of Scotland	4	1.6	6,442	BP	4	2.1	8,962
HBOS	5	1.6	6,389	Astrazeneca	5	1.6	6,821
Glaxosmithkline	6	1.5	5,958	HBOS	6	1.5	6,585
HSBC	7	1.3	5,457	Barclays	7	1.5	6,193
Barclays	8	1.3	5,402	HSBC	8	1.3	5,755
Aviva	9	1.1	4,562	Glaxosmithkline	9	1.3	5,342
BAE Systems	10	0.9	4,038	Aviva	10	1.1	4,625

15 Additional voluntary contributions (AVCs)

AVC's paid by scheme members are not included within the Pension Fund accounts in accordance with regulation 5(2)c of the Pension Scheme(Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831). AVC's are managed independently by three specialist providers, Equitable Life Assurance Society, Prudential Assurance and Clerical and Medical Investment Group Ltd.

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

Equitable Life Assurance Society	£
Value of Fund as at 6 April 2007	**(519,418)**
Contributions in Year	(11,165)
Retirement Benefits & Charges	101,985
Value of Fund as at 5 April 2008	**(474,753)**
Number of Active Members	47
Number of members with preserved benefits	29

Prudential Assurance	£
Value of Fund as at 1 April 2007	**(613,107)**
Contributions in Year	(99,023)
Retirement Benefits & Charges	20,003
Value of Fund as at 5th April 2008	**(743,097)**
Number of Active Members	98
Number of members with preserved benefits	16

Clerical and Medical

	£
Value of Fund as at 6 April 2007	**(26,256)**
Contributions in Year	(4,913)
Retirement Benefits & Charges	-
Value of Fund as at 5th April 2008	**(29,866)**
Number of Active Members	2
Number of members with preserved benefits	2

AVC Investments

Equitable Life Assurance Society	**Market Value as at 05 April 2008**	**%**
Fund		
Equitable with -profits	(248,917)	52.4
Equitable unit-linked funds	(138,862)	29.2
Equitable Building Society Pension Fund	(86,974)	18.4
Total	**(474,753)**	**100.0**

Prudential	**Market Value as at 31 March 2008**	**%**
Prudential with-profits cash accumulation	(510,672)	68.6
Prudential Deposit Fund	(6,896)	0.9
Prudential Cash Fund	(9,432)	1.3
Prudential Discretionary Fund	(38,616)	5.2
Prudential Fixed Interest Fund	(11,992)	1.6
Prudential Global Equity Fund	(6,916)	0.9
Prudential Index Linked Fund	(14,816)	2.0
Prudential International Equity Fund	(20,771)	2.8
Prudential Property Fund	(20,706)	2.8
Prudential Retirement Protection Fund	(12,298)	1.7
Prudential Socially Responsible Fund	(10,941)	1.5
Prudential UK Equity (Active)Fund	(31,806)	4.3
Prudential UK Equity (Passive)Fund	(47,235)	6.4
Total	**(743,097)**	**100.0**

Clerical Medical	**Market Value as at 31 March 2008**	**%**
Clerical Medical with-profits	(3,879)	13.0
Clerical Medical unit-linked	(25,987)	87.0
Total	**(29,866)**	**100.0**

Appendix A - For Information Only

ALEXANDRA PARK AND PALACE

2007/08

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Consolidated Statement of Financial Activities for the year ended 31st March 2008

	Note	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 (restated) £
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	-	306,638	306,638	1,225,028
Activites for generating funds	5	2,013,998	-	2,013,998	4,701,375
Incoming resources from charitable activities	4	308,507	-	308,507	1,189,217
Other incoming resources		80	-	80	2,182
Total incoming resources		**2,322,585**	**306,638**	**2,629,223**	**7,117,802**
Resources Expended:					
Cost of generating funds					
Fundraising Trading cost of goods sold and other costs	6	1,442,098	-	1,442,098	4,044,448
Charitable activities		3,881,348	307,038	4,188,386	4,853,275
Pension impact		(130,000)	-	(130,000)	(110,000)
Governance costs		93,792	-	93,792	92,348
Total Resources expended	6	**5,287,238**	**307,038**	**5,594,276**	**8,880,071**
Net (outgoing)/incoming resources		(2,964,653)	(400)	(2,965,053)	(1,762,269)
Actuarial gains on pension scheme		80,000	-	80,000	132,000
		(2,884,653)	(400)	(2,885,053)	(1,630,269)
Opening deficit fund balance 1 April		(33,246,468)	39,774	(33,206,694)	(31,334,425)
Prior year adjustment		(302,000)	-	(302,000)	(544,000)
Opening deficit fund restated		(33,548,468)	39,774	(33,508,694)	(31,878,425)
Closing deficit fund balance	20	**(36,433,121)**	**39,374**	**(36,393,747)**	**(33,508,694)**

The notes on pages **XX to XX** 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.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Trust Statement of Financial Activities for the year ended 31st March 2008

	Note No.	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	-	306,638	306,638	1,225,028
Activites for generating funds	5	540,000	-	540,000	660,885
Incoming resources from charitable activities	4	308,507	-	308,507	1,189,217
Other incoming resources		80	-	80	2,182
Total incoming resources		**848,587**	**306,638**	**1,155,225**	**3,077,312**
Resources Expended:					
Charitable activities		3,881,348	307,038	4,188,386	4,853,275
Governance costs		65,792	-	65,792	66,848
Total Resources expended	6	**3,947,140**	**307,038**	**4,254,178**	**4,920,123**
Net (outgoing)/incoming resources		(3,098,553)	(400)	(3,098,953)	(1,842,811)
Opening deficit fund balance 1 April		(33,257,685)	39,774	(33,217,911)	(31,375,100)
Closing deficit fund balance as at 31 March	20	**(36,356,238)**	**39,374**	**(36,316,864)**	**(33,217,911)**

The notes on pages **XX to XX** 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.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Consolidated and Trust Balance Sheets as at 31st March 2008.

	Note No.	**Group 2008 £**	Group 2007 (Restated) £	**Trust 2008 £**	Trust 2007 £
Fixed assets					
Tangible assets	12	490,472	572,408	484,798	566,940
Investments	13	-	-	2	2
		490,472	**572,408**	**484,800**	**566,942**
Current assets					
Stocks	14	116,428	122,860	46,984	53,269
Debtors	15	425,238	711,711	970,393	1,216,905
Cash at bank and in hand		1,792,575	1,058,999	300	3,082
		2,334,241	**1,893,570**	**1,017,677**	**1,273,256**
Creditors:					
Amount falling due within one year	16	(1,762,542)	(1,098,439)	(455,423)	(483,876)
Net current assets		**571,699**	**795,131**	**562,254**	**789,380**
Total assets less current liabilities		1,062,171	1,367,539	1,047,054	1,356,322
Provision	17	(37,363,918)	(34,574,233)	(37,363,918)	(34,574,233)
Pension scheme liability	23	(92,000)	(302,000)	-	-
Total Net Liabilities		**(36,393,747)**	**(33,508,694)**	**(36,316,864)**	**(33,217,911)**
Accumulated Funds:					
Unrestricted deficit funds	18	(36,433,121)	(33,548,468)	(36,356,238)	(33,257,685)
Restricted Funds	19	39,374	39,774	39,374	39,774
Total Funds		**(36,393,747)**	**(33,508,694)**	**(36,316,864)**	**(33,217,911)**

The notes on pages **XX to XX** form an integral part of these financial statements.

Consolidated Cashflow Statement for the year ended 31st March 2008

	Group 2008 £	Group 2007 £
reconciliation of net outgoing resources to net cash inflow from operating activities		
net outgoing resources	(2,965,053)	(1,872,269)
Depreciation	110,097	116,761
Pension impact	(130,000)	
Interest receivable	(43,065)	(63,648)
Decrease in stocks	6,432	58,775
Decrease in debtors	286,473	93,412
Increase/(decrease) in creditors	663,897	(783,932)
Increase in provision	2,789,685	1,551,794
Net Cash inflow/(outflow) from operation activities	**718,466**	**(899,107)**

CASH FLOW STATEMENT:	**Group 2008 £**	Group 2007 £
Net cash inflow/(outflow) from operating activities	718,466	(899,107)
Returns on investments and servicing of income:		
Interest received	43,065	63,648
Capital expenditure		
Payments to acquire tangible fixed assets	(27,955)	(17,952)
(Decrease) in cash	733,576	(853,411)
Cash at 1 April	1,058,999	1,912,410
Cash at 31 March	**1,792,575**	**1,058,999**

Analysis of changes in cash	**31 March 07 £**	**Change in Year £**	**31 Mar 08 £**
Cash at bank and in hand	**1,058,999**	**733,576**	**1,792,575**

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

Notes to the Financial Statements for the year ended 31st March 2008.

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.

Changes in accounting policy

The financial statements reflect the adoption during the year of FRS17, retirement benefits. FRS17 requires any surplus or deficit on the Company's defined benefit scheme to be included in the balance sheet and changes the method of determining the profit or loss charge. The impact of this change in accounting policy is shown in the prior year adjustment note below.

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. Once the transaction with the preferred investor has reached 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 2007/2008. 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, up to 2004/05. No interest was charged in 2005/2006, 2006/2007 nor in 2007/2008.

(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

The Group operates a defined benefit pension scheme on behalf of seven employees. The deficit on the scheme is included within the balance sheet.

The group adopted accounting standard FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior period comparatives have been restated where appropriate.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension scheme asset or liability as appropriate.

The carrying value of any resulting pension scheme asset is restricted to the extent the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme assets or liabilities arising from other factors than cash contributions by the group are charged to the Statement of Financial Activities in accordance with FRS17.

3. Restricted Funds: grants

Restricted fund grants of £230,183 (2007: £889,832) was received from the Heritage Lottery Grant with £76,855 (2007: £297,085) from the London Borough of Haringey for major works to the park.

4. Incoming resources from charitable activites

	2008	2007
	£	£
Ice rink	108,426	984,246
Community events	48,486	50,898
Leases and concessions	151,595	154,073
Total income	**308,507**	**1,189,217**

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 £3,900 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

	2008	2007
	£	**£**
Income from events	1,807,935	4,161,872
Income from Phoenix public house	162,998	475,856
Interest receivable	43,065	63,648
Total Income	**2,013,998**	**4,701,376**
Cost of sales	1,221,951	3,117,237
Cost of operating expenses	248,147	952,711
	1,470,098	**4,069,948**
Net income to the group	543,900	631,428
Less: Licence fee to the Trust	-	(255,000)
Deed of Covenent/Gift Aid to the Trust	(540,000)	(405,885)
Retained profit/(loss)	**3,900**	**(29,457)**
Retained profit brought forward	11,218	40,675
Retained profit carried forward	**15,118**	**11,218**

6. Analysis of total resources expended.

Group:

	Direct costs	Support costs	2008 Total	2007 Total
	£	£	£	£
Costs of generating fund				
Expenditure of trading subsidiary	1,442,098	**0**	**1,442,098**	4,044,448
Charitable expenditure				
Ice Rink	544,209	102,098	**646,307**	739,425
Community events	130,582	5,672	**136,254**	126,927
Leases and concessions	208,794	4,254	**213,048**	61,239
Repairs and maintenance of building/park	2,210,495	196,317	**2,406,812**	3,291,206
Security of building/park	717,900	68,065	**785,965**	634,478
	3,811,980	**376,406**	**4,188,386**	**4,853,275**
Pension impact	(130,000)		**(130,000)**	(110,000)
Governance costs				
Wages and salaries	-	17,792	17,792	19,408
Professional fees	-	30,000	30,000	26,940
Audit fee	-	46,000	46,000	46,000
	0	**93,792**	**93,792**	**92,348**
Total for Group	**5,124,078**	**470,198**	**5,594,276**	**8,880,071**

Trust Only:

	Direct costs	Support costs	2008 Total	2007 Total
Charitable expenditure	£	£	£	£
Ice Rink	544,209	102,098	646,307	739,425
Community events	130,582	5,672	136,254	126,927
Leases and concessions	208,794	4,254	213,048	61,239
Repairs and maintenance of building/park	2,210,495	196,317	2,406,812	3,291,206
Security of building/park	717,900	68,065	785,965	634,478
	3,811,980	376,406	4,188,386	4,853,275
Governance Costs				
Wages and salaries	-	17,792	17,792	19,408
Professional fees	-	30,000	30,000	26,940
Audit fee	-	18,000	18,000	20,500
	0	65,792	65,792	66,848
Total for Trust	**3,811,980**	**442,198**	**4,254,178**	**4,920,123**

7. Support costs

	Group 2008 £	Group 2007 £
Management costs	0	1,228
Wages and salaries	191,364	210,417
Overheads	278,834	396,479
	470,198	**608,124**

8. Deficit on current year activities

	Group 2008 £	Group 2007 £
Operating deficit is stated after charging:		
Auditors' remuneration: audit fee	46,000	46,000
Operating lease rentals - land and buildings	35,896	35,896
Operating lease rentals - vehicles	3,585	3,585
Depreciation	116,761	116,761

The trustees received no remuneration from the charity (2007 £Nil) and were not reimbursed for any of their expenses by the charity during the year (2007-£Nil).

9. Analysis of costs by activity

GROUP

Costs directly allocated to activities	Basis of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2008	Total 2007
		£	£	£	£	£	£	£	£	
Pension impact	Direct	(130,000)	-	-	-	-	-	-	(130,000)	-
Expenditure of trading subsidiary	Direct	1,442,098	-	-	-	-	-	28,000	1,470,098	4,069,949
Salaries	Direct		198,034	410,104	-	138,727	726,459	-	1,473,324	1,532,020
Professional fees	Direct		2,598	-	-	4,675	111,818	30,000	149,091	82,319
Parks lottery expenditure	Direct		-	-	-	-	307,038	-	307,038	1,201,662
Overheads	Direct		168,024	401	114,946	42,374	733,156	-	1,058,901	1,117,319
Audit fees	Direct		-	-	-	-	-	18,000	18,000	20,500
Direct costs	Direct		2,630	-	-	-	795	-	3,425	31,152
Support costs allocated to activities										
General office and finance support staff	Staff time & area average		-	-	-	-	-	17,792	17,792	19,408
Apportioned overhead cost	Staff time & area average		172,922	307,395	15,636	23,018	331,229	-	850,200	399,966
Apportioned support and overhead cost	Staff time & area average		102,098	68,065	5,672	4,254	196,317	-	376,406	515,776
Total for Group		**1,312,098**	**646,306**	**785,965**	**136,254**	**213,048**	**2,406,812**	**93,792**	**5,594,275**	**8,990,071**

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 acitivities	Basis of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2008	Total 2007
		£	£	£	£	£	£	£	£	
Interest payable	Direct	-	-	-	-	-	-	-	-	-
Salaries	Direct		198,034	410,104	-	138,727	726,459	-	1,473,324	1,532,020
Professional fees	Direct		2,598	-	-	4,675	111,818	30,000	149,091	82,319
Parks lottery expenditure	Direct		-	-	-	-	307,038	-	307,038	1,201,662
Overheads	Direct		168,024	401	114,946	42,374	733,156	-	1,058,901	1,117,319
Audit fees	Direct		-	-	-	-	-	18,000	18,000	20,500
Direct costs	Direct		2,630	-	-	-	795	-	3,425	31,152
Support costs allocated to activities										
General office and finance support staff	Staff time & area average		-	-	-	-	-	17,792	17,792	19,408
Apportioned overhead cost	Staff time & area average		172,922	307,395	15,636	23,018	331,229	-	850,200	399,966
Apportioned support and overhead cost	Staff time & area average		102,098	68,065	5,672	4,254	196,317	-	376,406	515,776
Total for Trust		**0**	**646,306**	**785,965**	**136,254**	**213,048**	**2,406,812**	**65,792**	**4,254,177**	**4,920,122**

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 2008	Group 2007	**Trust 2008**	Trust 2007
	£	**£**	**£**	**£**
Wages and salaries	TBC	1,551,775	1,521,913	627,672
Social security costs	TBC	130,079	TBC	34,607
Pension costs	TBC	125,049	TBC	60,016
Agency staff costs	TBC	943,430	TBC	505,927
	TBC	**2,750,333**	**1,521,913**	**1,228,222**

The allocation of the staff costs is to be updated prior to presentation to the trustees.

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

	Group 2008	Group 2007	**Trust 2008**	Trust 2007
£50,001-£60,000	TBC	1	TBC	0
£60,001-£70,000	TBC	1	TBC	1

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 2008 Number	Group 2007 Number	**Trust 2008 Number**	Trust 2007 Number
Ice rink	TBC	16(4)	TBC	16(4)
Repairs and maintenance including park	TBC	2(2)	TBC	2(2)
Community events	TBC	-	TBC	-
Cost of generating funds	TBC	31(16)	TBC	-
Support costs	TBC	2(2)	TBC	2(2)
Management and administration	TBC	9(8)	TBC	2(2)
	TBC	**60(32)**	**TBC**	**22 (10)**
	To update		To update	

The allocation of the staff numbers is to be updated prior to presentation to the trustees.

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 2007	197,346	482,497	333,995	1,013,838
Additions		610	27,345	27,955
At 31st March 2008	**197,346**	**483,107**	**361,340**	**1,041,793**
Depreciation: At 1st April 2007	59,204	194,561	193,133	446,898
Charge for the year	19,734	48,311	42,052	110,097
At 31st March 2008	78,938	242,872	235,185	556,995
Net Book Value				
At 31st March 2008	**118,408**	**240,235**	**126,155**	**484,798**
At 31st March 2007	**138,142**	**287,936**	**140,862**	**566,940**

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Group	£	£	£	£
Cost: At 1st April 2007	197,346	482,497	366,507	1,046,350
Additions		610	28,917	29,527
At 31st March 2008	197,346	483,107	395,424	1,075,877
Depreciation: At 1st April 2007	59,204	194,561	220,177	473,942
Charge for the year	19,734	48,311	43,418	111,463
At 31st March 2008	78,938	242,872	263,595	585,405
Net book value:				
At 31st March 2008	**118,408**	**240,235**	**131,829**	**490,472**
At 31st March 2007	**138,142**	**287,936**	**146,330**	**572,408**

13. Fixed Asset Investments

Trust only:	**2008**	**2007**
Shares in trading subsidiary	**£**	**£**
at 1st April and 31 March	2	2

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

The Trust owns the entire share capital of its trading subsidiary (see note 5).

14. Stock

	Group 2008	Group 2007	**Trust 2008**	Trust 2007
	£	**£**	**£**	**£**
China and cutlery	41,984	47,593	41,984	47,593
Food and beverages	69,444	58,716	-	-
Publications and stationery	5,000	16,551	5,000	5,676
	116,428	**122,860**	**46,984**	**53,269**

15. Debtors

	Group 2008	Group 2007	**Trust 2008**	Trust 2007
	£	**£**	**£**	**£**
Trade debtors	303,273	92,828	55,288	-
Other amounts due from subdiary undertaking	-	-	299,448	264,375
Deed of covenent/gift aid due from subsidiary undertaking	-	-	540,000	405,885
Other debtors	11,571	132,380	10,867	113,620
Prepayments and accrued income	110,394	486,503	64,790	433,025
	425,238	711,711	970,393	1,216,905

16. Creditors:amount falling due within one year

	Group 2008	Group 2007	**Trust 2008**	Trust 2007
	£	**£**	**£**	**£**
Trade creditors	716,069	109,894	60,585	-
Other taxes and social security cost	74,670	-	2,254	-
Other creditors	150	330,576	150	330,576
Accruals	398,648	416,529	165,525	159,403
Income in advance	346,096	247,543	-	-
Haringey Council: Bank Account	226,909	(6,103)	226,909	(6,103)
	1,762,542	1,098,439	455,423	483,876

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.

17. Provision

	Group 2008	Group 2007	**Trust 2008**	Trust 2007
	£	**£**	**£**	**£**
Haringey Council: Indemnification	37,363,918	34,574,233	37,363,918	34,574,233
Reconciliation of movement:				
Balance brought forward	34,574,233	33,022,439	34,574,233	33,022,439
Amount charge to SOFA	444,292	329,466	444,292	329,466
Transfer to bank less VAT debtor	2,345,393	1,222,328	2,345,393	1,222,328
Balance carried forward	37,363,918	34,574,233	37,363,918	34,574,233

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: central administration of £TBC (2007: £30,000); entertainment licences of £43,419 (2007: £46,104); public liability insurance £TBC (2007: £34,574); provision of park patrol service £TBC (2007: £33,620); legal expense £TBC (2007: £1,625); printing and other sundry items of £TBC (2007: £3,654). XXXXXXXXX wishes to voluntarily declare that he receives £TBC (2007:£12,525) 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

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
Indemnification 1991/92 to 1994/95 (1)	5,005	9,881	14,886
Indemnification 1995/96 to 2007/08 (2)	14,228	4,854	19,082
Provision: 1988/99 to 1990/91 (3)	755	2,641	3,396
	19,988	17,376	37,364

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 2007/08 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 2008	Group 2007 Restated	**Trust 2008**	Trust 2007
Trust deficit funds:	**£**	**£**	**£**	**£**
Balance brought forward	33,246,468	31,350,833	33,257,685	31,391,508
Prior year adjustment	302,000	544,000	0	0
Balance brought forward restated	33,548,468	31,894,833	33,257,685	31,391,508
Deficit in year	2,884,653	1,895,635	3,098,553	1,866,177
Balance carried forward	36,433,121	33,790,468	36,356,238	33,257,685

The above amounts represent the deficit equity of the Trust. The Group figure includes £15,118 (2007:£11,218) of the trading subsidiary retained profit/losses) carried forward.

19. Restricted Funds

Movement in Resources

	Balance 1 April 2007	**Incoming Resources**	**Expenditure & transfers**	**Balance 31Mar 2008**
	£	**£**	**£**	**£**
Lottery Grant Fund	-	307,037	307,037	-
Environment Agency Grant	1,168	-	-	1,168
Organ Appeal Fund	5,776	-	-	5,776
Theatre Fund	232	-	-	232
BBC Studios Fund	400	-	(400)	-
English Heritage	32,198	-	-	32,198
	39,774	307,037	306,637	39,374

The restricted fund balance at 31 March 2008 are represented by cash at bank and in hand of £39,374

20. Total Funds	Group 2008	Group 2007	Trust 2008	Trust 2007
	£	£	£	£
		Restated		
Balance brought forward	33,508,694	31,334,425	33,217,911	31,375,100
Prior year adjustment	302,000	544,000	0	0
	33,810,694	31,878,425	33,217,911	31,375,100
Deficit in year	2,885,053	1,630,269	3,098,953	1,842,811
Balance carried forward	36,695,747	33,508,694	36,316,864	33,217,911

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, (2007: £46,000).

The Local Authority external auditor, 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 this external auditor.

23. 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 assess the adequacy of the Fund's investments and contributions to meet its liability. The last triennial valuation took place as at 31st March 2007. The last triennial 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	7.70%	per annum compound
Rate of investment – bonds	5.70%	per annum compound
Rate of investment – property	5.70%	per annum compound
Rate of investment – cash	4.80%	per annum compound
Rate of pensionable salary increases (excl. increments)	5.10%	per annum compound
Rate of price inflation/pensions increases	3.60%	per annum compound
Discount rate	6.90%	per annum compound

The level of funding as a whole at 31 March 2004 was 69.0%, and the market value of the Fund at the time of the last valuation was £405 million. Following the valuation the actuary certified a phased increase of the contribution rate: 2005/6 19.6%, 2006/7 21.2% and 2007/8 22.9%.The 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%. The pension contribution for the year was £TBC (2007: £60,015).The latest interim valuation as at March 2006 and February

2007 show an improvement in funding to 76% which reflects strong returns from fund investments although these were not prepared in accordance with GN9.

The next triennial valuation took place at the 31st March 2007 with results due in 2008.

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 7 (2007: 7) scheme members still in the employment of the trading company as at 31 March 2008.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 complied with FRS 17 and has accounted for contributions in accordance with FRS17.

This section to be revised and rewritten when the March 2008 triennial valuation report is received.

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 2007. 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	7.70%	per annum compound
Rate of investment – bonds	5.70%	per annum compound
Rate of investment – property	5.70%	per annum compound
Rate of investment – cash	4.80%	per annum compound
Rate of pensionable salary increases (excl. increments)	5.10%	per annum compound
Rate of price inflation/pensions increases	3.60%	per annum compound
Discount rate	6.90%	per annum compound

The market value of the Fund at the time of the last valuation was £619 million for the whole of the scheme of which £1,602,000 is the share for Alexandra Palace Trading Limited. Alexandra Palace Trading Limited employer's contribution is 16.2% of salary. Alexandra Palace Trading Limited is also paying additional monetary amounts of £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 £32,000 (2007: £38,769).

The actuarial valuation described above has been updated at 31 March 2008 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		
	2008	2007	2006
Price increased	**3.60**	3.20	3.10
Rate of pensionable salary increases (excluding increments)	**5.10**	4.70	4.60
Rate of price inflation/pensions increases	**3.60**	3.20	3.10
Discount rate	**6.90**	5.40	4.90

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:

	2008	2008	2007	2007	2006	2006
	%	£	%	£	%	£
Equities	7.7	1,120,000	7.8	1,255,000	7.4	1,092,000
Bonds	5.7	340,000	4.9	331,000	4.6	274,000
Property	5.7	80,000	5.8	97,000	5.5	72,000
Cash	4.8	62,000	4.9	54,000	4.6	46,000
Total fair value of assets		1,602,000		1,737,000		1,484,000
Present value of scheme liabilities		1,694,000		2,039,000		2,028,000
Net pension liability		(92,000)		(302,000)		(544,000)

For the year ended 31 March 2008, the expected return on the above assets was £127,000 (2007: £108,000) less the interest on pension scheme liabilities of £111,000 (2007: £101,000) gives a net return of £16,000 (2007: (£7,000)) as the amount credited from other finance income. Therefore overall the net cost to the revenue account for the year ended 31 March 2008 is £27,000 (2007: £49,000) after deduction of the service cost.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

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

	2008	2007
	£	£
Actual return less expected return on pension scheme assets	(206,000)	(5,000)
Experience gains and losses arising on the scheme liabiities	(67,000)	(1,000)
Changes in financial assumption underlying the present value of the sceheme liabilities	353,000	138,000
Acturial gain/(loss) in pension plan	80,000	132,000
Increase in irrecoverable surplus from membership fall and other factors	0	0
Actual gain/(loss) in rcognised in STRGL	132,000	132,000

Movement in Deficit during the year:	2008	2007
	£	£
Deficit at beginning of the year	(302,000)	(544,000)
	(43,000)	(56,000)
Employers contributions	157,000	159,000
Net return on assets	16,000	7,000
Acturial gains/(losses)	80,000	132,000
Deficit at the end of the year	**(92,000)**	**(302,000)**

History of Experience Gains and Losses	**2008**	**2007**	**2006**	**2005**	**2004**
	£	£	£	£	£
Difference between the expected and actual return on assets	(206,000)	(5,000)	194,000	38,000	126,000
Value of assets	1,602,000	1,737,000	1,484,000	1,058,000	1,010,000
Percentage of assets	(12.90)%	(0.30)%	13.0%	3.60%	12.50%
Experience losses on liabilities	(67,000)	(1,000)	(1,000)	(16,000)	(2,000)
Present value of liabilities	1,694,000	2,039,000	2,028,000	1,643,000	1,557,000
Percentage of the present value of liabilities	4.0%	0.0%	(0.0%)	(1.0%)	(0.1%)
Acturarial gains/(losses)	80,000	132,000	(66,000)	(20,000)	26,000
Present value of liabilities	1,694,000	2,039,000	2,028,000	1,643,000	1,557,000
Percentage of the present value of liabilities	4.7%	6.5%	(3.3%)	(1.2%)	1.70%

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

This section to be revised and rewritten when the March 2008 triennial valuation report is received.

(c) 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 £TBC (2007: £26,264).