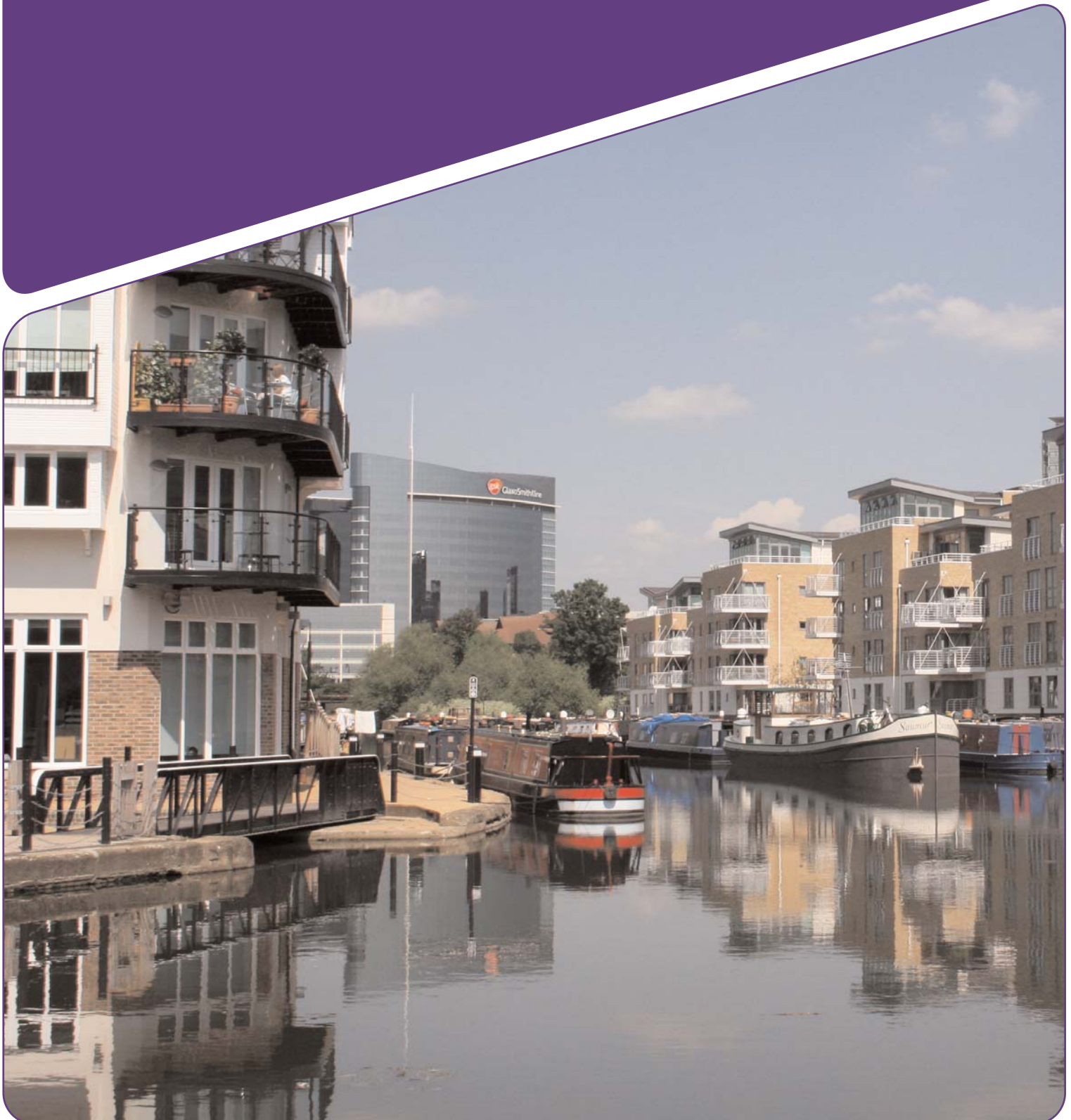




London Borough
of Hounslow

SUMMARY OF ACCOUNTS

2007-2008



INTRODUCTION

The Council's formal accounts are set out in a prescribed format by statute and in accordance with UK Generally Accepted Accounting Practice. These accounts have been audited by KPMG, the Council's external auditor and given an unqualified report (i.e. a clean bill of health).

This document provides a simpler summary of the Council's financial performance during 2007/08 based on the statutory accounts.

If you have any questions on these accounts, or have any comments on whether you have found these accounts useful please let us know.

A full copy of the statement of accounts is available from www.hounslow.gov.uk or alternatively contact the Corporate Accounting Team on 020 8583 2409 or e-mail us at finance.accounting@hounslow.gov.uk

Financial Position 2007/08

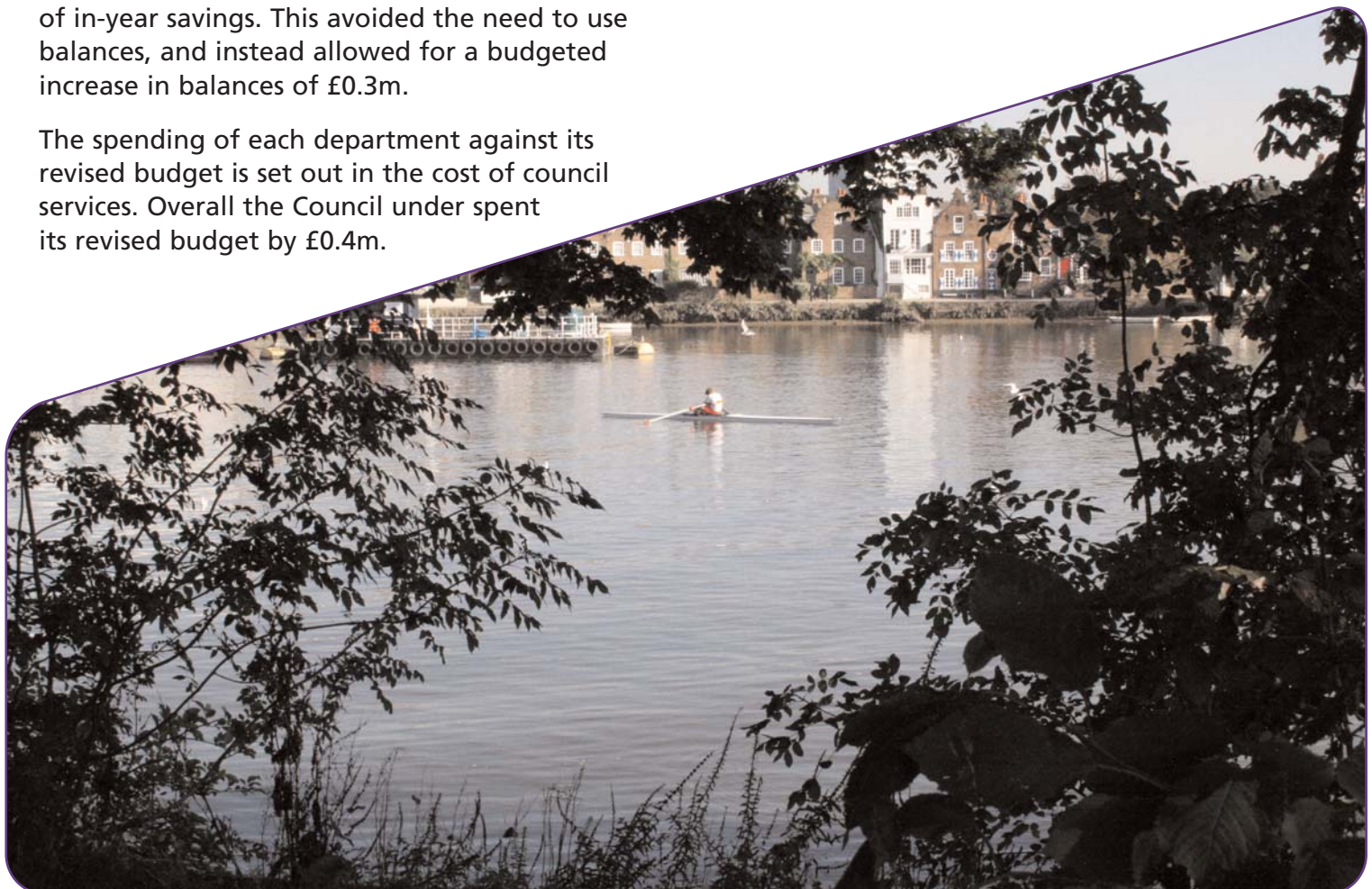
The Council set an original budget in March 2007 at £174.2m after using £2m of balances. During 2007/08 a review carried out as part of the Council's Improvement Plan identified £2.3m of in-year savings. This avoided the need to use balances, and instead allowed for a budgeted increase in balances of £0.3m.

The spending of each department against its revised budget is set out in the cost of council services. Overall the Council under spent its revised budget by £0.4m.

This enabled the Council to increase reserves by more than anticipated, providing a greater than planned increase in funds available for future years.

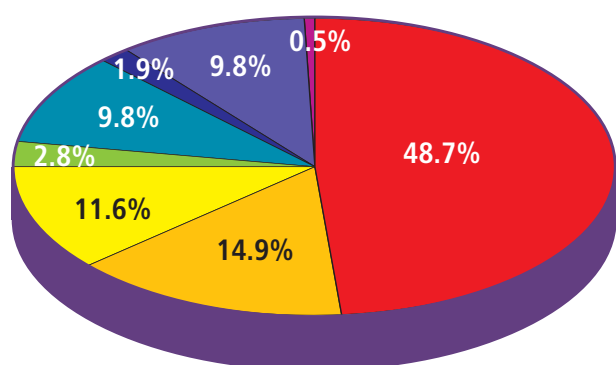
The main reasons for the difference from the revised budget were:

- Interest costs on our outstanding debts were less than anticipated by £4.0m
- The net cost of providing housing benefits was down by £1.5m
- The net cost of providing temporary accommodation was £1.2m less than originally budgeted
- The legal costs for our children's services were £1m greater than budgeted because of a higher than expected number and complexity of the cases
- The council spent £4.7m more on leisure services, including an amount set aside to cover committed costs and costs involved in setting up a new contract



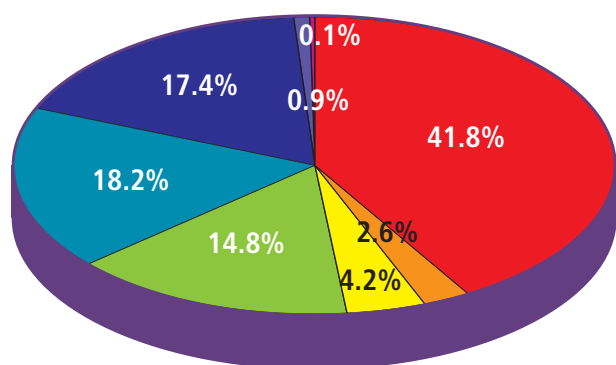
COST OF COUNCIL SERVICES 2007-08

	Revised Budget £m	Actual £m	Variance £m
Chief Executive's Directorate	16.0	15.8	-0.2
Children's Services and Lifelong Learning	51.6	51.5	-0.1
Leisure Services	14.3	18.6	4.3
Street Management and Public Protection	34.4	34.6	0.2
Housing and Community Services	62.9	59.4	-3.5
Other services	-5.3	-6.4	-1.1
Net Expenditure	173.9	173.5	-0.4
Transfers to reserves	0.3	0.7	0.4
Balanced Budget	174.2	174.2	0.0



Analysis of Income

	£m
Specific Grants	298.6m
Council Tax	91.4m
Business Rates	70.9m
Housing Rents	17.3m
Fees, Charges etc	60.4m
General Government Grants	11.9m
Other Grants and Contributions	60.1m
Interest	2.8m
Total	613.4m



Analysis of Expenditure

	£m
Employee Costs	257.1m
Transport Costs	15.8m
Premises Related Costs	25.6m
Running Expenses	90.6m
Housing Benefits	111.5m
Third Party Payments	106.7m
Capital Financing Costs	5.4m
Contributions to Balances	0.7m
Total	613.4m



BALANCE SHEET AS AT 31 MARCH 2008

Balance Sheet as at 31 March 2008	£m
Capital assets and stocks	1,725
Investment and Cash in the bank	49
Money owed to LB Hounslow	85
Money owed by LB Hounslow	-142
Bank overdraft and borrowing	-247
Pensions and other liabilities	-304
	1,167
General Fund Balance	9
Reserves for specific purposes	54
Capital reserves	1,254
Pension Fund reserve	-151
	1,167

Notes to the Balance Sheet

Capital assets include the civic buildings, council houses and vehicles as well as properties held for investment.

Long term borrowing represents £240m of the total amount borrowed.

The pension liability shows the current commitment to pay retirement benefits to existing and future pensioners. The liability is being paid over a fifteen year period.

General Fund Balance is the unused reserves which can be used to fund future service demands and unforeseen circumstances.

Reserves for specific purposes includes amounts held on behalf of schools of £15.2m and for repairs of council housing of £17.5m.

Capital reserves show the technical accounts which include changes in the value of property. This is not money available to the council to spend.

SUMMARY HRA 2007-08

	£m
Rent from Council houses and other property	55
Charges and contributions for services	8
Government subsidy	5
Transfers from reserves	0
	68
Repairs and maintenance to housing	12
General management	13
Services including district heating and wardens	11
Rent, Rates and other Charges	1
Financing costs	27
	64
Surplus for the year	-4

Notes to the HRA

The Housing Revenue Account are the accounts relating to the management and maintenance of the Council's housing properties.

Income is received from rents and charges for services, the costs can only be spent on managing the Council's housing stock, cannot subsidise or be supplemented by council tax.

The management of Hounslow's properties is carried out by Hounslow Homes, an arms length management company owned by the Council.

At the 31 March the Council owned 4,208 houses and bungalows and 9,350 flats and maisonettes.

SPENDING ON CAPITAL PROJECTS

Capital expenditure represents money spent building a sustainable future for Hounslow, either buying new assets or improving our existing assets, in particular Council housing.

Capital Expenditure by Service	£m
Housing	15
Schools	14
Leisure services	1
Street Management and Public Protection	7
Community Services	1
Other Services	4
	42

How Capital Spending was Paid for	£m
Loans and borrowing	9
Receipts from sales and assets	2
Government Grants & Other Contributions	22
Funding from revenue budgets	3
Financing from Reserves	6
	42

CASHFLOW 2007-08

CASH IN	£m
Cash received from Central Government	445
Council tax and Non Domestic Rates	205
Income from sale of goods and services	122
Rents	23
Income from sale of assets	4
	799

CASH OUT	£m
Payments to/on behalf of employees	273
Payments for goods and services	216
Payments to Central Government	117
Housing Benefit payments	92
Purchase of fixed assets	37
Cash Investments and financing costs	62
	797

Overall change in cash	+2
-------------------------------	-----------

The Council holds sufficient funds to meet short term commitments. Surplus funds are invested both in the long and short term to generate additional income in interest.

Central Accountancy

London Borough of Hounslow
Civic Centre, Lampton Road
Hounslow TW3 4DN

Phone: 020 8583 2409

e-mail: Finance.Accounting@hounslow.gov.uk

www.hounslow.gov.uk