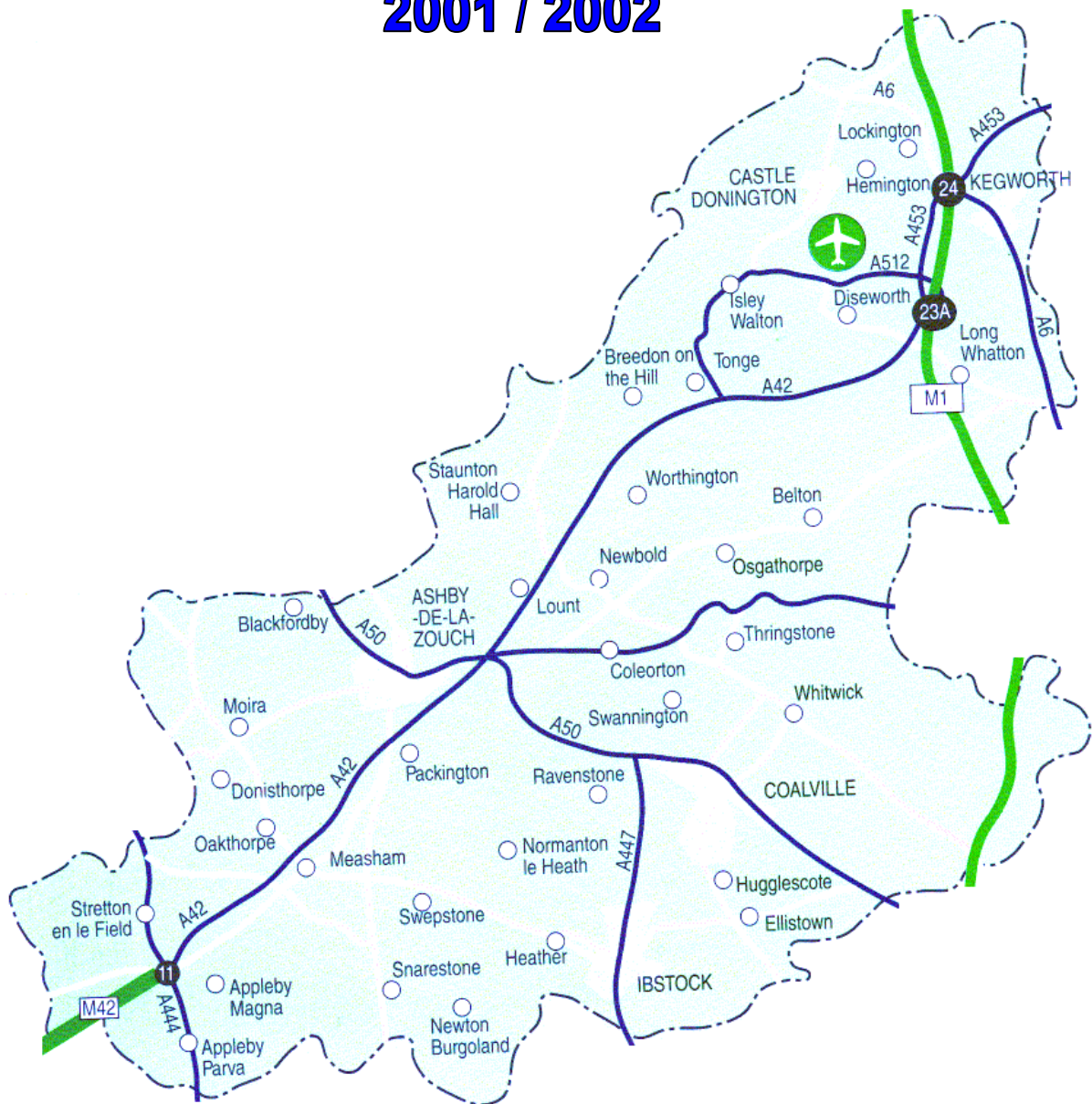




North West LEICESTERSHIRE

DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2001 / 2002



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FOREWORD

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts. The pages which follow are the Council's final accounts for 2001 / 2002 and comprise:-

STATEMENT OF ACCOUNTING POLICIES

This explains the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies, which have been followed in dealing with material items, are explained.

THE CONSOLIDATED REVENUE ACCOUNT

This reports the cost for the year of the major functions for which the Council is responsible and compares that cost with the finance provided from charges made by the Council from the Collection Fund and Central Government.

THE HOUSING REVENUE ACCOUNT

This reflects a statutory obligation to account separately for Local Authority housing provision. It shows the major elements of housing revenue expenditure - maintenance, administration, rent rebates and capital financing costs - and how these are met by rents, subsidy and other income.

THE DIRECT SERVICE ORGANISATION ACCOUNTS

Although not statutory, the accounts show the turnover, total costs and surplus / deficit for each DSO.

CONSOLIDATED BALANCE SHEET

This is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal and its long-term indebtedness, the current assets employed in its operation and summarised information on the fixed assets held. It excludes the Collection Fund.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

This statement brings together all the recognised gains and losses of the authority during the period and identifies which have and have not been recognised in the Consolidated Revenue Account. The statement separates the movements between revenue and capital reserves.

CASH FLOW STATEMENT

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for Revenue and Capital purposes.

COLLECTION FUND

This shows the transactions of the Council as a Charging Authority in relation to Non-Domestic Rates, the general Government grant in aid of the cost of local services and Council Tax. It also illustrates the way in which these have been distributed to Precepting Authorities and the General Fund.

SPECIAL EXPENSES ACCOUNT

This shows the income and expenditure on Special Expenses.

SUMMARY OF THE 2001/2002 FINANCIAL YEAR

ECONOMIC BACKGROUND

In 2001/02, the global economy experienced a sharp downturn in economic activity. The slowdown was pronounced in the U.S.A. and had a serious knock-on effect for the rest of the world. This situation was exacerbated by the terrorist attacks on September 11, which further dented global economic confidence. In an effort to restore confidence, and thereby stimulate economic activity, the world's central banks reduced interest rates throughout the year.

The slowdown in the growth of the global economy had serious implications for the U.K. manufacturing base, already struggling with a high exchange rate for Sterling. This resulted in plant closures and redundancies in the manufacturing sector.

INTEREST RATES

U.K. Bank Base rate commenced the year at 5.75%. In response to the circumstances described above, there were six reductions during the year, to leave Base rate at 4% at the year-end.

BUDGET

The Council incurs revenue and capital expenditure in the year. Revenue spending is generally on items, which are consumed within the year, and is financed by Council Tax, Government Grants and other income. Capital expenditure has to have a life beyond one year and is mainly financed from loans, capital receipts, grant contributions and revenue. The financing of capital expenditure is charged to revenue over a period set in accordance with statutory requirements.

REVENUE SPENDING IN 2001/2002

Net service expenditure, interest income, receipts from the Collection Fund (see page 22) and how these compare in overall terms with budgeted figures for 2001 / 2002 are set out below.

	Original Budget Inc Supp Est	Actual	Variance
	£000's	£000's	£000's
Net Expenditure on Services	8,517	7,878	(639)
	8,517	7,878	(639)
Funded by:-			
Collection Fund Precept	8,061	8,061	0
	8,061	8,061	0
Contribution from Other Funds:	0	38	38
Balance for year - added to / (taken from)	(456)	183	639
Balance brought forward	1,632	1,632	0
Balance carried forward	1,176	1,853	677

The Council spent £7.878m being 92.5% of the budgeted level of £8.517m. £0.712m of savings were identified during the revised estimate process. The majority of this saving was attributable to a reduction of £0.441m on debt repayment together with additional Land Charges income and a reduction in Housing Benefit costs.

By the year end the final underspend against the original budget had reduced slightly to £.639m. The major reasons for this variance were greater than expected costs of Refuse Collection and a reduction in the level of Building Control income.

Balances now stand at £1.853m of which £0.405m has been committed towards financing the 2002 / 2003 budget.

The diagrams below show in broad terms what the Council's money was spent on, the services provided and how spending was funded.

WHAT THE MONEY IS SPENT ON

The following shows how the Council spends its money within the General Fund:-

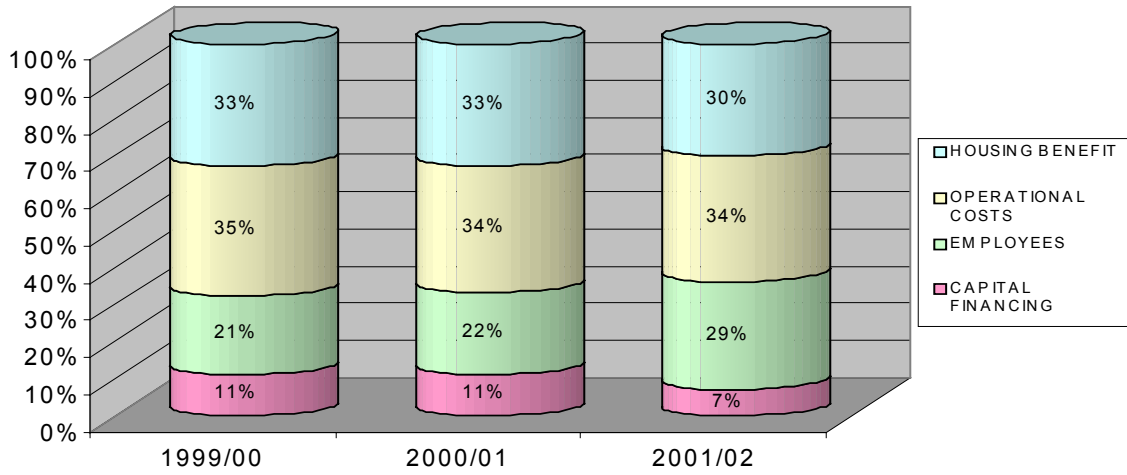
Employees 29%, Operational Costs 34%, Housing Benefits 30% and Capital Financing 7%.

The Council's revenue spending is funded from three main sources.

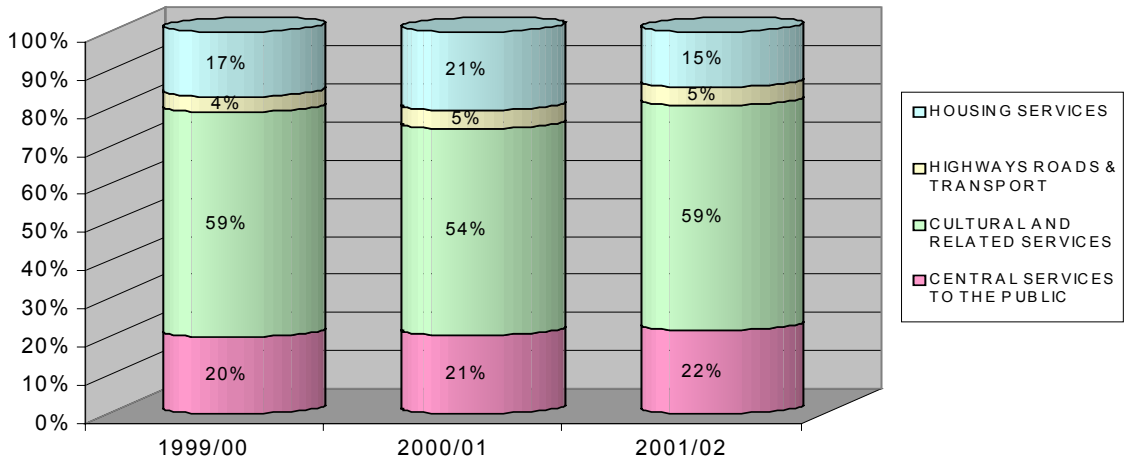
1. The precept on the Collection Fund. 17.41%
2. Specific Grants from the Government. 62.89%
3. Fees & Charges, external contributions and other miscellaneous income. 19.70%

GENERAL FUND SERVICES

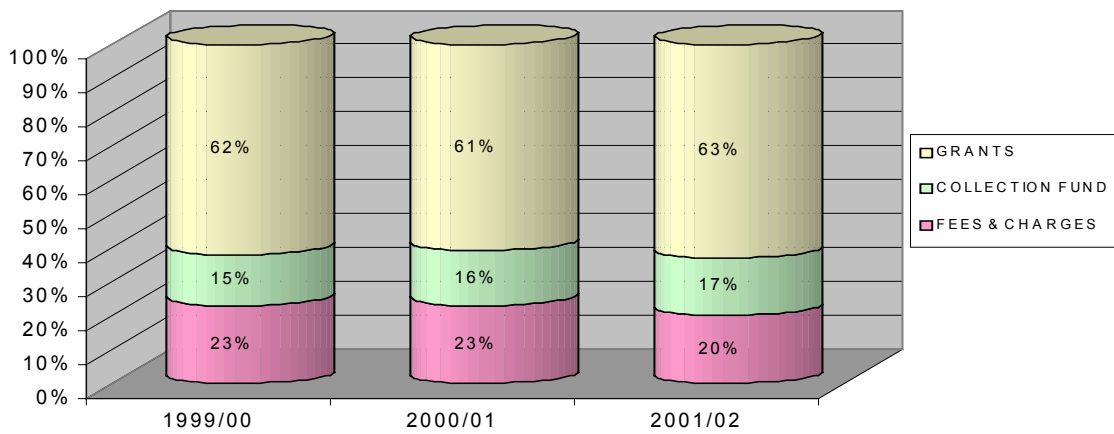
WHERE THE MONEY IS SPENT



THE SERVICES PROVIDED



WHERE THE MONEY COMES FROM



CAPITAL SPENDING 2001/2002

The Council's capital spending in the year was £6.76m (£4.46m 2000/01) compared to a revised programme of £7.285m. The underspend of £0.519m relates to committed schemes not expended in 2001/02 but which are programmed to be completed in 2002/03. Major capital assets acquired and other significant capital expenditure during 2001/02 is set out below:-

	£000's	%
HOUSING		
Improvements & Modernisation's	3,139	46.4
Housing Improvement Grants	658	9.7
OTHER SERVICES		
Whitwick B1 Units	99	1.5
33/37 High Street, Measham	244	3.6
Forest Town Development Project	54	0.8
Ellistown Colliery Reclamation Site	50	0.7
Rawdon Colliery Reclamation Site	292	4.3
Hood Park Leisure Centre	1,914	28.3
Moira Furnace Museum Site	57	0.9
Other Schemes	259	3.8
	6,766	100.0

The 2001 / 2002 Capital Programme was financed as below:-

CAPITAL EXPENDITURE	£000's	%
FINANCED:		
Capital Receipts	752	11.1
Loans	578	8.6
Contribution/Other	813	12.0
Grants	1,735	25.7
Major Repairs Allowance	2,364	34.9
	6,242	92.3
UNFINANCED:		
Grants Receivable	524	7.7
	6,766	100.0

The Capital Expenditure unfinanced was temporarily funded by use of internal funds pending receipt of grant.

HOUSING

The Council continues to be a major provider of rented accommodation in the District. The Housing Revenue Account is shown on page 17.

DIRECT SERVICE ORGANISATIONS

The Council continues to operate 6 Direct Service Organisations and their financial performance is set out on page 21.

THE FUTURE

The Comprehensive Performance Assessment (CPA)

The December 2001 Local Government White Paper 'Strong Local Leadership – Quality Public Services' introduced the concept of 'comprehensive performance assessment' (CPA) for all Councils. These assessments are to be the cornerstone of the Governments' performance framework for local government and be applied to upper tier authorities e.g. County Councils and Unitary Authorities during 2002 and District Councils in 2003

Each council's performance and capacity to improve will be assessed, taking into account local circumstances, bringing together:-

- performance indicator data (on current performance and past trends)
- externally undertaken service based inspections and assessments together with audit reports, and,
- a 'capacity to improve' assessment of the authority as a whole (in which financial management will be a key aspect) undertaken in dialogue with the authority and incorporating an external 'peer review'.

The result, which will be compiled by the Audit Commission will identify authorities in the now proposed four categories of poor, fair, good and excellent, with promised 'freedoms and flexibilities' available to the better performing authorities. The CPA will be an annual process and authorities will be expected to improve their ranking year on year.

The Council has determined that it intends to be in the top performing category by the summer of 2005 and has introduced a new style of working called 'Better Performance – Better Services' to deliver this. Consequently CPA will be demanding of the attention and resources of officers and members over the next 12 to 18 months.

Technical Changes to Financial Accounting

Many technical changes to financial accounting in Local Government are being implemented which will have significant implications for the Council's approach to resourcing its services. These include, closing down the Council's accounts by the 30th June (3 months earlier), merging most service specific capital spending approvals into a 'single pot' for allocations, the promise of the removal of the need for Government approval for borrowing , Capital Strategies and multi-year corporate Asset Management Plans and the introduction of Resource Accounting, 30 year Business Plans and rent restructuring into the Housing Account. All of these are requiring considerable staff time and resources to implement.

Revenue Support Grant (RSG) Distribution – Review

The most significant technical issue currently being addressed continues to be the protracted review of the Government's Revenue Support Grant (RSG) system, which distributes the Governments contribution to local services to Local Authorities.

The current Revenue Support Grant distribution formula was frozen for 3 years from 1st April 1999 (although data changes have continued to affect grant received) to enable resources to be focussed on the review. However, due to the complex technical issues which have arisen and Ministerial changes following the last election, the freeze was extended a further year to cover 2002/03. The outcome of this review will have a significant impact on future resources and, consequently, the Council has been actively inputting its views into the process via the Town and Country Financial Issues Group (TACFIG).

TACFIG is a pressure group, registered with the Local Government Association, consisting of over 60 Authorities who, like the Council, administer areas which are neither predominantly urban nor rural in character but contain characteristics of both. This situation is not properly addressed by the current grant distribution formula and the singular objective of TACFIG's lobbying is to secure a revised grant distribution system which more readily recognises its members resource needs. TACFIG's case, particularly in respect of the impact of the fixed costs of 'being in business' facing District authorities, have found support from other District pressure groups and from Price Waterhouse Coopers, consultants retained by the Department of Transport, Local Government and Regions (DTLR) to research the issue.

THE FUTURE (continued)

In July the Office of the Deputy Prime Minister finally issued a consultation paper on the options for the new Formula Grant which will replace the current RSG.

This document which runs to some 200 pages of complex technical detail, argument and exemplification's covers all areas of the current grant formula and is open to consultation until 30th September 2002. The Government is keen to see the new formula follow the basic structure of :-

Basic allocation	calculated on resident population, plus a
Deprivation top-up	to address issues of special need, plus a
Pay-cost top-up	to compensate areas with high pay-costs, plus
Other top-ups	to recognise specific problems e.g. additional costs incurred in sparsely populated areas.

guided by a number of overriding principles (8)

However, the Government also caveats their position by saying 'the extremely technical nature of the issues means that there is frequently no clear-cut optimum solution. The Government recognises that pragmatic decisions will be needed to produce a workable system'.

Once the outcome of the review is determined the results will be fed into an amended grant distribution system to apply from 2003/04, this position will then be fixed for a 3 year period. In view of this, it is vital that in the meantime the Council takes every opportunity to put its case across and influence the outcome.

Forward Planning

The annual increases in expenditure which arose from the recently announced Government Comprehensive Spending Review offer a degree of insight on future resources which enables service delivery planning to be considered on a medium – term horizon. I am confident, however, that whatever fiscal challenges lie ahead for the Council it is in a sound financial position to meet these and continue with unstinting endeavour to successfully achieve its aim to be classified as top performing by summer of 2005.

Such continuing success can only be achieved by the total commitment of all Councillors and staff alike and I would like to take this opportunity to express my personal gratitude to them for their continued hard work and support in the year.

M R DAVIS CPFA
Director of Resources

STATEMENT OF ACCOUNTING POLICIES

1 GENERAL

The accounts have been prepared in accordance with the latest Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and also with guidance notes issued by CIPFA on the Application of Accounting Standards (SSAP's).

2 BEST VALUE ACCOUNTING - CODE OF PRACTICE (BVACOP)

The BVACOP modernises the system of local authority accounting and reporting to ensure that it meets the changed and changing needs of modern local government; particularly the duty to secure and demonstrate Best Value in the provision of services to the community.

The Service Expenditure Analysis used in the first section of the Consolidated Revenue Account, net cost of services, has been produced in accordance with the CIPFA Best Value Accounting Code of Practice.

3 FIXED ASSETS

The current system of capital accounting requires that all expenditure on fixed assets is capitalised provided that the asset yields a benefit to the Authority for a period of more than one year. Where assets are acquired under operating leases the Authority continues to charge the lease rentals to revenue or in the case of vehicles, to the haulage account. The Authority also adopts the same policy with residual finance leases because of the insignificant value involved. Neither the cost of the assets nor the related liability for future rentals are shown in the balance but are disclosed in the notes. During the year the Authority maintained its De Minimus limit for assets which are included in the accounts at £5,000.

4 DEPRECIATION AND IMPAIRMENT

Depreciation is provided for on all assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy: -

- (i) Newly acquired assets have been depreciated from the point of the year they become operational. Assets under construction are not depreciated until brought into use.
- (ii) Depreciation is calculated using the straight-line method.

A desk top exercise of all Council Properties was undertaken by Ms L Baines (MRICS) Estates officer in the Technical and Contracting Division of the Authority as at 31st March 2002. The following asset impairment was identified: a reduction in valuation of £674,000 for Coalville Market.

5 CHARGES TO REVENUE

From 1st April 1995, general fund service revenue accounts and DSO's are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net asset values. The aggregate charge to individual services is determined on the basis of the capital employed in each service. The charge made to the housing revenue account is an amount equivalent to the statutory capital financing charges.

External interest payable and the provision for depreciation are charged to the asset management revenue account, which is credited with capital charges charged to services. Any excess/deficit of notional capital charges over actual are reflected in the Consolidated Revenue Account under the heading Asset Management Account thus ensuring a neutral impact on the amounts to be raised from local taxation.

Amounts set aside from revenue for the repayment of external loans, financing of capital expenditure and/or transfers to other earmarked reserves are disclosed separately as appropriations, in the consolidated revenue account, below Net Operating Expenditure. Under the Local Government and Housing Act 1989, the minimum provision for repayment of external debt is 4% for General Fund Services and 2% for the Housing Revenue Account.

6 DEFERRED CHARGES

Deferred charges represent expenditure which may be properly capitalised but which gives no tangible fixed assets. The main expenditure incurred is in respect of improvement grants and land reclamation works. With effect from 1st April 1995, a policy of charging 100% of such expenditure to service revenue accounts was introduced.

7 CAPITAL RECEIPTS

Following the implementation of the Local Government and Housing Act 1989, Section 59, a proportion of all capital receipts from the disposal of assets must be set aside in a "Capital Financing Reserve" account (this replaces the provision for credit liabilities account from 1st April 1995), to either, repay existing debt, or as a substitute for future borrowing. This amount is known as the "reserved part" and cannot be used to enhance capital spending. The percentages that have been prescribed for the "reserved part" to be set aside are: -

75% of receipts from the disposal of dwellings
50% of all other receipts

However the relaxation granted on 1st September 1998 that all General Fund Asset Sales became 100% usable continued throughout the current year. The usable part of capital receipts whether 100% 50% or 25% is used to enhance capital spending and until such time as that occurs it is held in a Capital Receipts Unapplied Account.

8 DEBTORS AND CREDITORS

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and SSAP 2. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this are quarterly payments for electricity etc. and wages. These are charged at the time of meter reading/payment and charges are not apportioned between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts.

9 STOCKS AND WORKS IN PROGRESS

Stocks are valued at the latest price paid. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is not material.

Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

10 COSTS OF SUPPORT SERVICES

Support services are the internal activities of the Council of a professional, technical and administrative nature to support the Direct Services it provides to the public. These are basically made up of Service Management and Corporate and Democratic Core. The costs of Service Management are fully charged to services on the basis of Service Level Agreements in accordance with the CIPFA Best Value Accounting - Code of Practice. Corporate and Democratic Core costs are allocated to a separate objective expenditure head, and are not recharged.

11 PROVISIONS

The Council sets aside provisions for specific future expenses, which are likely or certain to be incurred, but the amount cannot yet be determined accurately. The main provisions are Housing Rents Doubtful Debts, Community Charge (Poll Tax), Council Tax and National Non-Domestic Rates uncollectables (including future liabilities to the N.N.D.R. Pool). The Council maintains a D.S.O. Replacement Inventory Provision.

12 RESERVES

Revenue Reserves result from events which have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. Reserves of this nature are available and can be spent or earmarked at the discretion of an authority. Examples of earmarked reserves include asset protection funds and service efficiency savings. In addition, the Council maintains several DSO reserves to meet the cost of replacing plant and equipment, funded from surpluses generated by the DSO.

13 INTERNAL INTEREST

Since the implementation of the new system for accounting for Capital only the Housing Revenue Account receives interest on the level of its balance. This interest is calculated using the rate of return earned on external investments.

14 INVESTMENTS

Investments are shown in the General Fund Balance Sheet at cost.

15 DEFERRED PURCHASE SCHEME

An exempt deferred purchase arrangement for £1.5m was entered into with Morgan Grenfell to enable the Council to build the Whitwick Business Units. The total amount of principal now deferred is £220,125 (£319,410 – 2000/2001).

16 GOVERNMENT GRANTS

Grants and subsidies have been credited to the appropriate revenue accounts and capital accounts with accruals being taken into accounts for balances known to be receivable for the period prior to 31st March 2002.

CONSOLIDATED REVENUE ACCOUNT

2000/01		NOTES	2001/02		
Net Expenditure			Gross Expenditure	Income	Net Expenditure
£	SERVICE EXPENDITURE ANALYSIS		£	£	£
1,881,547	Central Services		2,541,244	(545,661)	1,995,583
4,973,150	Cultural And Related Services		7,231,812	(1,785,161)	5,446,651
431,883	Highways, Roads And Transport Services		504,297	(40,185)	464,112
1,899,774	Housing Services	3	7,623,378	(6,270,133)	1,353,245
9,186,354	NET COST OF GENERAL FUND SERVICES		17,900,731	(8,641,140)	9,259,591
(42,641)	Housing Revenue Account	8	20,276,316	(20,559,254)	(282,938)
9,143,713	NET COST OF SERVICES		38,177,047	(29,200,394)	8,976,653
	OTHER OPERATING INCOME & EXPENDITURE				
706,995	Precepts And Levies	1	751,372	0	751,372
216,817	Trading Account Surpluses And Deficits	7	647,980	(815,491)	(167,511)
(733,536)	Asset Management Revenue A/C Balance	14	0	(25,195)	(25,195)
(374,718)	Interest And Investment Income		0	(454,605)	(454,605)
177,567	Net (Surplus) / Deficit From DSO's	11	5,185,074	(5,121,880)	63,194
9,136,838	NET OPERATING EXPENDITURE		44,761,473	(35,617,565)	9,143,908
	APPROPRIATIONS:				
42,641	Surplus/(Deficit) transferred to/(from) HRA Balances				282,938
7,411	Release of Government Grant				7,790
(85,838)	Transfer of HRA Negative Subsidy to General Fund				0
(59,874)	Contribution to/(from) Earmarked Reserves				
26,973	Revenue Reserve				(38,454)
(177,567)	Capital General				374,389
(26,973)	D.S.O. Reserve				(63,194)
(26,973)	Contribution to/(from) Capital Reserves:				
393,835	Financing of Capital Expenditure				(374,389)
(1,055,151)	Provision for Repayment of External Loans				(241,664)
	Deferred Charges				(506,505)
8,202,295	AMOUNTS TO BE MET FROM GOVERNMENT GRANTS & LOCAL TAXPAYERS				8,584,819
(3,601,235)	Precept Demanded from the Collection Fund				(3,916,972)
(1,386,182)	Revenue Support Grant				(1,670,628)
(3,237,459)	Contribution from NNDR Pool				(3,225,002)
(22,581)	(SURPLUS)/DEFICIT FOR THE YEAR				(227,783)
1,609,293	Balances at 1st April 2001				1,631,874
22,581	Surplus/(Deficit)for the year				227,783
1,631,874	Balance at 31st March 2002				1,859,657

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 DISTRICT EXPENDITURE REQUIREMENT

The District Precept for the year was £8,061,230 (£7,522,020 – 2000/2001). The Parish Precepts for the year amounted to £751,372 (£702,856 – 2000/2001).

2 SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972 as amended by Section 36 of the Local Government and Housing Act 1989 enabled local authorities to incur expenditure which in their opinion was in the interest of their area or any part of it, or all or some of its inhabitants but for which no specific statutory power exists.

Part One of the Local Government Act 2000 provides local authorities with a power to take any steps which they consider are likely to promote or improve the economic, social or environmental well being of their local community. Thus removing the restrictions and limitations of Section 137 expenditure.

3 REIMBURSEMENT OF HOUSING BENEFIT

Housing Benefit is administered by the Council. The cost of all rebates (rent and council tax) is mostly reimbursed by Government. The net cost to the General Fund is £614,465 (£601,853 - 2000/2001).

4 ADVERTISING & PUBLICITY

Section 5 of the Local Government Act 1986 requires the Council to keep a separate account of their expenditure on advertising and publicity. During the year the following expenditure was incurred: -

ADVERTISING & PUBLICITY EXPENSES	2000/01 £	2001/02 £
Recruitment & Advertising	80,903	89,636
Other Advertising	46,251	55,258
Civic Newsletter	9,088	13,042
Best Value Performance Plan	11,575	3,296
Publicity & Promotion	84,145	104,577
Other Publicity	2,439	0
TOTAL	234,401	265,809

5 BUILDING CONTROL ACCOUNT

The Building Control (Local Authority Charges) Regulations 1998 came into force on 1 April 1999. The regulations require local authorities to prepare systems within which they will determine and recover charges for the performance of the prescribed building regulation control functions.

The statement below shows the total cost of the Building Control function split between the fee earning and non-fee earning work. The statement shows that over the first three year period of the scheme's operation sufficient income has been recovered from the fee earning work.

BUILDING CONTROL	1999/00 £	2000/01 £	2001/02 £	3 Year Total £
FEE EARNING WORK				
Expenditure	128,631	121,766	144,233	394,630
Fee Income	305,777	282,495	238,061	826,333
(SURPLUS) / DEFICIT	(177,146)	(160,729)	(93,828)	(431,703)
NON FEE EARNING WORK				
Expenditure	71,221	125,395	88,967	285,583
Fee Income	0	(658)	(2,347)	(3,005)
(SURPLUS) / DEFICIT	71,221	124,737	86,620	282,578
TOTAL	(105,925)	(35,992)	(7,208)	(149,125)

6 AGENCY SERVICES

Up until the 31st March 2002, the Council, on behalf of Leicestershire County Council carried out repairs and maintenance to highways on an agency basis for which it bore a residual amount of administration costs. Total expenditure in 2001/2002 was £657,212 (2000/2001 - £734,477), of which £625,202 (2000/2001 £667,979) was reimbursed and £32,010 (2000/2001 - £66,498) was borne by the Council. The responsibility for the maintenance of highways was passed back to Leicestershire County Council with effect from 1st April 2002.

7 TRADING OPERATIONS

The BVACOP requires separate trading accounts to be kept for services that an authority determines to be provided on a trading basis. The main trading activities are the letting of Industrial / Business Units throughout the district and a Market Hall at Coalville.

The financial results of these operations are shown in the table below.

TRADING OPERATIONS	2000/01 £	2001/02 £
INDUSTRIAL UNITS		
* Expenditure	576,277	308,955
Income from Rents	479,367	486,423
(Surplus) / Deficit	96,910	(177,468)
* 2000/01 includes asset rental charges of £289,660		
MARKET UNDERTAKINGS		
* Expenditure	271,544	174,571
Income from Rents	176,394	183,821
(Surplus) / Deficit	95,150	(9,250)
* 2000/01 includes asset rental charges of £110,100		
TOTAL (SURPLUS) / DEFICIT	192,060	(186,718)

Additional Internal Trading Accounts are maintained for support services provided in a limited internal market. The unallocated balance on these accounts at the year-end amounted to £19,207 (2000/2001 - £24,757).

8 The Housing Revenue Account and Notes to the Account are shown on Pages 17 to 20.

9 Economic Development Powers - the Local Government and Housing Act 1989 Part III requires Local Authorities to account separately for loans made in exercise of their Economic Development powers at rates of interest less than reasonably obtainable in the open market.

10 LEASES

The Council's policy is generally to acquire the use of vehicles and equipment through operating leases. The capital value of assets leased during the year under operating leases was £1,024,034 (2000/01 - £227,524) and the total capital value of lease agreements at 31st March was £2,863,180 (2000/01 - £2,109,524) of which £1,618,405 (2000/01 - £1,137,605) is outstanding. The actual liability outstanding at 31st March 2002, was £1,747,195 (2000/01 - £1,235,722). Lease rentals and hire purchase payments charged to revenue accounts during the year amounted to £631,567 (£573,334 in 2000/2001).

11 DIRECT SERVICE ORGANISATIONS

The Council continues to operate 6 Direct Service Organisations and their financial performance is set out on page 21.

12 PENSIONS

The Council participates in the Local Government Pension Scheme for employees, which is administered by Leicestershire County Council.

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The cost to the Authority of pensions paid in 2001/02 was £848,978 (2000/2001 - £685,119), representing 11.76% (2000/2001 – 10.06%) of the employees total pensionable pay.

In addition the Council is responsible for all pension payments relating to added years it has awarded. In 2001 / 02 these amounted to £107,305 (2000/2001 - £107,264), representing 1.49% (2000 / 2001 - 1.57% of the employees total pensionable pay. The level of the Council's pension contributions is governed by the Superannuation Regulations. This may potentially conflict with the accounting requirements of SSAP24, which requires that all future pension liabilities be funded fully by employers.

In accordance with the actuary's valuation of the Superannuation Fund as at 31st March 2001, the contribution rate set for the next valuation date is intended to ensure full funding of the scheme and thus satisfy the requirements of SSAP24. The Rate of Contribution payable over the next year expressed as a percentage of employees' contributions is 195%.

The Annual Report of the Leicestershire County Council Superannuation Fund is available from Leicestershire County Council, County Hall, Glenfield.

13 MINIMUM REVENUE PROVISION

Capital financing costs charged to the Consolidated Revenue Account includes debt repayment of £186,035 (this amount being the statutory minimum revenue provision).

14 TRANSACTIONS IN THE ASSET MANAGEMENT REVENUE ACCOUNT

	£000's	£000's
Income		
Capital Charges - General Fund	916	
Capital Charges - H.R.A.	11,137	12,053
Expenditure		
Provision for depreciation	2,795	
External Interest Charges	1,508	
Adjusting Transfer to HRA	7,619	11,922
Excess Capital Charges in District & Special Services Revenue A/c's		131
Excess Credited to:		
District Consolidated Revenue Account		25
Special Expenses Account		106
		131

15 MEMBERS' ALLOWANCES

The total value of Members Allowances paid during the year was £148,254 (£145,390 – 2000/2001).

16 OFFICERS EMOLUMENTS

The number of employees whose remuneration, including redundancy payments but excluding pension contribution was £40,000 or more in bands of £10,000 were:

<u>Remuneration Band</u>	<u>Number of Employees</u>	
	<u>2000/01</u>	<u>2001/02</u>
£40,000 - £49,999	9	6
£50,000 - £59,999	0	3
£60,000 - £69,999	1	1

17 RELATED PARTY TRANSACTIONS

During the year transactions with related parties arose as follows:

	<u>Receipts</u>	<u>Payments</u>
	<u>£'000</u>	<u>£'000</u>
Central Government		
Revenue Grants	9,979	
Capital Grants	169	
Leicestershire County Council - Precept		20,675
Leicestershire Police - Precept		2,193
Councillor N. Rushton	9	
<i>Represents rental income received in respect of Ashby Town Hall from Dunkin Rushton Ltd, of which Councillor Rushton is a majority shareholder.</i>		

HOUSING REVENUE ACCOUNT

2000/2001			2001/2002	
£	£		£	£
	10,123,701	INCOME		
72,191		Rents - Dwellings		10,338,325
16,953		Rents - Garages / Sites	74,628	
(2,682)		Rents - Shops	16,055	
		Rents - Other	13,445	
	86,462			104,128
	271,152	Charges for Services and Facilities		268,711
	598	Governmental Grants - Rent Rebates / HRA Subsidy		2,080,684
	44,356	Contributions - Rent Rebates		41,440
	10,526,269	TOTAL INCOME		12,833,288
		EXPENDITURE		
	2,685,330	Repairs & Maintenance		2,301,630
		Supervision & Management		
		- General	902,024	
905,373		- Special	1,121,348	
1,089,138				2,023,372
	1,994,511	Capital Charges		
		- Depreciation (M.R.A.)	2,633,590	
0		- Capital Charges (6%)	8,503,768	
0				11,137,358
	0	Rent Rebates		4,493,642
	4,422,474	Transfer of HRA Negative Subsidy to General Fund		0
	85,838	Bad or Doubtful Debts		40,000
	35,000	Debt Management Expenses		14,067
	20,389			
	9,243,542	TOTAL EXPENDITURE		20,010,069
	(1,282,727)	NET COST OF SERVICES		7,176,781
		Adjusting Transfer from Asset Management Account		(7,619,188)
		Capital Charges - Interest		
		- Item 8	0	
		- H & B Interest	0	
		Interest Receivable		0
		- S.O.C.H.	(20,443)	
1,003,912		- Balances	(86,335)	
16,720				(106,778)
	1,020,632	NET OPERATING EXPENDITURE		(549,185)
		Appropriations		
		Housing Set Aside		
		- MRP	266,247	
		- H & B Principal	0	
273,540				266,247
10,234				
	283,774	(SURPLUS) / DEFICIT		(282,938)
	(42,641)	Balance brought forward 1 April		(545,549)
		Other Contributions		(2,844)
	(502,908)	Balance Carried Forward 31 March		(831,331)
	0			
	(545,549)			

NOTES TO THE HOUSING REVENUE ACCOUNT

1 MOVEMENT IN DWELLING STOCK

The Council was responsible for managing 4,981 dwellings during 2001/2002. The movement in the stock was as follows:-

	2000/2001	2001/2002
Stock at 1st April	5,154	5,084
Less: Sales	66	103
Demolitions	0	0
Stock Transfer	0	0
Conversions	4	6
Add: Acquisitions (Buckingham Road)	0	6
	5,084	4,981

2 PROPERTY TYPES IN DWELLING STOCK

The properties owned by the Council at 31st March 2002 comprise the following:-

	Flats	Bungalows	Houses	Total
Bedsits	125	8	0	133
1 Bedroom	558	320	0	878
2 Bedroom	371	478	458	1,307
3 Bedroom	10	7	2,467	2,484
4 Bedroom	0	0	176	176
5 Bedroom	0	0	3	3
Total	1,064	813	3,104	4,981

3 BALANCE SHEET VALUE OF AUTHORITY'S HOUSING STOCK

	Balance as at 1st April 2001	Balance as at 31st March 2002
Dwellings	128,894,542	148,165,299
Other Land and Buildings	3,288,630	3,215,980
Vehicles, Plant & Equipment	0	0
OPERATIONAL ASSETS	132,183,172	151,381,279
Investment Properties	142,500	142,500
NON OPERATIONAL ASSETS	142,500	142,500
TOTAL	132,325,672	151,523,779

The vacant possession value of dwellings within the Authority's HRA as at 31st March 2002 was £238,976,295. The vacant possession value and balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rents.

4 RENT INCOME

This is the total rent income due for the year after an allowance is made for voids etc. Average rents were £39.81 per week in 2001/2002 (2000/2001 - £38.33) there being an average increase of 3.9% (2000/2001 - 3.4%) over the previous year. During the year 1.3% (2000/2001 - 1.7%) of lettable properties were vacant.

Rent income can be analysed as follows:-

	2000/2001 £	2001/2002 £
Collectable from Tenants	5,618,109	5,704,085
Rent Rebates	4,505,592	4,634,240
	10,123,701	10,338,325
Non - Dwelling Rents	86,462	104,128
	10,210,163	10,442,453

5 RENT ARREARS

During the year rent arrears, as a proportion of gross rent income was 3.8% (2000 / 01 - 3.6%). The arrears figures are as follows:-

Arrears at 31st March	2000/2001	2001/2002
	£	£
Former and Current Tenants	367,820	391,930

Amounts written off during the year were £19,277 (2000 / 01 - £40,455). At 31st March the Provision for doubtful debts stood at £163,061 (2000/01 - £142,338).

6 MAJOR REPAIRS RESERVE

	2001/2002
	£
Balance at 1st April 2001	0
Amounts transferred to Reserve during year	(2,633,590)
Amounts transferred from Reserve to finance Capital Expenditure	2,363,709
Balance at 31st March 2002	(269,881)

7 CAPITAL EXPENDITURE & RECEIPTS

Total Capital Expenditure on land, houses and other property within the authority's H.R.A. during the financial year is £3,138,483. The sources of funding are shown below:-

	2001/2002
	£
Useable Capital Receipts	704,809
Contribution	69,965
Major Repairs Reserve	2,363,709
	3,138,483

Total Capital Receipts from disposals of Council Dwellings within the authority's H.R.A. stock during the financial year were £2,904,140.

8 CAPITAL CHARGES

	2001/2002
	£
Cost of Capital Charges	
6% * Net Book Value	8,503,768
Impairment	0
Deferred Charges	0
Depreciation - Dwellings	2,633,590
- Other	0
	11,137,358
Capital Asset Charges Accounting Adjustment:	
Interest * Mid Year Credit Ceiling	878,706
6% * Net Book Value + Deferred Charges + Impairment	(8,503,768)
	(7,625,062)
	3,512,296

9 DEPRECIATION

The total charge for depreciation for land, houses and other property within the authority's H.R.A. during the financial year is £2,633,590.

	2001/2002
	£
OPERATIONAL ASSETS	
Dwellings	2,633,590
Other Land and Buildings	0
Vehicles, Plant & Equipment	0
	2,633,590
NON OPERATIONAL ASSETS	
Shops	0
TOTAL OPERATIONAL ASSETS	2,633,590

10 H.R.A. SUBSIDY

A breakdown of the amount of H.R.A. subsidy payable to the authority for the financial year is provided below:-

	2001/2002
	£
Management & Maintenance	4,019,605
Major Repairs Allowance	2,633,590
Charges for capital	1,461,790
Tenant Participation Compacts	16,249
Resource Accounting	33,296
Interest on receipts	(23,559)
Guideline Rent Income	(10,586,375)
Housing element entitlement	(2,445,404)
Rent Rebate entitlement	4,526,088
H.R.A. SUBSIDY ENTITLEMENT	2,080,684

DIRECT SERVICE ORGANISATION ACCOUNTS

2000/2001		2001/2002		
(SURPLUS) / DEFICIT		TURNOVER	COSTS	(SURPLUS) / DEFICIT
£		£	£	£
71,885	Building Maintenance & Highways Works	1,463,005	1,548,843	85,838
(4,866)	Grounds Maintenance	520,201	528,375	8,174
(1,289)	Vehicle Maintenance	243,782	246,406	2,624
70,326	Refuse Collection (Note 3)	848,403	848,403	0
(10,110)	Street Cleansing	416,882	393,567	(23,315)
0	Leisure Services (Note 4)	1,629,607	1,629,607	0
	OTHER			
51,621	Drainage Related Cleansing	0	0	0
177,567		5,121,880	5,195,201	73,321
0	Grossing up of Superannuation - adjustment			(10,127)
177,567				63,194

2000/2001		2001/2002
£		£
	DSO RESERVES:	
355,904	Balance Brought Forward	133,721
16,265	Contributions to Reserves	0
(10,000)	Contribution to General Fund Reserves	0
(228,448)	Contributions from Reserves	(81,947)
133,721	Balance Carried Forward	51,774
	DSO PROVISIONS	
23,714	Balance Brought Forward	17,921
17,792	Contributions to Provisions	56,892
(23,585)	Contributions from Provisions	0
17,921	Balance Carried Forward	74,813

NOTES

- 1 The provisions within the Local Government Acts (1980, 1988 and 1992) which required authorities to submit specified activities to Compulsory Competitive Tendering were abolished and replaced with a duty to provide Best Value in January 2000. The authority has complied with CIPFA recommendation and continued operating Trading Accounts for these services.
- 2 The above statement summarises the DSO's financial performance during 2001 / 2002.
- 3 The DSO Refuse Collection service made a deficit during the year of £36,412, which was transferred to the General Fund revenue account, included within the service expenditure analysis on page 12.
- 4 The costs shown against the Leisure Services DSO include a provision of £56,892 which is transferred to the Direct Leisure Service Replacement Inventory Provision.

COLLECTION FUND ACCOUNTS

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

2000/2001		2001/2002	
£		£	£
	INCOME		
178,468	Balance Brought Forward		113,315
22,791,070	Council Tax		24,757,569
2,487,311	Transfers from General Fund:- Council Tax Benefit		2,598,217
46,756	Council Tax Benefit Subsidy Limitation - L.C.C.	93,002	
1,165	Council Tax Benefit Subsidy Limitation - Police	16,175	
30,307,472	Business Ratepayers		109,177
55,812,242			32,433,921
	EXPENDITURE		
	Precepts:-		
19,168,716	L.C.C.	20,674,737	
1,933,857	Leicestershire Police	2,192,971	
6,838,694	N.W.L.D.C.	7,141,974	
460,120	Specials	471,800	
28,401,387			30,481,482
	Estimated Surplus Paid:-		
90,454	L.C.C.	10,339	
9,178	Leicestershire Police	1,043	
99,632			11,382
	Business Rate:-		
26,660,546	Payment to National Pool	29,013,464	
409,467	Costs of Collection	195,454	
27,070,013			29,208,918
55,571,032			59,701,782
	Provision for Uncollectables:-		
144,259	Council Tax	119,666	
(16,364)	Community Charge	(12,091)	
127,895			107,575
113,315	Balance carried forward		202,842
55,812,242			60,012,199

NOTES TO THE COLLECTION FUND ACCOUNTS

1 GENERAL

This account represents the statutory requirements for Billing authorities to maintain a separate Collection Fund. The account is consolidated with the Council's accounts.

2 COUNCIL TAX

The Council's tax base ie. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent of band D dwellings, was calculated as follows:-

Band	Estimated No. Of Taxable Properties after effect of Discounts	Ratio	Band 'D' Equivalent Dwellings
A(-)	19.00	5/9	11
A	8,027.67	6/9	5,352
B	10,502.71	7/9	8,169
C	5,835.51	8/9	5,187
D	4,535.45	9/9	4,535
E	2,681.21	11/9	3,277
F	1,222.46	13/9	1,766
G	672.51	15/9	1,121
H	30.50	18/9	61
	33,527.02		29,479
Less: Adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties.			442
COUNCIL TAX BASE			29,037

3 INCOME FROM BUSINESS RATEPAYERS

Under the arrangements for uniform business rates, the Council collects Non-Domestic Rates for its area which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn pays back to Authorities their share of the pool based on a standard amount per head of resident population.

The total Non-Domestic Rateable Value at the 31st March 2002, was £83,716,907 (£78,776,291 - 31st March 2001).

The national non-domestic multiplier for the year was 43.0p (41.6p - 2000/2001).

4 PRECEPTS AND DEMANDS

	£000's
Leicestershire County Council	20,675
Leicestershire Police	2,193
North West Leicestershire District Council	8,533
Parish Councils	751
	32,152

CONSOLIDATED BALANCE SHEET YEAR ENDED 31ST MARCH

2001		2002		NOTE
£		£	£	
	FIXED ASSETS			
	Operational assets:-			
128,894,542	Council Dwellings	148,165,299		
14,402,770	Other Land & Building	16,549,534		
219,180	Community Assets	135,360		
723,200	Infrastructure Assets	723,200		
54,443	Vehicles, Plant & Equipment	92,777		
144,294,135		165,666,170		
	Non-Operational Assets:-			
9,535,301	Investment / Surplus Properties	8,642,211		
153,829,436			174,308,381	1
474,499	Long-Term Debtors		256,515	2
154,303,935	TOTAL LONG TERM ASSETS		174,564,896	
	CURRENT ASSETS			
7,740,133	Investments	6,488,714		3
256,817	Stock & W.I.P.	212,645		4
4,204,744	Debtors	4,924,385		5
56,840	Cash in Hand	0		
12,258,534			11,625,744	
	CURRENT LIABILITIES			
7,787,264	Creditors	5,814,958		6
1,270,030	Temporary Borrowing	267,433		7
0	Cash overdrawn	37,867		
9,057,294			6,120,258	
3,201,240	NET CURRENT ASSETS		5,505,486	
157,505,175	TOTAL ASSETS		180,070,382	
	FINANCED BY:-			
19,272,056	Long-Term Borrowing	19,147,338		8
604,285	Deferred Liabilities	494,549		8
267,285	Deferred Capital Receipts	235,408		9
349,641	Government Grants Deferred	1,632,718		
246,438	Capital Grants Unapplied	410,762		
21,181,538	Capital Financing Reserve	24,273,422		10
106,266	Usable Capital Receipts	151,056		11
0	Major Repairs Reserve	269,881		
	Reserves:-			
1,201,602	Capital Reserve	870,842		12
113,315	Collection Fund Reserve	202,842		13
1,216,926	General Fund Reserve	1,392,843		14
47,224	H.R.A. Reserve	25,210		14
133,721	DLO Reserve	51,774		14
110,415,903	Fixed Asset Restatement Res.	128,042,077		15
17,921	Provisions	74,813		16
	Revenue Balances:-			
1,631,874	General Fund	1,859,657		17
545,549	H.R.A.	831,331		17
99,821	Special Expenses	108,841		17
53,810	Transport Account	(4,982)		17
157,505,175			180,070,382	

1 FIXED ASSETS

Movement of Fixed Assets	Council Dwellings	Other Land & Building	Vehicles, Plant & Equipment	Community Assets	Infrastructure Assets	Investment / Surplus Assets	Authority's Balance Sheet	De-Minimus Assets	Total
	£	£	£	£	£	£	£	£	£
Net Book Value as at 1st April 2001	128,894,542	14,402,770	54,443	219,180	723,200	9,535,301	153,829,436	78,609	153,908,045
Revaluation / Restatements	(26,937)	83,820	0	(83,820)	0	(48,039)	(74,976)	0	(74,976)
Revised Book Value 01/04/01	128,867,605	14,486,590	54,443	135,360	723,200	9,487,262	153,754,460	78,609	153,833,069
Transfers Between Categories	0	512,167	0	0	0	(433,837)	78,330	(78,330)	0
Additions	182,957	7,500	0	0	0	0	190,457	0	190,457
Disposals	(3,259,286)	0	0	0	0	0	(3,259,286)	0	(3,259,286)
Capital Expenditure	3,138,483	2,269,270	47,348	0	0	192,712	5,647,813	0	5,647,813
Expenditure Not Enhancing Value	(704,809)	(355,566)	0	0	0	0	(1,060,375)	0	(1,060,375)
Revaluation's & Restatements	22,573,939	(217,989)	0	0	0	(603,926)	21,752,024	79,818	21,831,842
Book Value as at 31st March 2002	150,798,889	16,701,972	101,791	135,360	723,200	8,642,211	177,103,423	80,097	177,183,520
Depreciation for year	(2,633,590)	(152,438)	(9,014)	0	0	0	(2,795,042)	(348)	(2,795,390)
Net Book Value as at 31st March 2002	148,165,299	16,549,534	92,777	135,360	723,200	8,642,211	174,308,381	79,749	174,388,130

Analysis of assets employed by various funds of the Authority as at 31st March		
	2001	2002
	£	£
General Fund	21,582,373	22,864,351
Housing Revenue Account	132,325,672	151,523,779
	153,908,045	174,388,130

Fixed Assets Valuation

The fixed assets shown in the Balance Sheet are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice. The different types of assets have been valued on the following basis:

- (i) Operational assets are included in the balance sheet at open market value in existing use or depreciated replacement cost where the asset is of a specialist nature, i.e. there is no market for such an asset.
- (ii) Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at open market value.
- (iii) Infrastructure and community assets are included in the balance sheet at historic cost, net of any depreciation.
- (iv) Council dwellings have been valued using the beacon principal, where a typical property is valued as being representative of a particular house type and location. The valuation for each of the beacon properties selected was on the basis of existing use value – Social Housing.

A desk top exercise of all Council Properties was undertaken by Ms L Baines (MRICS) as at the 31st March 2002 with the resultant increase in value of Council Dwellings by £22.6m.

In accordance with the Authorities five year rolling valuation programme a number of assets were revalued as at 31.03.2002. These valuations were undertaken by Ms L Baines (MRICS) Estates officer of the Technical and Contracting Division of the Authority.

Capital expenditure was financed as follows: -

FINANCING	£000's	SPENDING	£000's
Capital Receipts	752	Fixed Assets	5,649
Loans	578	Deferred Charges	1,018
Contribution/Other	813	Deferred Liability	99
Grants	2,259		
Major Repairs Allowance	2,364		
	6,766		6,766

There was no use of the provision for Credit Liabilities incurred in the Capital Receipts figure this financial year.

Major Commitments under capital contracts at 31st March 2002 relates to the following schemes:-

	£000's
Housing - Improvements	433
Industrial Estates	220
Reclamation Sites	155
Leisure Facilities	405
	1,213

Major fixed assets held at 31st March 2002, are:-

	No.
LEISURE SERVICES	
Leisure Centres with Pools	2
Markets	1
Cemeteries	4
COUNCIL DWELLINGS	
Houses & Bungalows	3,427
Flats	550
Sheltered Accommodation / Bedsits	1,004
LAND	
Parks & Open Spaces (acres)	115
OTHER	
Office Properties	1
Depots	2
Off Street Car Parks	20
Public Conveniences	11
Industrial Estates / Business Units	9

2 DEFERRED CHARGES & LONG TERM DEBTORS

Deferred Charges

	£000's
Balance 01/04/01	0
EXPENDITURE	
Private Sector Grants	658
Other	360
	1,018
INCOME	
Amount Written off to Revenue Accounts	658
Amount Written off to Capital Financing Reserve	360
	1,018

Long-Term Debtors

2000/2001		2001/2002
£		£
189,530	Housing Associations	8,805
267,285	Sale of Council Houses	235,407
17,684	Housing Act Advances	12,303
474,499		256,515

3 INVESTMENTS

The investment of £6,488,714 consists of

- £6,000,000 invested with the Derbyshire Building Society, of which £3m were surplus capital receipts, £137,675 was accrued interest on those receipts and £2,862,325 of temporary surplus funds.
- £488,581 temporary surplus funds invested with the Co-operative Bank PLC..
- £133 invested in 3.5% War Loan Stock.

The investment of surplus capital receipts is managed internally.

4 STOCKS & WORK IN PROGRESS

2001		2002
£000's		£000's
	WORKS IN PROGRESS	
49	Rechargeable Works	34
49		34
	STOCK	
163	Central Stores	129
44	Other	50
207		179

5 DEBTORS

2001		2002
£000's		£000's
566	Government Department	630
16	DSS - Housing Benefits	4
42	Severn Trent Water Authority	0
1,398	Council Tax Payers	1,500
160	Community Charge (Poll Tax Payers)	139
1,404	NNDR Payers	1,178
388	Customs & Excise	117
42	Leicestershire County Council	89
384	Rent Arrears	409
1,211	General	2,004
	Provision for Doubtful Debts:-	
(143)	(Housing Rents)	(163)
(1,263)	(Collection Fund)	(983)
4,205		4,924

6 CREDITORS

2001		2002
£000's		£000's
13	DSS- Housing Benefit	0
4,110	DETR - NNDR Pool	2,819
0	DETR - Housing Subsidy	218
918	DETR - Derelict Land	0
168	Leicestershire County Council	0
105	Inland Revenue	146
132	Council Tax Payers	85
466	NNDR Payers	246
17	Rents	17
1,858	General	2,284
7,787		5,815

7 TEMPORARY BORROWING

2001	Source	2002
£000's		£000's
1,120	P.W.L.B.	125
150	"Safe & Secure' Deposit Account	142
1,270		267

8 LONG-TERM BORROWING & DEFERRED LIABILITIES

Long-Term Borrowing

2001	Source	Rates Payable	2002
£000's			£000's
11,772	P.W.L.B.	2.5% - 10.5%	11,647
7,500	Other Institutions	4.74% - 7.99%	7,500
19,272			19,147

Deferred Liabilities

2001	Source	Rates Payable	2002
£000's			£000's
285	Earmarked	-	275
319	Deferred Purchase	4.675% - 6.295%	220
604			495

An analysis of Long-Term Borrowing and Deferred Liabilities outstanding by maturity is shown below:-

2001		2002
£000's		£000's
125	Maturity in 1 - 2 years	129
2,224	Maturity in 2 - 5 years	4,140
3,675	Maturity in 5 - 10 years	5,141
13,852	Maturity in over 10 years	10,232
19,876		19,642

9 DEFERRED CAPITAL RECEIPTS

Deferred Capital Receipts are amounts derived from sales of assets, which will be received in instalments over an agreed period of time. In this Council's case they arise from mortgages on the sale of Council Houses.

10 CAPITAL FINANCING RESERVE

	£000's	£000's
Balance 1st April 2001		21,182
2001/2002 Capital Receipts		2,342
2001/2002 Capital Financing - Capital Receipts		751
2001/2002 Capital Financing - Revenue		2,780
Government Grants / Contributions Written Off		872
2001/2002 MRP (Less depreciation provision)		25
Release of Grant		8
		27,960
Less:		
Priming entry for Major Repairs Allowance	2,634	
Write down on 2001/2002 Deferred Charges	866	
Deferred Debtors principal repaid	186	
		3,686
Balance 31st March 2002		24,274

11 USEABLE CAPITAL RECEIPTS

	£000's	£000's
Balance 1st April 2001		106
Received in Year:		
Sale of Council Houses	728	
Mortgages	13	
Sale of Land	8	
Other	47	
		796
Less:		
Applied - Financing of Capital Expenditure		751
Balance 31st March 2002		151

12 CAPITAL RESERVE

This reserve represents capital expenditure not incurred during the year but with a commitment in the following year.

	£000's
Balance 1st April 2001	1,202
Contribution received towards future capital expenditure	29
Contribution made to capital expenditure during the year	(360)
Balance 31st March 2002	871

13 COLLECTION FUND RESERVE

The Collection Fund is a statutory fund in which are recorded the transactions for council tax, business rates and residual community charges. The balance on the Fund is available for financing the expenditure of this council, Leicestershire County Council and of Leicestershire Police Authority in future financial years in proportion to their previous precepts on the Fund.

14 RESERVES

GENERAL FUND RESERVES	Balance 01/04/01	Receipts in Year	Payments in Year	Transfer to Balances	Balance 31/03/02
	£	£	£	£	£
Derelict Land Grant	71,215	442	58,467	0	13,190
Housing CCT Contract	696	0	696	0	0
Asset Protection Fund	211,546	196,665	75,465	(15)	332,761
VAT Liability Reserve	32,989	0	0	0	32,989
General Reserve	324,971	239,938	109,906	20,789	434,214
Planning - Contingency Fund	37,882	38,629	0	0	76,511
STWA/Land Drainage/NRSWA	88,933	0	71,225	0	17,708
Regeneration Funds	46,670	143,550	69,236	17,680	103,304
Insurance Funds	24,189	0	3,000	0	21,189
Clean-up Funds	53,500	24,820	26,371	0	51,949
Business Units Maintenance Funds	49,697	23,691	4,834	0	68,554
Initiative Funds & Other Reserves	57,493	40,350	8,174	0	89,669
Community Safety / Awareness	6,787	98,559	34,620	0	70,726
Leisure Strategy / Project Grants	141,782	38,870	104,946	0	75,706
External Deposits & Bonds	68,576	0	64,203	0	4,373
	1,216,926	845,514	631,143	38,454	1,392,843

D.L.O. / D.S.O. RESERVES	Balance 01/04/01	Payments in Year	(Surplus) / Deficit	Transfer to Balances	Balance 31/03/02
	£	£	£	£	£
DLO - General Reserves	133,721	18,753	63,194	0	51,774
	133,721	18,753	63,194	0	51,774

HOUSING REVENUE A/C	Balance 01/04/01	Receipts in Year	Payments in Year	Transfer to Balances	Balance 31/03/02
HRA - Ear-marked Reserves	£ 47,224	£ 5,196	£ 27,210	£ 0	£ 25,210
	47,224	5,196	27,210	0	25,210

15 FIXED ASSET RESTATEMENT RESERVE

Balance 1st April 2001	£000's 110,416
Surplus on revaluation's/restatement/conversion of Fixed Assets	21,945
Capital Expenditure Written-off - No enhanced value	(1,060)
Disposal of Fixed Assets	(3,259)
Balance 31st March 2002	128,042

16 PROVISIONS

	Balance 01/04/01	Receipts in Year	Payments in Year	Balance 31/03/02
D.L.S. - Provisions Account	£ 17,921	£ 56,892	£ 0	£ 74,813
TOTAL PROVISIONS	17,921	56,892	0	74,813

17 REVENUE BALANCES

	Balance 01/04/01	Receipts in Year	Payments in Year	Balance 31/03/02
General Fund	£ 1,631,874	£ 227,783	£ 0	£ 1,859,657
Housing Revenue Account	545,549	285,782	0	831,331
Special Expenses	99,821	9,139	119	108,841
Transport Account	53,810	7,343	66,135	(4,982)
	2,331,054	530,047	66,254	2,794,847

18 PROVISION FOR CREDIT LIABILITIES (Memorandum Account)

The Local Government and Housing Act 1989 requires that certain specified amounts must be set aside as provision to meet credit liabilities. These include primarily prescribed (reserved) proportion of capital receipts and a minimum annual revenue provision, calculated in relation to the net amount outstanding in respect of an Authority's credit liabilities arising from longer term borrowing or the cost of credit arrangements entered into and termed their credit ceiling. The Council does not keep an account within the accounting records for the provision of credit liabilities as there is no need to do so but maintain a memorandum account which is set out below: -

Balance 1st April 2001	£000's 13,575
Minimum Revenue Provision	186
Reserved Proportion of Capital Receipts	2,342
Receipts of Rechar Grant	2
	2,530
Less:	
Discharged in the year	186
Balance 31st March 2002	15,919

19 DISCLOSURE OF NET PENSIONS ASSET/LIABILITY

In accordance with the requirements of Financial Reporting Standard 17 – Retirement Benefits (FRS 17) the Local Authority has to disclose its share of assets and liabilities related to pension schemes for its employees. As explained in note 11 to the Consolidated Revenue Account, the authority participates in the Local Government Pension Scheme for employees, which is administered by Leicestershire County Council.

The Authority's assets and liabilities are: -

	£000's
Estimated Employer Assets	33,643
Total Value of Liabilities	35,051
Net Pension Liability	(1,408)

The actuarial valuation of the liabilities reported as at 31 March 2001 have been rolled forward, allowing for changes in financial assumptions as prescribed under FRS 17. The actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2002 does not introduce any material distortion in the results. The valuations were undertaken by W Douglas B Anderson (FIA) and Alison Hamilton (FIA), independent actuaries.

The main assumptions used in the calculation are:

Rate of inflation	2.80%
Rate of increase in salaries	4.30%
Rate of increase in pensions	2.80%
Rate of discounting scheme liabilities	6.40%

Assets in the County Council Pension Fund are valued at fair value, principally market values for investments, and consists of:

	£000's
Equities	973,808
Bonds	241,113
Property	82,083
Cash	47,641
	1,344,645

20 INSURANCE

The value of claims outstanding at 31st March 2002, with Zurich Municipal was £258,940. Arrangements are in place to try to ensure an orderly settlement of the sums due.

21 THE EURO

The adaptation of operational and information systems to accommodate the Euro will be required as the Euro becomes established as a major currency and the possible date for British participation in EMU comes closer.

No material additional costs were incurred during the year in preparation of the Euro.

22 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report for the 2001/2002 Accounts.

STATEMENT OF TOTAL MOVEMENTS IN RESERVES

	CAPITAL RESERVES					REVENUE RESERVES					Total
	Fixed Assets Restatement Reserve	Capital Financing Reserve	Usable Capital Receipts	Major Repairs Reserve	Specific Capital Reserve	General Fund	Collection Fund	DLO/DSO Account	Specific Reserves	Housing Revenue Account	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance as at 1st April 2001	(110,416)	(21,182)	(106)	0	(1,202)	(1,632)	(113)	(134)	(1,217)	(593)	(136,595)
Effects of disposal of fixed assets:-											
Cost or Value of assets disposed of	3,259	0									3,259
Proceeds of sales		(2,342)									(2,342)
Financing of Fixed assets	0	(3,531)	751		360						(2,420)
Unrealised (gains)/tax from revaluation of fixed assets	(21,945)										(21,945)
Impairment losses on fixed assets arising from revaluations	674										674
Net (Surplus) / Deficit for year	386	2,781	(796)	(270)	(29)	(228)	(90)	82	(176)	(264)	1,396
Balance as at 21st March 2002	(128,042)	(24,274)	(151)	(270)	(871)	(1,860)	(203)	(52)	(1,393)	(857)	(157,973)

CASH FLOW STATEMENT

2000/2001			2001/2002	
£000's	£000's		£000's	£000's
		REVENUE ACTIVITIES		
		Cash Outflows		
9,353		Cash paid to and on behalf of employees	10,223	
14,959		Other Operating Cash Payments	18,317	
3,404		Housing Benefits Paid Out	3,368	
21,905		Precepts paid out	23,630	
25,788		Non-Domestic Rate payments to National Pool	29,420	
	75,409			84,958
		Cash Inflows		
(5,788)		Rents (after rebates)	(5,949)	
(22,791)		Council Tax Income	(24,867)	
(30,308)		Local Non-Domestic Rate Income	(32,434)	
(3,237)		Non-Domestic Rate Receipts from National Pool	(3,225)	
(7,513)		Government Grants	(10,148)	
(8,567)		Cash received from goods and services	(9,477)	
(1,419)		Other Operating cash receipts	(898)	
	(79,623)			(86,998)
	(4,214)	Revenue Activities Net Cash Inflow		(2,040)
		RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
		Cash Outflows		
1,574		Interest paid	1,510	
0		Interest element of Finance Lease rental payments	0	
1,574			1,510	
(439)		Cash Inflow		
		Interest received	(559)	
	1,135	Servicing of Finance Net Cash Outflow		951
		CAPITAL ACTIVITIES		
		Cash Outflows		
2,561		Purchase of Fixed Assets	5,649	
0		Purchase of Long Term Investments	0	
1,899		Other Capital Cash Payments	1,117	
4,460			6,766	
(1,899)		Cash Inflows		
(241)		Sale of Fixed Assets	(3,037)	
(821)		Capital Grants Received	(1,937)	
(2,961)		Other Capital Cash Receipts	(594)	
	1,499		(5,568)	
	0	ACQUISITIONS and DISPOSALS		1,198
	(1,580)	Net Cash (Inflow) / Outflows Before Financing		0
				109
		MANAGEMENT OF LIQUID RESOURCES		
1,360		Net increase/(decrease) in short term deposits	(1,251)	
0		Net increase/(decrease) in other liquid resources	0	
	1,360			(1,251)
		FINANCING		
		Cash Outflow		
8,864		Repayments of amounts borrowed	1,267	
0		Capital element of Finance Lease rental payments	0	
(2,079)		Cash Inflow		
(6,575)		New Loans raised	(30)	
		New short-term Loans Raised	0	
	210	Net Cash (inflows) / outflows from Financing		1,237
	(10)	(Increase) / Decrease in Cash & Cash Equivalent		95

CASH FLOW STATEMENTS – NOTES TO THE ACCOUNTS

Note 1. Reconciliation of Deficit to Net Revenue Cash Flow

	2001/2002	
	£000's	£000's
Surplus for the year		487
Non Cash Transactions		
Increase in Revenue Reserves	311	
Increase in Provisions	57	
Contribution to Major Repairs Allowance	(2,634)	
Other Non Cash Transactions	(1,807)	
		(4,073)
Items on an Accruals Basis		
Decrease in Stock and Work in Progress	(44)	
Increase in Revenue Debtors	567	
Decrease in Revenue Creditors	1,972	
		2,495
Items Classified in Another Classification in the Cash Flow Statement		
Investment Income	559	
Interest element of finance lease rentals	0	
Interest Paid	(1,508)	
		(949)
Net Cash Flow from Revenue Activities		(2,040)

Note 2. Net Movement in Cash Balances

NET MOVEMENT IN CASH BALANCES	Balance 1st April 2001	Balance 31st March 2002	Movement In the year Increase / (Decrease)
	£000's	£000's	£000's
Cash Overdrawn	57	(38)	(95)
Increase in Cash and Cash Equivalents	57	(38)	(95)

Note 3. Liquid Resources

The Council seeks to maximise returns on short-term cash surpluses by making deposits with authorised institutions. Such institutions are authorised by the Council for this purpose comprising the Clearing Banks and their wholly owned subsidiaries, Government Agencies, top ten UK Building Societies and other local authorities.

NET MOVEMENT IN LIQUID RESOURCES	Balance 1st April 2001	Balance 31st March 2002	Movement In the year Increase / (Decrease)
	£000's	£000's	£000's
Short Term Deposits	7,740	6,489	(1,251)

CASH FLOW STATEMENT
NOTES TO THE ACCOUNTS (Cont'd)

Note 4. Analysis of Movement in Financing

NET MOVEMENT IN FINANCING	Balance 1st April 2001	Balance 31st March 2002	Movement In the year Increase / (Decrease)
	£000's	£000's	£000's
Overnight Loans	0	0	0
P.W.L.B.	12,892	11,772	(1,120)
Other Institutions	7,500	7,500	0
Safe & Secure Deposit Account	150	143	(7)
Deferred Purchase	319	220	(99)
Ear Marked Loans	285	274	(11)
Decrease in Financing	21,146	19,909	(1,237)

Note 5. Analysis of Government Grants

	As at 31/03/2002	
	£000's	£000's
Revenue Support Grant		1,671
DWP Grants for Benefits:		
Rebates	8,119	
Administration	189	8,308
Renewal Areas	34	
Improvement Grants	118	
Other	17	169
		10,148

SPECIAL EXPENSES ACCOUNT

2000/2001		2001/2002	
£		£	£
	COALVILLE URBAN DISTRICT AREA		
92,102	Balance brought forward	97,016	
454,520	Collection Fund Precept	466,350	
546,622			563,366
	EXPENDITURE		
422,801	Parks & Open Spaces	401,728	
62,487	Burial Grounds	73,054	
4,189	Allotments	7,070	
16,508	Other Expenses	9,184	
32,278	R.C.C.O.	41,757	
(97,379)	Asset Management Revaluation Account	(105,712)	
8,722	Contribution to Ear-Marked Reserves	30,743	
449,606			457,824
97,016	Balance carried forward		105,542
	COLEORTON PARISH AREA		
809	Balance brought forward	938	
2,150	Collection Fund Precept	1,890	
2,959			2,828
	EXPENDITURE		
644	Parks & Opens Spaces	403	
1,377	Burial Grounds	1,251	
938	Balance carried forward		1,174
	MEASHAM PARISH AREA		
490	Balance brought forward	59	
1,160	Collection Fund Precept	1,400	
1,650			1,459
	EXPENDITURE		
1,591	Burial Grounds	1,102	
59	Balance carried forward		357
	STRETTON-EN-LE-FIELD		
534	Balance brought forward	590	
830	Collection Fund Precept	800	
1,364			1,390
	EXPENDITURE		
774	Burial Grounds	794	
590	Balance carried forward		596
	OSGATHORPE		
325	Balance brought forward	344	
140	Collection Fund Precept	130	
465			474
	EXPENDITURE		
121	Parks & Opens Spaces	202	
344	Balance carried forward		272
	LOCKINGTON / HEMINGTON		
517	Balance brought forward	514	
1,150	Collection Fund Precept	1,120	
1,667			1,634
	EXPENDITURE		
1,153	Burial Grounds	1,047	
514	Balance carried forward		587
	KEGWORTH		
343	Balance brought forward	360	
170	Collection Fund Precept	110	
513			470
	EXPENDITURE		
153	Parks & Open Spaces	157	
360	Balance carried forward		313

THE STATEMENT OF RESPONSIBILITIES **FOR THE STATEMENT OF ACCOUNTS**

The Authority's Responsibilities

The Authority is required: -

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Resources;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Director of Resources Responsibilities

The Director of Resources is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March, 2002.

In preparing this Statement of Accounts, the Director of Resources has: -

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

The Director of Resources has also: -

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

CHIEF OFFICER'S CERTIFICATE

I certify that the accounts set out on pages 12 to 37 fairly state the financial position of the Council at 31st March 2002.

M. R. Davis CPFA
Director of Resources

Date _____

AUDITOR'S REPORT TO **NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

We have audited the Statement of Accounts on pages 12 to 36 which has been prepared in accordance with the accounting policies applicable to Local Authorities as set out on pages 9 to 11.

Respective Responsibilities of Director of Resources and Auditors

As described on page 38 the Director of Resources is responsible for the preparation of the Statement of Accounts. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the statement of accounts presents fairly the financial position and results of operations of the Council.

Basis of Opinion

We carried out our audit in accordance with the Audit Commission Act 1988 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards.

Our audit included examination, on a test basis, of evidence relevant to amounts and disclosures in the Statement of Accounts. It also included an assessment of the significant estimates and judgements made by the Authority in the preparation of the Statement of Accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

1. Opinion

In our opinion the Statement of Accounts presents fairly the financial position of North West Leicestershire District Council at 31 March 2002 and its income and expenditure for the year then ended.

2. Certificate

We certify that we have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Date: _____

Signature: _____

Name of Organisation: _____