



STATEMENT

OF

ACCOUNTS

2001/2002

Statement of Accounts

2001 / 2002

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STATEMENT OF ACCOUNTS 2001/2002

Introduction

The Statement of Accounts reflects both revenue and capital expenditure and income and complies with the 2000 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice' as amended by the two Update Bulletins issued by the CIPFA/ LASAAC Joint Committee, dealing with all issues relevant for financial statements for 2001/02.

For 2001/2002 the Council's Revenue Budget was £89.094m plus parish precepts. The Consolidated Revenue Account shows that expenditure is broadly inline with the approved budget.

The Housing Revenue Account is ring fenced and therefore all expenditure is funded from Housing rents and government subsidies. The legislation requires authorities to maintain a reasonable balance on this account. At 31st March 2002 the balance of £1.130m was carried forward into 2002/2003.

The Statement of Accounts is intended to provide readers with useful detail on the Council's financial affairs. If you require further information please contact the Accounting Services section at the Town Hall on (01325) 388326.

EXPLANATORY FOREWORD

Introduction - The purpose of this foreword is to explain briefly the Council's financial activities during 2001/2002 and its position at 31st March 2002.

Information and Financial Statements - The Council's revenue income and expenditure for the year ended 31st March 2002 is summarised on Pages 4 and 5.

The Statement of Accounting Policies on Pages 6 to 9 explains the policies adopted in compiling the Accounts.

The Consolidated Revenue Account and Housing Revenue Account on Pages 10 to 21 show the revenue expenditure and income for each service provided, contributions to and from reserves etc. Following the financial statements are notes giving further information on the more significant items in the Revenue Accounts.

The Collection Fund on Pages 22 to 25 shows the income received by the Borough Council from council taxpayers, non-domestic ratepayers and government grants to meet the Borough Council's demand and precepts from the Police and parish councils.

The Consolidated Balance Sheet on Pages 26 to 41 summarises the financial position of the Council at 31st March 2002. Following the financial statement are notes giving further information on the more significant items in the Balance Sheet.

The Statement of Total Movements in Reserves on Pages 42 to 44 summarises the transactions on all capital and revenue reserves during the year.

The Consolidated Cash Flow Statement on Pages 45 to 47 summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

The Statement of Responsibilities for the Statement of Accounts on page 48 outlines the respective responsibilities of the Authority and the Director of Corporate Services.

The District Auditor's Opinion on Page 49 gives an independent, professional opinion on the Council's accounts for the year ended 31st March 2002.

2001/2002 Revenue Budget : In March 2001 the Council set a net revenue budget for 2001/2002 of £89.094 million, including the planned use of reserves of £0.305 million. A transfer to General fund revenue balances of £0.600m of reserves previously earmarked for capital purposes was also planned and has been made. During the year, a further £0.690m of reserves was released to fund additional expenditure on Social Services (£0.640m) and the electronic Government initiative (£0.050m). Taking into account these additional resources, the out-turn for the year is in line with budgeted expenditure. There is a planned increase in the level of reserves in 2002/03 amounting to £0.138 million as set out in the Medium Term Financial Plan.

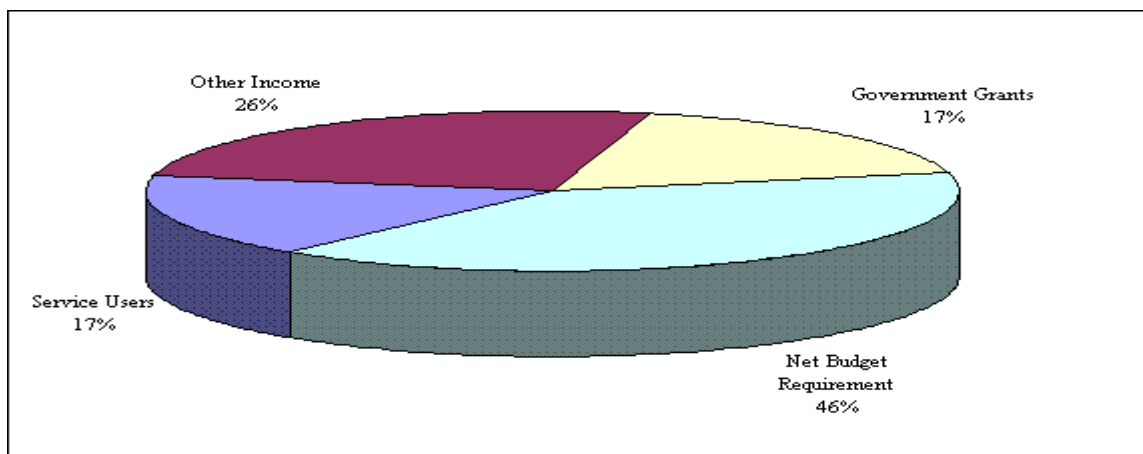
Capital Expenditure : During 2001/2002 the Council expended £13.465 million on works of a capital nature, principally on housing improvements and renovations (£4.954m), schools (£2.939m), leisure facilities (£0.474m), social services facilities (£0.296m) and highways (£3.392m). This was funded by the use of credit approvals (£5.489m), revenue contributions (£0.043m), grants and contributions (£6.179m), capital receipts (£1.754m). Total borrowing from outside the Council for capital spending amounts to £55.729m. In 2001/02 the Council acquired the Arts Centre, Vane Terrace. The Department of Education & Skills (DfES) has recommended that provisional funding of £34.9m be granted to PFI Darlington for a PFI scheme involving Beaumont Hill Special School, Houghton Community School, Springfield Primary School and Harrowgate Hill Infants and Junior School. The provisional funding must be ratified by the Project Review Group, an interdepartmental Government body, by 31st March 2003. During 2002/03 the Authority will produce an outline business case for the project to secure the funding.

Capital Charges made to service revenue accounts are now based on the net amount of valuations on fixed assets at the beginning of the year rather than valuations at the end of the year.

REVENUE SPENDING

WHERE DID THE MONEY COME FROM?

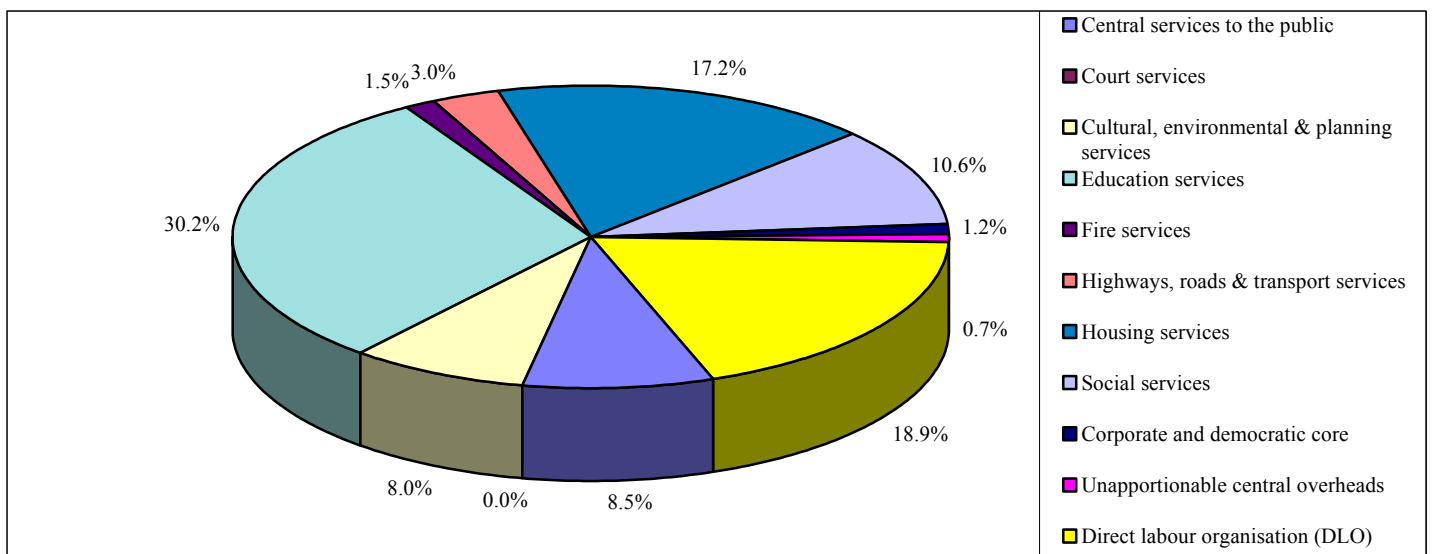
DESCRIPTION	£000	£000
Service Users		
Council House Rents	13,248	
Charges For Services	24,598	37,846
Other Income		57,980
Government Grants		
Service Specific		38,857
Borough Council		
Net Budget Requirement		89,114
		223,797



REVENUE SPENDING

HOW WAS IT SPENT?

	EMPLOYEE COSTS	RUNNING COSTS	CAPITAL FINANCING COSTS	TOTAL EXPENDITURE
	£000	£000	£000	£000
Central services to the public	7,571	11,797	1,533	20,901
Court services	0	121	0	121
Cultural, environmental & planning services	3,155	13,080	3,431	19,666
Education services	41,702	20,505	12,076	74,283
Fire services	0	3,661	0	3,661
Highways, roads & transport services	1,893	3,445	2,006	7,344
Housing services	2,299	40,004	51	42,354
Social services	10,185	14,888	965	26,038
Corporate and democratic core	369	2,602	10	2,981
Unapportionable central overheads	851	849	0	1,700
Direct labour organisation (DLO)	12,469	33,996	51	46,516
Total Expenditure	80,494	144,948	20,123	245,565
<i>Add</i> Parish council precepts				20
<i>Add</i> Contribution to council tax benefit costs arising from subsidy limitation				305
<i>Add</i> Amortised premiums on the repurchase of borrowing				313
<i>Add</i> Surplus transferred to HRA balances				295
<i>Add</i> Financing of capital expenditure				162
<i>Less</i> Provision for repayment of external loans				(5,609)
<i>Less</i> Net transfer to other earmarked reserves				(1)
<i>Less</i> Transfer from schools revenue reserves				(301)
<i>Less</i> Transfer from Major Repairs Reserve				(25)
<i>Less</i> Contribution from capital reserves				(600)
<i>Less</i> Asset management revenue account				(15,418)
<i>Less</i> Interest and investment income				(909)
				223,797



STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued in 2000 by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also generally with guidance notes issued by CIPFA on the application of statements of standard accounting practice (SSAPs). Where the accounts are at variance with SSAPs the appropriate reference is recorded in the statement of accounting policies or in the notes to the accounts.

2. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. This includes assets acquired under finance leases which have been capitalised and included in the balance sheet on the basis of the outstanding obligation to make future rental payments.

Operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value.

The current asset values used in the accounts are based upon a certificate issued by the Council's Director of Development & Environment. Additions since that date are included in the accounts at their cost of acquisition.

3. Depreciation

Assets other than land and investment properties, are being depreciated over their estimated useful economic lives. Depreciation is provided for using the straight line method, with the exception of the Housing stock, where the major repairs allowance has been used as a proxy for depreciation.

4. Capital Charges

The capital charges made to service revenue accounts, central support services and DSO accounts, equate to the sum of depreciation plus a notional interest charge based on the net amount at which the fixed asset is included in the balance sheet at 1 April 2001. The notional rates of interest used are 6% for those fixed assets included in the balance sheet at current value and 6% for infrastructure assets and community assets which are included in the balance sheet at historical cost.

STATEMENT OF ACCOUNTING POLICIES

5. Government Grants

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account or, in the case of capital grants, to a government grants-deferred account. Amounts are released from the government grants-deferred account to offset any provision for depreciation charged to the revenue account in respect of assets to which the grants relate.

6. Deferred Charges

Deferred Charges are payments of a capital nature where no fixed asset is created. The Council, following guidance in the Code of Practice on Local Authority Accounting, has transferred the deferred charge balance to the Capital Financing Reserve as the expenditure does not provide a continuing benefit to the Authority.

7. Capital Receipts

Capital receipts from the disposal of assets are held in the capital receipts unapplied account and invested temporarily until such time as they are used to finance capital expenditure or to repay debt. Interest on capital receipts is credited to the Consolidated Revenue Account.

Legislation covering the application of capital receipts by local authorities does not empower them to credit capital receipts to the general fund account. It is, therefore, not legally possible for local authorities to comply with SSAP 6 by including profits or losses arising from the disposal of capital assets in the revenue account.

8. Debtors and Creditors

Transactions are recorded in the accounts on an income and expenditure basis and include provision for all significant amounts known to be due to or from the Council prior to the closing of the accounts, including interest accrued on external loans. There are three exceptions to this principle where costs are not apportioned between years :-

- (a) wages are accounted for in whole weeks;
- (b) housing rents are shown in whole weeks;
- (c) quarterly accounts e.g. electricity are reflected on the basis of four payments per year.

This policy is consistently applied each year and does not materially affect the accounts.

STATEMENT OF ACCOUNTING POLICIES

9. Stocks and Work in Progress

Stocks are valued at the latest purchase price. 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 immaterial.

Work in progress on uncompleted jobs in respect of rechargeable works and Direct Labour Organisation works is valued at cost.

10. Costs of Support Services

All costs of management and administration have been fully allocated to services in accordance with CIPFA's code of practice, "The Management of Overheads in Local Authorities". The bases of allocation used for the main cost of management and administration are outlined below.

<u>Cost</u>	<u>Basis Of Allocation</u>
Corporate Departments (Finance, Human Resources, IT, Legal)	Time Recording
Administrative Buildings	Area Occupied
Reprographics	Actual Use
Professional Services (Engineers, Quantity Surveyors, Clerk of Works)	Time Recording

11. Provisions

The Council sets aside provisions for specific future expenses which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. Details of these provisions are to be found in **Note 10** to the Balance Sheet.

12. Reserves

The Council maintains certain reserves to meet future expenditure. Details of the Council's reserves are to be found in **Note 16** to the Balance Sheet.

STATEMENT OF ACCOUNTING POLICIES

13. Pensions

The pension costs which are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for those employees. These costs have been determined on the basis of contribution rates that are set to meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant Government regulations. However, the large increase in contributions needed to bring the fund's assets to 100% of liabilities are being phased in over a number of years. As a result the Council does not comply with the accounting requirements of SSAP 24 'Accounting for pension costs' and the liabilities included in the balance sheet are understated in respect of pension costs. In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed as a note to the Consolidated Revenue Account. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The Annual Report of Durham Superannuation Fund is available from Durham County Council, County Hall, Durham.

14. Internal Interest

Interest is credited to the General Fund and the Housing Revenue Account based on the level of their Fund Balances. The amounts are calculated using 7-day money market rates.

15. Interest Charges

Interest payable on sums borrowed by the authority are included in the accounts on an accruals basis. Interest is charged to the Asset Management Revenue Account.

16. Provision for the Redemption of Debt

The Local Government and Housing Act 1989 introduced a requirement that debt redemption should be based on a reducing balance method representing a percentage of the opening outstanding debt-set at 2% for the Housing Revenue and 4% for the other services. The requirement or minimum has been adopted by the council.

17. Leases

Rentals payable under operating leases are charged direct to revenue.

18. Investments

Investments are shown in the Consolidated Balance Sheet at cost. The largest investments were in the form of deposits with banks and building societies using funds not currently required for operational purposes.

CONSOLIDATED REVENUE ACCOUNT 2001/2002

NET EXPENDITURE 2000/01		GROSS EXPENDITURE 2001/02	GROSS INCOME 2001/02	NET EXPENDITURE 2001/02
£000		£000	£000	£000
3,633	Central services to the public	20,901	(15,770)	5,131
117	Court services	121	0	121
12,239	Cultural, environmental & planning services	19,666	(5,913)	13,753
46,534	Education services	74,283	(18,589)	55,694
3,275	Fire services	3,661	0	3,661
5,168	Highways, roads & transport services	7,344	(2,991)	4,353
1,280	Housing services	42,354	(36,449)	5,905
17,670	Social services	26,038	(7,152)	18,886
3,020	Corporate and democratic core	2,981	(13)	2,968
1,380	Unapportionable central overheads	1,700	(1)	1,699
94,316	Net cost of services	199,049	(86,878)	112,171
24	Parish council precepts			20
40	Contribution to council tax benefit costs arising from subsidy limitation			305
(841)	Surplus on trading undertakings (DLO)			(1,021)
(8,805)	Asset management revenue account			(15,418)
24	Amortised premiums on the repurchase of borrowing			313
(977)	Interest and investment income			(909)
83,781	Net operating expenditure			95,461
495	Surplus transferred to HRA balances			295
(1)	Net transfer to other earmarked reserves			(1)
222	Transfer from schools revenue reserves			(301)
-	Transfer from Major Repairs Reserve			(25)
-	Contribution from capital reserves			(600)
704	Financing of capital expenditure			162
143	Provision for repayment of external loans			(5,609)
85,344	Amount to be met from government grants and local taxation			89,382
(20,864)	Borough council demand on Collection Fund			(23,767)
(347)	Transfer from the Collection Fund in respect of the previous year's surplus			(300)
(34,230)	General government grants			(36,742)
(29,209)	Contribution from non-domestic rates pool			(28,268)
694	Net General Fund (surplus)/deficit for the year			305
2,650	Balance on General Fund brought forward			1,956
(694)	General Fund surplus/(deficit) for the year			(305)
1,956	Balance on General Fund carried forward			1,651

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 Asset Management Revenue Account

The asset management revenue account was established in 1994/95 as a result of the new system of local authority capital accounting which came into effect in that year.

Transactions on the account for 2001/02 were :

	£000
Reversal Of Capital Charges For The Use Of Fixed Assets	(26,894)
External Interest Payable	3,676
Depreciation	7,800
Balance Credited To Consolidated Revenue Account	<u>(15,418)</u>

2 Trading Operations

The Council operates a number of trading type operations, details of which for 2001/2002 are :

	2000/2001		2001/2002	
	Income £000	Surplus £000	Income £000	Surplus £000
Open & Covered Markets	721	106	674	32
Shops And Offices	208	46	205	49
Car Parks	1,210	523	1,368	491
Works of New Construction	4,728	231	5,437	370
General Highways and Sewerage	1,846	112	3,359	56
Works of Maintenance	4,994	54	5,866	146
Other Cleaning	1,335	73	1,321	64
Ground Maintenance	2,281	182	2,346	169
Other Catering	914	10	1,072	7
Refuse Collection	1,830	9	1,904	57
Building Cleaning	683	37	1,280	22
Leisure Management	1,611	53	1,620	75
Housing Management	996	7	1,007	5
School Meals	1,504	46	1,324	15

3 Council Tax And Rates

The level of Council Tax is set annually by the Council, though it is influenced by the amount of Revenue Support Grant receivable (determined by central government).

Non-Domestic Rates are set nationally by central government.

Details of taxes/rates levied and appropriated are shown in the Collection Fund and the supporting notes on pages 22-25.

4 Publicity

Set out below, under the requirement of s5(1) of the Local Government Act 1986, is the council's spending on publicity.

	2000/2001 £000	2001/2002 £000
Recruitment Advertising	217	243
Other Advertising	185	193
Other publicity	119	122
	<u>521</u>	<u>558</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

5 Local Authority (Goods And Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies.

In 2001/2002 surplus bedding plants grown at the Councils plant nursery were sold to various public bodies, generating income of £254,579

The total income on the nursery account (including internal recharges) was £367,072, compared with expenditure of £363,557.

The authority provided Civil Engineering, Street Lighting, Building Maintenance and Construction Work for various other bodies generating income of £211,414.

6 Finance And Operating Leases

The Authority uses leased refuse collection vehicles, and also enters into a leasing arrangement for computer equipment and other miscellaneous items. The amount paid under operating leases for these items in 2001/2002 was £0.948 million. The future cash payments required under these leases are £2.381 million.

The Authority has entered into one Finance lease, but as the capital cost of this lease does not exceed £12,000 the Finance lease is classed as de-minimus and is excluded from the definition of a credit arrangement.

7 Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function - 'details of scheme for setting charges'. However, certain activities performed by the Building Control Unit 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 unit divided between the chargeable and non-chargeable activities.

	Chargeable £000	Non Chargeable £000	Total £000
<u>Expenditure</u>			
Employee Expenses	101	77	178
Premises	4	3	7
Transport	6	4	10
Supplies & Services	17	13	30
Central & Support Service Charges	45	32	77
Total Expenditure	<u>173</u>	<u>129</u>	<u>302</u>
<u>Income</u>			
Building Regulations Income	(171)	(5)	(176)
Total Income	<u>(171)</u>	<u>(5)</u>	<u>(176)</u>
(Surplus)/Deficit	<u>2</u>	<u>124</u>	<u>126</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

8 Pensions

Local Government Pension Scheme

In 2001/2002 the Council paid an employer's contribution of £4.214 million based on 13.98% APT&C and 11.65% manual employee's pensionable pay into Durham County Council's Superannuation Fund, which provides members with defined benefits related to their pay and service.

The contribution rate is determined by the County Fund's Actuary based on triennial actuarial valuations, the last full review being on 31st March 2001. In accordance with FRS 17 the results have been updated by the Actuary and as at 31st March, 2002 the assets held were estimated to cover 71% of the accrued liabilities assessed on an ongoing basis.

Under Superannuation Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund, but the required increases in the contribution rates are being phased in over a number of years.

The Fund's Actuary has advised that the pension costs that it would have been necessary to provide for in the year, in accordance with FRS 17 'Retirement Benefits' are £4.070 million representing 13.25% of pensionable pay.

In addition, the Council is responsible for all pension payments relating to added benefits it has awarded, together with the related increases. In 2001/2002 these amounted to £0.664 million representing 2.16 % of pensionable pay.

Further information can be found in the County Council's Superannuation Fund's Annual Report available from Durham County Council, County Hall, Durham.

Teachers Pension Scheme

In 2001/2002 the Council paid £1.578 million to the Department for Education and Skills in respect of teachers' pension costs which represents 7.40% of teachers pensionable pay.

In addition, the Council is responsible for all payments relating to added years which it has awarded (including liability transferred from Durham County Council) together with the related increases. In 2001/2002 these amounted to £0.360 million, representing 1.62% of pensionable pay.

Further details on pension liabilities are provided in note 21 to the Balance Sheet.

Capitalised Cost of Pensions

In accordance with Council policy, discretionary additions are occasionally made to employees pension entitlements. Such decisions are made on the grounds of redundancy or improving the efficiency of services and are subject to meeting set criteria.

The capital costs of decisions made by the Council to grant discretionary increases in pensions are estimated to be :-

Decisions made during 2001-02	£
lump sum payments	24,000
increased pensions	163,000
Increases in pensions payments agreed in previous years	12,602,000

The actual cost incurred will depend upon the length of time for which pensions are paid. This cannot be known in advance. The above figures are, therefore, estimated in accordance with guidance issued by the Chartered Institute of

Public Finance and Accountancy which assume that payments continue for an average of 18 years.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

9 Minimum Revenue Provision

The authority is required by statute to set aside a minimum revenue provision for the redemption of external debt.

The method of calculating the provision is defined by statute.

For 2001/2002 the amount is £2.192 million (2000/2001 £1.250 million). Details are given below :

	2000/2001 £000	2001/2002 £000
Amount Charged To Service Accounts As Depreciation	1,107	7,801
Additional Charge To Revenue	143	(5,609)
	<u>1,250</u>	<u>2,192</u>

10 Employees' Remuneration

Remuneration band	2000/2001	2001/2002
	Number of employees Total	Number of employees Total
£40,000 - £49,999	22	51
£50,000 - £59,999	7	7
£60,000 - £69,999	5	7
£70,000 - £79,999	0	0
£80,000 - £89,999	0	0
£90,000 - £99,999	0	0
£100,000 - £109,999	1	1

11 Members' Allowances

Details of the amounts paid to each Member of the Council are published annually. The total amount paid to Members in respect of basic, special responsibility and attendance allowances was £418,964 (2000/01 - £299,954).

12 Section 137 Expenditure

The Local Government Act 2000 granted new powers to authorities in England & Wales to promote well being in their area. As a consequence the majority of the provisions of s137 were repealed with effect from October 2000, but principle authorities in England & Wales will continue to disclose any expenditure incurred under s137(3) e.g. donations to charities.

Unitary authorities are allowed to spend up to £3.80 per head of population.

For Darlington Borough Council this was £382,307 (£3.80 x 100,607) in 2001/2002.

Expenditure amounted to £6,995 in 2001/2002 (£135,168 in 2000/01). The expenditure is reflected in the appropriate departments' accounts.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

13 Related Party Transactions

The Code of Practice on Local Authority Accounting requires disclosure of material transactions between the Council and related parties. Related parties are organisations or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. The following organizations and individuals are related parties for these purposes:-

Central Government

Central government controls the statutory framework within which the Council operates and provides the majority of the Council's funding. The Consolidated Revenue Account and Cash Flow Statement contain details of grants paid by central government to the Council in 2001-02.

Councillors

Members of the Council have direct control over the Council's financial and operating policies. During 2001-02 the Council had transactions totalling approximately £0.160million with charitable bodies and companies in which Members had interests. Councillors are subject to the Council's Member Code of Conduct. Registers of Members interests and declarations of interests relating to specific items of discussion at meetings are available for public inspection.

Senior Officers

The Council's senior managers may influence financial and operating policies through the professional advice to elected Members and through the management decisions they make under delegated powers. Such officers are subject to the Council's Employees Code of Conduct and professional bodies' standards. There are no related party transactions between the Council and its senior managers that require disclosure in 2001-02.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Other Organisations

The following organisations are related parties and had the stated value of transactions with the Council during 2001-02:-

Organisation	Nature of Relationship	Total Value of Transactions 2001-02 £000's
Association of North East Councils	Member representation	33
County Durham and Darlington Combined Fire Authority	Levying body and Member representation	3,661
Darlington Partnership	Member representation and executive involvement	25
North East Assembly	Member representation	0
North East Regional Employers Organisation	Member and officer representation	17
Northumbria Regional Flood Defence Committee	Levying body and Member representation	208
Tees Valley Development Company	Member representation	106
Tees Valley Joint Strategy Committee	Member representation	194
Darlington Citizens Advice Bureau	Member representation	122
Council for Voluntary Services	Member representation	37
Darlington & District Youth & Community Association	Member representation	341
Darlington & District Age Concern	Member representation	69
Darlington Association on Disability	Member representation	194
Darlington Business Venture Limited	Member representation	88
Northern Arts - Company	Member representation	39

In addition to the above transactions, the Council granted a loan of £60,000 to Darlington and District Youth and Community Association to help in the purchase of an outdoor education centre. The first instalment of repayment of the loan is due in January 2003, therefore the balance outstanding at 31st March 2002, is £60,000.

HOUSING REVENUE ACCOUNT

2000/01		2001/02	Notes
£000		£000	
	<u>Income</u>		
	-		
(13,104)	Dwelling rents (gross)	(13,248)	
(280)	Non-dwelling rents (gross)	(283)	
(428)	Charges for services & facilities	(503)	
(4,734)	HRA subsidy receivable (including MRA)	(7,826)	7
(55)	Housing benefit transfers from general fund	(52)	
(18,601)	Total Income	(21,912)	
	<u>Expenditure</u>		
3,195	Repairs and maintenance	4,249	
2,918	Supervision and management	3,025	
15	Rent, rates, taxes and other charges	8	
8,333	Rent rebates	8,342	
105	Increased provision for bad and doubtful debts	84	8
-	Cost of Capital Charge	6,773	5
	Depreciation of fixed assets		
-	On dwellings (= MRA)	3,546	6
-	On other assets	25	6
13	Debt management costs	9	
14,579	Total Expenditure	26,061	
(4,022)	Net Cost of Services	4,149	
1,648	Net HRA expenditure/(income) on asset management revenue account	(5,215)	5
373	Amortised premiums	287	
	HRA investment income		
(28)	Mortgage interest	(17)	
(80)	Interest on notional cash balances	(80)	
(2,109)	Net Operating Expenditure/(Income)	(876)	
1,024	Revenue contribution to capital expenditure	-	
590	HRA set-aside (contribution to MRP)	606	
-	Transfer from Major Repairs Reserve	(25)	
(495)	Surplus for the year	(295)	
(340)	HRA balance brought forward	(835)	
(495)	Surplus for the year	(295)	
(835)	HRA balance carried forward	(1,130)	

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Housing Stock

1st April 2001 31st March 2002

Number and types of dwellings

Houses	3,683	3,558
Flats	2,459	2,458
Bungalows	343	343
Non HRA	15	12
Total dwellings	<u>6,500</u>	<u>6,371</u>

Balance Sheet values

	£000	£000
Land	503	503
Houses	114,399	107,178
Other property	244	242
Total Balance Sheet value	<u>115,146</u>	<u>107,923</u>
Operational Assets		
Dwellings	114,168	107,044
Other land & buildings	120	49
	<u>114,288</u>	<u>107,093</u>
Non-operational assets	858	830
Total Balance Sheet value	<u>115,146</u>	<u>107,923</u>

2 Vacant Possession Values

The vacant possession value of dwellings as at 1 April in the financial year is £171.85m.

The vacant possession value of a property is defined as an opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of the valuation.

The vacant possession value most naturally relates to sale of a single owner-occupied dwelling. Therefore it must be adjusted to obtain the balance sheet or social housing value. The social housing value reflects a valuation for a property if it were disposed of with sitting tenants enjoying sub-market rents and tenants' rights. Rents in the private rented sector reflect capital values quite well since they are market rents. Rents set by local authorities are unlikely to reflect the market position as they have been arrived at through a combination of historic practice and current policy.

The difference between the vacant possession value and the balance sheet value therefore shows the economic cost to the Government of providing council housing at less than open market value.

NOTES TO THE HOUSING REVENUE ACCOUNT

3 Major Repairs Reserve

An analysis of the movement on the Major Repairs Reserve (MRR) is as follows :-

	£000	£000
Balance as at 1 April 2001		0
Transfer to MRR during the financial year		
Depreciation on HRA dwellings		(3,546)
Depreciation on other HRA assets		(25)
Transfer to HRA during the financial year		
Depreciation on other HRA assets		25
Transfer from MRR during the financial year in respect of capital expenditure on		
Land	32	
Houses	2,113	
Other property	-	2,145
	<hr/>	
Balance as at 31 March 2002		<hr/> <u>(1,401)</u>

4 Capital Expenditure

Capital expenditure within the HRA during 2001/02 was as follows :-

	£000
Land	32
Houses	3,952
Other property	970
Total capital expenditure	<hr/> <u>4,954</u>

Total capital expenditure on land, houses and other property within the HRA during 2001/02 was funded via the following sources :-

	£000
Borrowing	1,340
Usable capital receipts	625
Major Repairs Reserve	2,145
Single regeneration budget (SRB) grant	659
Disabled facilities grant (DFG)	185
Total capital expenditure	<hr/> <u>4,954</u>

A summary of total capital receipts from disposals is as follows :-

	£000
Land	4
Houses	2,140
Other property	44
Total capital receipts	<hr/> <u>2,188</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

5 Capital Asset Charges

A key feature of the introduction of resource accounting as part of the New Financial Framework is the inclusion of capital asset charges within the HRA. These comprise :-

	£000
Cost of Capital Charge	<u>6,773</u>
Capital Asset Charges accounting adjustment	(6,773)
HRA contribution towards debt financing and management costs	<u>1,558</u>
Net HRA income on asset management revenue account	<u>(5,215)</u>

The Cost of Capital Charge is calculated as 6% of the value of HRA operational assets, carried out in accordance with the *Guidance on Stock Valuation* published by DETR in May 2000. It is included in the net cost of services in the HRA and acts as an important signal in the new style HRA, showing the cost of capital tied up in housing assets.

However, it does not impact on the amount of income generated to achieve a balanced budget, i.e. in rents from council tenants. The cost of capital is reversed out of the HRA through the Asset Management Revenue Account (AMRA) below the net cost of services and the HRA's share of the authority's debt financing and management continues, as in previous years, to be borne by the HRA.

6 Depreciation of Fixed Assets

Depreciation charges also form part of the New Financial Framework. They reflect the consumption of HRA assets over their useful life and are as follows :-

	£000
Land	
Houses (= Major Repairs Allowance)	3,546
Other property	25
Total charge for depreciation	<u>3,571</u>
Operational Assets	
Dwellings	3,546
Other land & buildings	<u>25</u>
	3,571
Non-operational assets	-
Total charge for depreciation	<u>3,571</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

7 HRA Subsidy

The amount of HRA subsidy payable to the authority for the financial year is as follows :-

	£000
Management allowance	(2,031)
Maintenance allowance	(3,287)
Major Repairs Allowance (MRA)	(3,546)
Charges for capital	(2,583)
Rent rebates	(8,412)
Tenant participation compact	(17)
Resource accounting allowance	(38)
	<hr/>
	(19,914)
<i>less</i>	
Rent	12,071
Interest on receipts	17
	<hr/>
Total HRA subsidy receivable	(7,826)

8 Rent Arrears

Details of gross rent arrears, which include garages, heating and water charges increased by are :-

	2002 £000	2001 £000
Gross rent arrears as at 31st March	873	827

A provision in respect of uncollectable rent debts is included in the consolidated balance sheet.

	2001/02 £000
Opening provision for uncollectable debts	245
Amounts written off in the year	(151)
Increase in provision for the year	84
	<hr/>
Closing provision for uncollectable debts	178

COLLECTION FUND

2000/01		2001/02	NOTES
£000		£000	
	<u>Income</u>		
19,428	Income from Council Tax	21,856	3
	Transfers from General Fund		
3,591	Council Tax benefits	4,038	3
	Transitional relief	(2)	3
40	Council Tax benefit subsidy limitation	304	3
21,845	Income collectable from business ratepayers	23,358	2
44,904	Total Income	49,554	
	<u>Expenditure</u>		
22,460	Precepts and demands	25,500	4
	Business rate		
21,688	Payment to national pool	23,206	
157	Costs of collection	152	
	Bad and doubtful debts		
0	Write offs	384	
219	Movement in net provision	(174)	
	Contributions		
374	Towards previous year's Collection Fund surplus	323	5
44,898	Total Expenditure	49,391	
6	Collection Fund surplus for the year	163	
357	Collection Fund balance brought forward	363	
6	Collection Fund surplus for the year	163	
363	Collection Fund balance carried forward	526	

NOTES TO COLLECTION FUND

1 Collection Fund

In order to comply with the terms of the Local Government and Housing Act 1989 (as amended by the Local Government Finance Act 1992), local authorities must maintain a separate Collection Fund.

Transactions relating to income from Council Tax payers, non-domestic ratepayers and government grants are shown together with the Borough Council's demand and Police Authority precept on the Collection Fund Income and Expenditure Account.

Balances relating to debtors or creditors on this account are included in the Authority's Consolidated Balance Sheet.

2 Income From Business Rates

Under the national system for non-domestic rates, the Council collects from local businesses an amount equal to the rateable value of their property multiplied by a uniform rate set by the Government.

This money is paid into a national pool, after making reductions for the relief for charities and transitional arrangements.

The Council receives in return a contribution from the pool based on a standard amount per head of local adult population.

These transactions make up the figure in the accounts as follows :

	£000
Non-Domestic Rate Value (£62.4m)	
x Uniform Business Rate (43.0p per £)	26,832
Less Adjustments For Previous Years	(789)
Less Transitional Arrangements	(505)
Less Allowances And Adjustments	(2,180)
Net Income To Collection Fund	23,358

NOTES TO COLLECTION FUND

3 Income From Council Tax

The Council Tax replaced the Community Charge on 1st April 1993 and is a tax based on property bandings (A to H).

There is a basic tax for the middle band (Band D) with proportionately higher and lower taxes for the other bands.

The Council's tax base i.e. the number of chargeable dwellings in each band (adjusted for discounts) and converted to an equivalent number of Band D dwellings was calculated as follows :

Band	A	B	C	D	E	F	G	H
Chargeable Dwellings	12,335	5,948	4,697	3,839	2,558	1,325	651	48
Ratio	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

The Council set a basic council tax of **£773.34**, being the amount payable in respect of properties in Band D for services provided by Darlington Borough Council.

Durham Police Authority set a Band D council tax of **£56.43** for their services.

Council Tax income is therefore :

	£000
Council Tax levied	29,149
Less allowances	(2,953)
	26,196
Payable from the following sources :	
Billed to Council Tax payers	21,856
Council Tax benefits	4,038
Transitional relief	(2)
Council Tax benefit subsidy limitation	304
	26,196

NOTES TO COLLECTION FUND

4 Precepts And Demands

The following precepts and demands were made on the Collection Fund :

	£000
Darlington Borough Council	23,767
Durham Police Authority	1,733
	25,500

5 Contribution In Respect Of Previous Year's Surplus

The estimated previous year's surplus was redistributed in proportion to the precepts and demands of the billing and precepting authorities as follows :

	£000
Darlington Borough Council	300
Durham Police Authority	23
	323

CONSOLIDATED BALANCE SHEET

31 MARCH 2001		AS AT 31 MARCH 2002			NOTES
£000		£000	£000	£000	
	Fixed Assets				
85,624	Council Dwellings	107,923			
139,319	Other Land and Buildings	130,759			
2,389	Vehicles, Plant and Equipment	2,504			
19,491	Infrastructure Assets	18,947			
3,944	Community Assets	4,088			
	Non Operational Properties				
260,932	Total Fixed Assets		275,063		1
	Deferred Charges				2
2,408	Expenditure - Improvement	2,408			
4,237	Expenditure - Other	4,237			
			6,645		
	Long Term Debtors				
	Mortgages				
	Other				
268,424	Total Long-Term Assets		708	282,416	5
	Current Assets				
502	Stocks and Work in Progress	448			4
9,213	Debtors and Prepayments	9,675			
15,752	Investments (Short Term)	20,109			
25,467			30,232		
	Less : Current Liabilities				
15,425	Creditors & Income in Advance	19,569			6
0	Short-term Loans	2,900			
1,618	Bank Overdraft	23			
17,043			22,492		
8,424	Net Current Assets/(Liabilities)			7,740	
(66,723)	Long Term Borrowing		(66,133)		7
(10,977)	Government Grants Deferred		(14,496)		8
(1,108)	Provisions		(1,719)		10
198,040	Total Assets less Liabilities			207,808	
	Financed By :				
	Deferred Capital Receipts				9
	Fixed Asset Restatement Reserve				11
	Capital Financing Reserve				12
0	Usable Capital Receipts Reserve		0		13
0	Major Repairs Reserve		1,401		16
5,657	Reserves		5,159		16
198,040	Total Net Worth			207,808	

NOTES TO THE CONSOLIDATED BALANCE SHEET

Fixed Assets

1

(a) Movement of Fixed Assets

	Council Dwellings	Other Land & Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Non-Operational Properties	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Gross Value							
Gross book value as at 31st March 2001	87,899	139,349	5,684	21,671	3,944	10,165	268,712
Adjustment to Balance b/f	0	0	0	0	0	0	0
Revaluations & restatements	28,141	7	0	0	0	547	28,695
Value as at 1 April 2001	116,040	139,356	5,684	21,671	3,944	10,712	297,407
Additions	0	164	16	0	0	338	518
Enhancements	0	711	660	0	144	0	1,515
Disposals	(2,186)	(452)	0	0	0	(145)	(2,783)
Transfers	(85)	148	0	0	0	(63)	0
Gross book value as at 31st March 2002	113,769	139,927	6,360	21,671	4,088	10,842	296,657
Depreciation							
Accumulated	2,275	30	3,295	2,180	0	0	7,780
Depreciation for year	3,571	9,138	561	544	0	0	13,814
Depreciation on assets sold							0
Balance as at 31st March 2002	5,846	9,168	3,856	2,724	0	0	21,594
Net book value as at 31st March 2002	107,923	130,759	2,504	18,947	4,088	10,842	275,063

NOTES TO THE CONSOLIDATED BALANCE SHEET

(b) Valuation disclosure for Fixed Assets

In most cases the effective date for valuations was 1 April 2000. Revaluation of 20% of the Authority's assets was completed during 2001/02, as part of the 5 yearly revaluation programme. An impairment review has been undertaken which is in accordance with FRS 11. No assets values were judged to have been impaired during 2001/02.

Operational land and buildings are being depreciated over their estimated useful economic lives, having been assessed by the Development & Environment Department, on a straight line basis. Infrastructure are also depreciated over their estimated useful economic life of 40 years. The major repairs allowance is being used as a proxy for depreciation on the Housing Stock. Plant and vehicles are depreciated on a straight line basis with computer equipment being depreciated over 5 years and Close Circuit Television (CCTV) over 12 years.

Depreciating assets have all had their asset lives, land values and residual values assessed in order to fully comply with FRS 15.

Council Dwellings, Other Land and Buildings and Non-Operational Assets

(i.e. those where there was sufficient evidence of market transactions).

Operational land and buildings of a non-specialised nature were valued on the basis of their open market value assuming they would continue in their existing use. Operational properties of a specialised nature were valued by reference to what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect age, wear and tear and obsolescence.

Non-Operational land and buildings were valued using their open market value for their best use, taking account of planning consents etc.

The freehold and leasehold properties which comprise the Council's property portfolio (except community and infrastructure assets) **were valued by one of the Councils' valuers who is a Member** of the Royal Institute of Chartered Surveyors. Valuations were prepared in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors, except that not all the properties were inspected; this was considered neither practicable (particularly in the case of Council Dwellings), nor necessary for valuation purposes.

Where plant and equipment are an integral part of a property asset (e.g. lifts and boilers) the value of such plant has been included in the property value. Where fittings are not integral to the functioning of the property (e.g. computers, lathes, etc.), these have been treated separately within the vehicle, plant furniture and equipment category of fixed assets.

The sources of information and assumptions made in producing the various valuations are set out in the valuation certificate and report.

Community, Infrastructure and Vehicle, Plant, Furniture and Equipment Assets

The Code of Practice on Local Authority Accounting requires community and infrastructure assets to be valued at historical cost. In line with the Guidance to the Code, vehicle, plant, furniture and equipment being short lived assets have mainly been valued at historical cost less accumulated depreciation as a proxy for current cost.

(c) Financing

The capital expenditure was financed as follows :

	2001/02 £000s	2000/01 £000s
Revenue Contributions	43	523
Grants	6,179	2,513
Capital Receipts	1,754	1,872
Loans	5,489	6,949
	13,465	11,857

At the 31st March 2002 the Authority has ongoing major capital commitments for three schemes, the purchase of the Arts Centre £0.300m, CCTV contract for £0.095m and the construction of Firthmoor School £1.719m.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Capital Investment

The total capital investment was as follows:

	2001/02 £000s	2000/01 £000s
Operational Assets	12,657	10,079
Non-Operational Assets	473	135
Deferred Charges	335	1,643
	13,465	11,857

(d) Analysis of Fixed Assets

	31st March 2002	31st March 2001
Schools - Nursery	6	6
- Primary (excluding Aided schools)	29	29
- Secondary (excluding Aided schools)	6	6
- Special	1	1
- Pupil Referral Unit	1	1
Children's homes	1	1
Homes for Older People	2	3
Adult Residential Homes	1	1
Adult Day Centres	1	1
Other Social Services Properties	3	-
Council Dwellings	6,371	6,500
Highways - Principal roads	50.9km	50.9 km
- 'B' roads	27.8km	27.8 km
- 'C' roads	105.9km	105.9 km
- Unclassified roads	277.14km	276.2 km
Town Hall	1	1
Other Administrative Buildings	1	1
Depots and Workshops	4	4
Off-Street Car Parks/Lorry Park	25	25
Arts Centre	1	1
Leisure Centre	1	1
Eastbourne Sports Complex	1	1
Libraries	2	2
Museum	1	1
Parks and Recreation Grounds	39	39
Golf Course	1	1
Theatre	1	1
Covered Market	1	1
Cattle Market	1	1
Open Market	1	1
Cemeteries	3	3
Crematorium	1	1
Commercial Property Rented Out :		-
Shops, Offices Workshops etc.	45	45
	74,500 sq.ft	74,500 sq. ft
Ground Leases	153	154
	82.0 hectares	82.0 hectares
Short Term Tenancies & Licences of Land	78	79
Agricultural Tenancies including Farm Business Tenancies	18	18
	332.13 hectares	332.93 hectares



NOTES TO THE CONSOLIDATED BALANCE SHEET

2 Deferred Charges

	£000
Balance as at 1 April 2001	6,645
Expenditure - Improvement Grants	963
Expenditure - Other	441
Amounts written off to consolidated revenue account	(1,404)
Balance as at 31 March 2002	6,645

3 Euro

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

The Council is a member of the CIPFA Euro Forum and uses a BASDA accredited accounting system which has been upgraded to ensure compatibility with the introduction of the Euro.

At this stage the Authority has not incurred any other expenditure or is committed to any significant expenditure.

4 Stocks And Work In Progress

	31st March 2002	31st March 2001
	£000	£000
Work in Progress	53	85
Stocks		
DLO	50	56
Other	345	361
	448	502

NOTES TO THE CONSOLIDATED BALANCE SHEET

5 Debtors And Prepayments

	31st March 2002	31st March 2001
	£000	£000
Amounts falling due in one year :		
Government Departments	1,715	659
Other Local Authorities	290	136
Council Tax and NDR	2,903	4,033
Housing Rents	821	793
Sundry Debtors	4,523	3,695
Prepayments	1,130	1,931
	11,382	11,247
Less Provision for Doubtful Debts	(1,707)	(2,034)
	9,675	9,213
Amounts falling due after one year :		
Car loans to employees	210	275
Council House Mortgages	219	284
Housing Act Advances	74	81
Other	205	207
	708	847

6 Creditors And Income In Advance

	31st March 2002	31st March 2001
	£000	£000
Collection Fund Balance	526	363
Income in Advance	3,628	3,456
Government Departments	2,601	2,013
Other Local Authorities	2,737	2,191
Sundry Creditors	10,077	7,402
	19,569	15,425

NOTES TO THE CONSOLIDATED BALANCE SHEET

7 Long Term Borrowing And Creditors

Source Of Loan	Range Of Interest Rates Payable	Total Outstanding at 31st March	
		2002	2001
	%	£000	£000
Durham County Council	5.051 - 6.1	13,303	13,993
Public Works Loans Board		52,830	52,730
		66,133	66,723
Analysis of Loans by Maturity			
Maturing in 1-2 years		0	0
Maturing in 2-5 years		0	0
Maturing in 5-10 years		0	0
Maturing in more than 10 years		52,830	52,730
Durham County Council		13,303	13,993
		66,133	66,723

Under the arrangements following Local Government reorganisation, Durham County Council continues to administer certain long term borrowing on behalf of the Council. The total debt outstanding at 31st March 2002 was £13.993million which is repayable in equal instalments of approximately £0.690 million per annum over 20 years.

8 Deferred Government Grants

Government grants in respect of capital are credited to a Government Grants Deferred account when they are received and are released to off-set depreciation charged to revenue accounts. The balance of £14.496million relates principally to European Regional Development Fund, Derelict Land Grant, Estate Action, Standards Fund and National Lottery.

9 Deferred Capital Receipts

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

10 Provisions (General Fund)

	1st April 2001	Receipts In Year	Payments In Year	31st March 2002
	£000	£000	£000	£000
Land Reclamation	131	379	0	510
Faverdale Maintenance Fund	56	0	(5)	51
Recycling Initiatives	5	0	(13)	(8)
D.L.O.	68	39	0	107
Insurance Provision	723	358	(147)	934
Absence Supply Insurance	38	0	0	38
Frozen Holiday Pay	40	0	0	40
Social Services s117	47	0	0	47
	1,108	776	(165)	1,719

Land Reclamation

A provision for the repayment of reclamation grant has been made in the accounts in the sum of £510,000 at 31st March 2002. This is at variance with SSAP 4.

Faverdale Maintenance Fund

Provision has been made for the future cost of maintenance of land at Faverdale in accordance with an agreement entered into when the Council sold land it previously owned.

Recycling Initiatives

Provision for future costs of promoting and developing recycling initiatives, funded from income received as a result of previous recycling activities.

D.L.O.

Provision for future losses on contracts that were not completed by 31st March 2002.

Insurance Provision

The Council insures against the risk of claims in respect of personal injury and property loss. These risks are insured externally, however, there is a £5,000 excess in respect of each and every claim on the liability policy. The balance on this account represents claims made and still outstanding at the 31st March 2002 which are within these excesses.

Absence Supply Insurance

The Council insures schools with delegated budgets against the risk of long term sickness. Surpluses have been carried forward as a provision for possible future payments.

Frozen Holiday Pay

To meet the cost of accrued holiday entitlement in respect of certain groups of employees transferred from Durham County Council.

Social Services s117

Provision for potential repayment of charges made under s117 of the Mental Health Act 1983.

NOTES TO THE CONSOLIDATED BALANCE SHEET

11 Fixed Asset Restatement Reserve

	£000
Balance brought forward	154,450
Transferred from Durham County Council	-
Disposal of fixed assets	(2,783)
Capital Expenditure not increasing gross book value	(9,893)
Revaluation of Fixed Assets	28,694
	170,468

The new system of capital accounting introduced in 1994/95 requires the establishment of the fixed asset restatement reserve. The gross book value of fixed assets was increased by £34,101,000 on 1st April 1994 as a result of revaluations under the new system and the inclusion in the balance sheet of assets acquired under finance leases. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on future revaluations.

12 Capital Financing Reserve

	£000
Balance as at 1 April 2001	37,620
2001/2002 capital receipts set aside	1,624
2001/2002 capital financing capital receipts -2001/2002 revenue	1,754 43
2001/2002 MRP (less depreciation provision)	(9,155)
Less	
write down of deferred charges	(1,211)
redemptions by borrowers	(7)
write down of de-minimus capital expenditure	(136)
	30,532

The capital financing reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans. The balance on the reserve is reduced as loan debt is repaid.

NOTES TO THE CONSOLIDATED BALANCE SHEET

13 Usable Capital Receipts Reserve

	£000
Opening balance	0
Capital receipts 2001/2002	3,378
Less	
2001/2002 capital receipts set aside	1,624
2001/2002 capital receipts used for financing	1,754
	0

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

14 Analysis Of Net Assets Employed

	31st March 2002	31st March 2001
	£000	£000
General Fund	102,144	97,343
Housing Revenue Account	104,882	99,952
Direct Labour Organisation	782	745
	207,808	198,040

15 Related Companies

Under Part V of the Local Government and Housing Act 1989, the Council has to maintain a register of interests in companies. Accordingly the following companies have been identified as being under some form of control by the Council:

A) Controlled Companies

The Tees Valley Development Company is jointly controlled by 5 Local Authorities with Darlington having a minority standing.

The Local Government Information Unit is an authorised exempted company and does not therefore fall under the controls established under Part V of the Local Government and Housing Act 1989 or the Local Authorities (Companies) Order 1995.

Tees Forest is jointly controlled by the 5 Tees Valley Local Authorities as well as being match funded by the Countryside Commission.

B) Minority Interest Companies

There are 4 companies that fall into the above category, namely, Northern Arts, Darlington Business Venture, Darlington Partnership and Business Link Tees Valley.

NOTES TO THE CONSOLIDATED BALANCE SHEET

16 Reserves (General)

	1st April 2001	Receipts In Year	Payments In Year	31st March 2002
	£000	£000	£000	£000
General Fund	1,969	0	(372)	1,597
Earmarked Departmental Balances	(13)	67	0	54
Housing Revenue Account	835	295	0	1,130
Revenue Contribution to Capital Outlay	1,008	391	(600)	799
Schools Revenue Balances	1,443	426	(686)	1,183
Debt Rescheduling Equalisation	8	0	(8)	0
Other	4	0	0	4
Insurance Fund	391	394	(411)	374
Crematorium Refurbishment Fund	12	6	0	18
Major Repairs Reserve	0	3,571	(2,170)	1,401
	5,657	5,150	(4,247)	6,560

General Fund

The Council has established a General Fund for financing the acquisition, reclamation or enhancement of land, or acquisition, construction or enhancement of buildings or the acquisition of vehicles, plant, equipment and furniture; the repair and maintenance of the Council's rate fund assets; the redemption of debt in respect of the Town Centre Development including the Dolphin Centre and for any purpose deemed appropriate.

Housing Revenue

This fund was established to provide an adequate working balance from April 1990. It includes the surplus or deficit on the Housing Revenue Account for the year.

Revenue Contribution to Capital Outlay

The Council has established this reserve to meet future capital commitments. The balance includes £0.686m to finance future capital repairs to the housing stock.

Schools Revenue

Balances held by locally managed schools are not available to the Council for general use. The net surplus balance at 31st March 2002 includes deficits totalling £293,487 in respect of six schools.

Debt Rescheduling

During 1993/94 the Council undertook a debt rescheduling programme, the aim of which was to produce a combination of benefits in terms of interest savings/costs and discounts/penalties. The accounting treatment of discounts received from the PWLB on the premature repayment of long term loans is that a proportion is credited to the revenue account annually based on the maturity period of the replacement loan. The balance on this account represents discounts received but not yet credited to a revenue account.

Insurance Fund

The Council maintains an Insurance Fund established under statutory powers to indemnify the Council directly against specified risks.

Crematorium Refurbishment

The Council has established this reserve to meet future expenditure, which will be incurred in complying with the requirements of the Environmental Protection Act 1990.

Major Repairs

The Council receives Major Repairs Allowance to fund Capital repairs to its Housing Stock. Following delays in a number of contracts the completion of the work has been delayed. The balance represents the amount of expenditure that has been deferred to future years.

NOTES TO THE CONSOLIDATED BALANCE SHEET

17 Contingent Liabilities

These refer to amounts that may fall due in the future but are uncertain over what amount might be due and whether in fact they might arise. In 2001-02 the contingent liabilities were as follows:-

The Council has guaranteed the leasing payments on the Imperial Centre for Darlington Business Venture for the next three years. The annual payments are £29,000 and the Council's potential liability is £87,000, but will only be payable to the extent that the company might fail to meet its obligations to make the payments. The company's latest accounts have been given an unqualified audit report.

During 1992/93 Municipal Mutual Insurance ceased accepting new business. At 31st March 2002, the Council only had one outstanding claim with MMI amounting to £420,829 and arrangements are in place to try to ensure an orderly settlement of the sum due.

18 Provision For Credit Liabilities

	31st March 2002
	£000
Balance brought forward	0
Amount set aside for MRP	2,192
Reserved capital receipts	1,688
European Grants	0
Less Debt Paid	(2,900)
	980

19 Assets And Liabilities Transferred From Durham County Council

Following Local Government Re-organisation and the creation of the new unitary authority in Darlington, Durham County Council's balance sheet has been divided between this Council and the residual County authority. Whilst the majority of the transfer was effected during 1999/2000 and therefore appears in the Consolidated Balance Sheet at 31st March 2002, the disaggregation of the County Council's capital reserve is still to be finalised.

NOTES TO THE CONSOLIDATED BALANCE SHEET

20 Trust Fund Memorandum Account

The Council acts as custodian trustee for a number of Trusts which operate for the benefit of Students attending or who have attended Secondary Schools in Darlington Borough (including Queen Elizabeth 6th Form College). It also acts as trustee for a further 13 funds and as in neither case do they represent assets of the Council, they have not been included in the Consolidated Balance Sheet.

Funds for which Darlington Borough Council are sole or custodian trustee.

	Balance at 1st April	Receipts	Payments	Balance at 31st March	Assets	Liabilities
	£000's	£000's	£000's	£000's	£000's	£000's
James Barningham Fellowship	30	2	(11)	21	66	0
D.Cameron Prize Fund	1	0	0	1	1	0
F.C.Coleman Prize	2	0	0	2	4	0
Lady Dale Scholarship	5	1	(1)	5	30	0
Darlington Education Fund	11	15	(16)	10	440	0
Darlington School Prize Fund	1	0	0	1	7	0
W.Draffon Scholarship	3	1	(1)	3	24	0
Reginald Gray Prize	1	0	0	1	4	0
W.C.B.Jewsbury Prize	1	0	0	1	3	0
Clara C.Lucas Bequest	1	0	0	1	13	0
Lady Starmer Maintenance Fund	1	0	(1)	0	13	0
Lady Starmer Speech Fund	2	0	(2)	0	12	0
	59	19	(32)	46	617	0
	59	19	(32)	46	617	0

All of the above investments are held by the Charities Commission and the latest COIF Charity Fund shares are valued at £570,201 (as per valuation date 31/12/01).

Purpose of the Trust Funds:

James Barningham Fellowship

Scholarships to pupils proceeding from any of the schools to institutions of further education, such scholarships to be awarded for the best essays on the subject " The rise and downfall of nations ".

D.Cameron Prize Fund

Funds provided in 1980 by Mrs Dorothy Cameron a former Deputy Head Mistress of Hummersknott School to provide two prizes of books each year for the boy and girl obtaining the best results in the examinations at the school.

NOTES TO THE CONSOLIDATED BALANCE SHEET

F.C.Coleman Prize Fund

Yearly prize to be awarded for the best essay or English composition on a subject determined by the Managing Trustees.

Lady Dale Scholarship

Scholarships to female pupils proceeding from any of the secondary schools to institutions of further education.

Darlington Education Fund

Promoting the education, including social and physical training, of persons under the age of 25 years who attend or have attended any of the secondary schools in Darlington.

Darlington School Prize Fund

The managing trustees shall award yearly prizes to pupils attending any of the secondary schools in Darlington.

W.Draffan Scholarship

Scholarships to pupils from any of the secondary schools proceeding to the University of Edinburgh.

Reginald Gray Prize

Prize to boys attending any of the schools, such prizes to be awarded for the best essay on Classical English Literature.

W.C.B.Jewsbury Prize

To provide House prizes for services in the Houses of Hummersknott Comprehensive School.

Clara C. Lucas Bequest

For prizes to pupils attending any of the Comprehensive Schools to be awarded for the best essay on subjects of domestic utility.

Lady Starmer Maintenance Fund

To provide clothing, equipment or facilities for the relief, assistance and help in attendance at Hummersknott School.

Lady Starmer Speech Fund

To provide an annual prize at Hummersknott school for the Lady Starmer Speech Competition.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Other Trust Funds administered by Darlington Borough Council are as follows :

	Balance at 1st April £000's	Receipts £000's	Payments £000's	Balance at 31st March £000's
Stainsby Murray Fund	41	2	(2)	41
Middleton Greathead SP	34	3	0	37
Stainsby Murray Trust	42	2	(2)	42
E.M.Corner Bequest	105	5	(14)	96
Criminal Injuries Compensation	69	4	(43)	30
Other	50	0	0	50
	<u>341</u>	<u>16</u>	<u>(61)</u>	<u>296</u>

Purpose of the Trust Funds:

Stainsby Murray Fund

Provision of christmas comforts for aged persons in Darlington.

Middleton Greathead Printers Scholarship

This fund has not been used for many years as its purpose in its original form has been considered incapable of being carried out. "The scholarship to be open to and set apart for the education of the sons of Journeymen Printers only and who are natives of or residents in Darlington".

Stainsby Murray Trust

Provision of christmas comforts for aged persons in Darlington.

E.M.Corner Bequest

Provision of the Arts by Darlington Library

Criminal Injuries Compensation

Provision of funds for compensation to minors.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Pensions

Local Government Pension Scheme

The Local Government Pension Scheme is a multi-employer scheme which provides members with defined benefits related to their pay and service.

The figures disclosed below for 2001/02 (as at 31st March 2002) have been derived by suitable approximate methods from the full actuarial valuation carried out by the Funds Actuary as at 31st March 2001.

The main financial assumptions used are as follows :-

Rate of Price Inflation	2.50%
Future escalation of pensionable pay	4.30%
Allowance for future increases on pension payments	2.50%
Rates used to discount scheme liabilities	6.10%

The fair value of attributable assets held by the pension scheme as at 31st March 2002 is £909m and is made up in the following proportions :-

	Proportion %	Expected Rate of Return
Equities	77.3%	7.50%
Bonds	8.6%	6.00%
Other :-		
Gilts	7.3%	5.25%
Cash & Net Current Assets	3.8%	4.50%
Property	3.0%	6.00%

The fair value of the attributable scheme assets (as at 31st March 2002) is £120.0m.

The present value of scheme liabilities (as at 31st March 2002), based on the actuarial assumptions is £169.7m, for total past-service liabilities. This gives rise to a deficit of £49.7m

The contribution rates paid by the Council are calculated to recover the past-service deficit at the time of the last full valuation in 2001. The required increases are being phased in over six years. The Council's Medium Term Financial Plan includes provision for increases in contribution rates to reach the required level over three years. By adopting this approach the impact of the deficit on the Council's overall balances will be spread in a planned way which should help to avoid sharp increases in future years. The impact of pension fund investment performance and assumptions made by the actuaries will be kept under review.

STATEMENT OF TOTAL MOVEMENTS IN RESERVES

	2000/01	2001/02	
Surplus/(deficit) for the year:			
-General Fund	(694)		(305)
-Housing Revenue Account	495		295
-Revenue Contribution to Capital Outlay	1,008		(209)
-Schools Revenue Balances	293		(260)
-Major Repairs Reserve	0		1,401
-Debt Rescheduling Equalisation	(7)		(8)
-Insurance Fund	(654)		(17)
-Crematorium Refurbishment Fund	6		6
Movements of specific revenue reserves		447	903
Total increase/(decrease) in revenue resources			
Increase/(decrease) in usable capital receipts	(21)		0
Total increase/(decrease) in realised capital resources (note 1)		(21)	0
Gains/(losses) on revaluation of fixed assets	72,085		28,694
Impairment losses on fixed assets due to general changes in prices	0		0
Total increase/(decrease) in unrealised value of fixed assets (note 2)		72,085	28,694
Amounts written off fixed asset balances for disposals	(3,424)		(2,783)
Expenditure not increasing Gross Book Value	(7,554)		(9,893)
Total Value of assets sold,disposed of or decommissioned (note 2)		(10,978)	(12,676)
Capital receipts set aside	3,626		3,378
Revenue resources set aside	(1,509)		(10,466)
Total increase/(decrease) in amounts set aside to finance capital investment (note 3)		2,117	(7,088)
Total recognised gains and losses		63,650	9,833

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

Usable capital receipts (Note 1)

Movements in realised capital resources

Amounts receivable in 2001/02	(1,754)
Amounts applied to finance new capital investment in 2001/02	<u>1,754</u>
Total increase/(decrease) in realised capital resources in 2001/02	0
Balance brought forward at 1st April 2001	<u>0</u>
Balance carried forward at 31st March 2002	<u><u>0</u></u>

Fixed Asset Restatement Reserve (note 2)

Movements in unrealised value of fixed assets

Gains/losses on revaluation of fixed assets in 2001/02	28,694
Impairment losses on fixed assets due to general changes in prices in 2001/02	0
Total increase/(decrease) in unrealised capital resources in 2001/02	<u>28,694</u>

Value of assets sold, disposed of or decommissioned

Amounts written off fixed asset balances for disposals in 2001/02	(2,783)
Expenditure not increasing Gross Book Value	<u>(9,893)</u>
Total movement on reserve in 2001/02	16,018
Balance brought forward at 1st April 2001	<u>154,450</u>
Balance carried forward at 31st March 2002	<u><u>170,468</u></u>

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

<i>Capital Financing Reserve (note 3)</i>	
Movements in amounts set aside to finance capital investment	
Capital receipts set aside in 2001/02	
-reserved receipts	1,624
-useable receipts applied	1,754
	<u>3,378</u>
Total capital receipts set aside in 2001/02	3,378
Revenue resources set aside in 2001/02	
-capital expenditure financed from revenue	43
-write down of De-minimus capital expenditure	(136)
-reconciling amount for provision for loan repayments	(10,373)
	<u>(10,466)</u>
Total revenue resources set aside in 2001/02	(10,466)
Total increase/(decrease) in amounts set aside to finance capital investment	
Total movement on reserve in 2001/02	(7,088)
Balance brought forward at 1st April 2001	<u>37,620</u>
Balance carried forward at 31st March 2002	<u><u>30,532</u></u>

CONSOLIDATED CASH FLOW STATEMENT

2000/01	DESCRIPTION	2001/02		
£000		£000	£000	£000
	Revenue Activities			
	Cash Outflows			
71,406	Cash Paid To Employees	76,831		
55,224	Other Operating Cash Payments	84,021		
10,123	Housing Benefit Paid Out	10,703		
23,884	Payment To Non-Domestic Rates Pool	22,075		
1,623	Precept Paid To Durham Police Authority	1,756	195,385	
162,261				
	Cash Inflows			
(6,051)	Rents (After Rebates)	(6,519)		
(19,360)	Council Tax Collected	(22,108)		
(23,782)	Non-Domestic Rates Collected	(24,881)		
(29,209)	Share Of Non-Domestic Rates Pool	(28,268)		
(34,230)	Revenue Support Grant	(36,742)		
(12,942)	DSS Grants For Rebates	(13,533)		
(13,427)	Other Government Grants	(25,019)		
(22,940)	Cash Received For Goods And Services	(41,478)	(198,548)	(3,164)
(161,940)				
321	Returns On Investments And Servicing Of Finance			
	Cash Outflows			
3,276	Interest Paid	3,796		
0	Interest Element Of Finance Leasing Payments	0	3,796	
	Cash Inflows			
(1,167)	Interest Received	(1,049)		2,747
2,109				
	Capital Activities			
	Cash Outflows			
5,409	Payments For Capital Schemes	5,446		
	Cash Inflows			
(2,140)	Sale Of Fixed Assets	(1,494)		
(2,308)	Capital Grants Received	(6,486)	(7,981)	(2,535)
962				
3,391	Net Cash Outflow/(Inflow) Before Financing			(2,952)
	Management of Liquid Resources			
2,144	Net Decrease In Short Term Deposits	4,357		4,357
	Financing			
	Cash Outflows			
16,523	Repayment of Loans	3,900		
0	Capital Element Of Finance Leasing Payments	0	3,900	
	Cash Inflows			
(21,148)	New Long-Term Loans Raised	(5,900)		
(850)	New Short-Term Loans Raised	(1,000)	(6,900)	(3,000)
(5,475)				
60	Net (Increase)/Decrease in Cash			(1,595)

Check
Totals
£

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

The Consolidated Cash Flow Statement summarises all movements of cash resulting from transactions with third parties.

The statement differs from the financial information elsewhere in the Statement of Accounts in that :-

- (i) it excludes internal transactions (recharges between accounts, contributions to and from reserves, provisions etc.) as these do not result in cash movements.
- (ii) cash-flow refers only to receipts and payments of cash during the year whereas the Council's revenue accounts are prepared on the basis of income and expenditure, i.e. taking into account debtors, creditors, accruals and prepayments.

<u>CASH FLOW STATEMENT 'REVENUE ACTIVITIES' RECONCILIATION TO CONSOLIDATED REVENUE ACCOUNT DEFICIT</u>		
	£000	£000
Consolidated Revenue Account Deficit		305
Less Net Movement In Creditors And Debtors		(2,748)
Items Included in CFS Revenue Activities, Not Included in CRA :-		
Payment To Non Domestic Rates Pool	22,075	
Precept Paid To Durham Police Authority	1,756	
Council Tax Collected	(22,108)	
Non Domestic Rates Collected	(24,881)	(23,158)
Items Excluded from CFS Revenue Activities, Included in CRA :-		
Transfer To Schools Revenue Reserves	301	
Borough Council Demand On Collection Fund	23,767	
Collection Fund Surplus	300	
Education Budget Support Grant	360	
Contribution from Capital Reserves	456	
Loans Pool Interest Paid	(3,796)	
Investment Income	1,049	22,438
Net Cash Outflow On Revenue Activities		(3,164)

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

"Other Government Grants" shown under Revenue Activities Cash Inflows (page 45) are comprised of :-

	£000
Education	
DFeSGrant	3,287
Mandatory Awards	184
GEST	4,335
Standards Fund	2,304
Out of School Childcare Grant	17
DFEE Threshold Grant	1,009
Other education grants	2,153
Social Services	2,339
Housing Subsidy	4,538
Training & Employment	1,060
Other	3,794
	25,019

"Capital Grants Received" in the Capital Activities section of the statement (page 45) are :-

	£000
CCTV - Home Office	102
Standards Fund	2,314
ERDF	24
Single Regeneration Budget	398
Major repairs	3,546
Countryside Agency	30
Contributions	72
	6,486

The increase in cash shown in the statement is the difference between the opening and closing cash balances and short-term investments in the Consolidated Balance Sheet :-

	Balance 31/3/01 £000	Balance 31/3/02 £000	Movement £000
Net (Increase)/Decrease in Cash	1,618	23	(1,595)
Movement in Short Term Deposits	Balance 31/3/01 £000	Balance 31/3/02 £000	Movement £000
Short Term Deposits	15,752	20,109	4,357
Movement in Long Term Borrowing	Balance 31/3/01 £000	Balance 31/3/02 £000	Movement £000
	52,730	55,730	(3,000)

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 responsibility for the administration of those affairs. In this authority that officer is the Director of Corporate Services ('the Director').
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- approve the statement of accounts.

The Director of Corporate Services' Responsibilities

The Director 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 on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Director has:

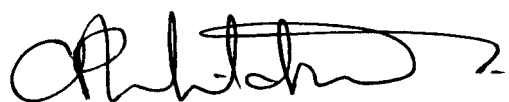
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director has also:

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

Director's Statement

This Statement of Accounts has been prepared in accordance with the statutory requirements and proper accounting practices. It presents fairly the Council's financial position as at 31st March 2002 and the income and expenditure for 2001/2002.



Paul Wildsmith
Director of Corporate Services

AUDITORS' REPORT TO
DARLINGTON BOROUGH COUNCIL

We have audited the statement of accounts on pages 10 to 47 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 6 to 9.

Respective Responsibilities of the Director of Corporate Services and Auditors

As described on page 48 the Director of Corporate Services 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 my 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 1998 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 the 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 considered 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.

Opinion

In our opinion the statement of accounts presents fairly the financial position of Darlington Borough Council at 31st March 2002 and its income and expenditure for the year then ended.

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.

Signature

Date

Audit Manager
District Audit

GLOSSARY

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1st April and ending as at the balance sheet date, 31st March.

ACCRUALS

The concept that income and expenditure is accounted for as it is earned or incurred, not as money is received or paid.

ASSET

An item having value in monetary terms, they can be defined as current or fixed.

- A current asset will be consumed or cease to have material value within the next financial year (e.g. stocks and debtors).
- A fixed asset provides benefits to the Authority and to the services it provides for a period of more than one year.

AUDIT

An independent examination of the Authority's activities, either by internal audit or the Authority's external auditor, which is the District Audit Service.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL CHARGES

A charge to service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset which will be used in providing services beyond the current accounting period or expenditure which adds to an existing fixed asset.

CAPITAL FINANCING

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL RECEIPTS

The proceeds from the disposal of land or other assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used for revenue purposes.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

COLLECTION FUND

A separate fund recording the expenditure and income relating to council tax, non-domestic rates and residual community charge.

GLOSSARY

COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions in their disposal. Examples of community assets are parks and historic buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next one are the same.

CONTINGENCY

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain events.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which Local Authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

COUNCIL TAX

This is a banded property tax which is levied on domestic properties throughout the Borough. The banding is based on estimated property values as at 1st April 1991.

CREDITOR

Amounts owed by the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

DEBTOR

Amounts due to the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

DEFERRED CHARGES

Expenditure which is properly capitalised but which does not result in, or remain matched with, tangible assets. Examples of deferred charges are expenditure on items such as improvement grants and premiums payable on debt which has been repaid prematurely.

DEPRECIATION

The measure of the cost or revalued amount of the benefit of the fixed assets that have been consumed during the period.

FIXED ASSETS

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

GLOSSARY

FIXED ASSET RESTATEMENT RESERVE

A reserve required following the introduction of a new capital accounting regime from 1st April 1994, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure to support the cost of the provision of the Authority services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Authority.

HOUSING ACT ADVANCES

Loans made by an authority to individuals or Housing Associations towards the cost of constructing, acquiring or improving dwellings. Loans to individuals are termed mortgages.

HOUSING BENEFITS

A system of financial assistance to individuals toward certain housing costs administered by authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

The Housing Revenue Account is a statutory account maintained separately from that in respect of General Fund services. It includes all revenue expenditure and income relating to the provision, maintenance and administration of council housing and associated areas.

IMPAIRMENT

A reduction in the value of a fixed asset, below it's carrying amount on the balance sheet.

INCOME

Amounts which the Authority receives or expects to receive from any source, including fees, charges, sales and grants.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority which do not necessarily have a resale value and for which a useful life-span cannot be readily assessed e.g. highways, bridges and drainage facilities.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to distortion of the financial statements to a reader of the statements.

GLOSSARY

MINIMUM REVENUE PROVISION (MRP)

Is the minimum amount which must be charged to the revenue account every year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of the asset in its existing use, less the expenses to be incurred in realising the asset.

NON-DOMESTIC RATES (NNDR)

An NNDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by Central Government as a grant to authorities in accordance with a government formula. These are often referred to as business rates.

NON-OPERATIONAL ASSETS

These are assets which are not directly occupied, used or consumed in the delivery of services e.g. land awaiting development and surplus assets.

OPERATING LEASE

An agreement in which the Council derives the use of an asset in exchange for rental payments, but where the risks and rewards of ownership are not transferred.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf e.g. Police Authority and Parish Councils.

PROVISION

An amount put aside in the accounts for liabilities or losses which have occurred but uncertainty surrounds the exact amounts involved or the dates on which they will arise.

PROVISION FOR CREDIT LIABILITIES

This represents the sum set aside for the repayment of debt. This provision is subsumed within the capital financing reserve.

GLOSSARY

PRUDENCE

The concept where income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government itself can borrow.

RATEABLE VALUE

The annual assumed rental value of a hereditament which is used for NDR purposes.

RELATED PARTIES

Two or more parties are related when at any one time during the financial period :

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- the provision of services to a related party, including the provision of pension fund administration services;
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and payments of benefits.

The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement reserve cannot be used to meet current expenditure.

GLOSSARY

REVENUE EXPENDITURE

The day to day expenses of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the cost of their services. It is based on the Government's assessment of how much an Authority needs to spend to provide a standard level of service.

STATEMENT OF STANDARD ACCOUNTING PRACTICES (S.S.A.P.'s)

Statement of Standard Accounting Practice, with which local authorities should comply when preparing their accounts so that the accounts are presented fairly.

STOCKS

Items of raw materials and stores an authority has produced to use on a continuing basis and which it has not yet used. Examples are consumable stores, raw materials and components purchased for incorporation into products for sale.

TEMPORARY BORROWING

Money borrowed for a period of less than a year.

TOTAL COST

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and overheads, which need to be apportioned.

TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

UNAPPORTIONABLE CENTRAL OVERHEADS (UCO)

These are overheads for which no user now benefits and should not be apportioned to services.

USEFUL LIFE

The period over which the Local Authority will derive benefits from the use of a fixed asset.

WORK IN PROGRESS

The cost of work done on an uncompleted project at the balance sheet date, which should be accounted for.