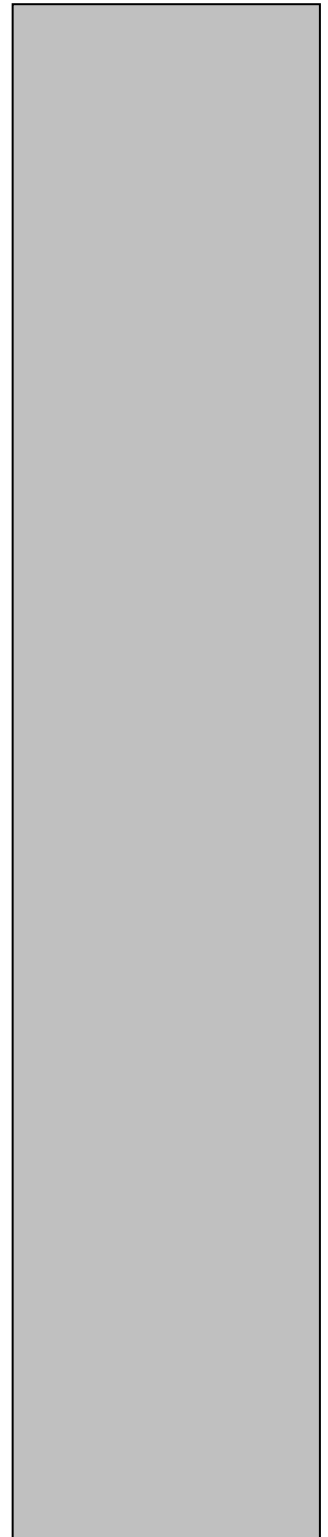


**STATEMENT OF  
ACCOUNTS  
2002/2003**



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## **STATEMENT OF ACCOUNTS**

### **Introduction by Councillor Wayne Campbell, Deputy Leader and Executive Member for Resource**

I am pleased to welcome you to the Council's Statement of Accounts for 2002/03.

Last year saw the introduction of the Government's Comprehensive Performance Assessment (CPA) throughout local government whereby each local authority's performance was assessed by the Audit Commission based on performance information that is produced from a variety of sources. The Accounts play a vital part in this respect as they provide information on the Council's financial performance to a wide range of interested parties. They show how we've spent our money, how we've performed against our budget and how we've invested in our assets.

Bury Council is a low spending, low taxing and low borrowing authority. On average we spend 15% per person less than the other nine Greater Manchester Councils, our Council tax is 8% less than that of these other Councils and we owe 30% less per person as well. Whilst much of this is due to the prudent approach taken by the Council it is also true to say that over the past 10 years Bury has been hit particularly hard by central Government controls on our finances. In 2002/03 the Council received a lower than expected settlement from Central Government. We therefore remain committed to fighting for a better deal for Bury when it comes to the way that Government funding is shared out between Councils. In 2002 the Government issued changes to the formulae used to distribute Revenue Support Grant in 2003/04 to local authorities.

The Council takes its financial responsibilities very seriously. Introducing a new democratic structure within the Council is aimed at, amongst other things, strengthening control over the Council's finances, with a key role being played by the new Scrutiny and Review Panels in examining the Council's spending.

The Accounts demonstrate that we have continued to exercise tight control over our finances. We have kept our spending to within budget and the difference between what we spent and what we planned to spend is less than 1% of our total budget. Given that we have a turnover of more than £300million this is a very commendable performance. We have also invested more than £30million on improving the assets that are so vital to the quality of the services that we aim to provide.

However we will not be resting on our laurels. There are ever increasing demands on the Council's services and this will clearly put our budget under pressure in the years to come. We are improving the way that we set and monitor our budget and more detailed three-year budgets have been developed that allow the Council to take a longer term view of its budget strategy in order to link more directly to the Council's aims and objectives and its service plans. We are also bringing together the regular reporting of budget and service performance so that we can make clearer the links between spending and outcomes.

The Council is committed to obtaining "Best Value" from all of its services and this year the preparation and presentation of the Accounts continues to be influenced by the Best Value Accounting Code of Practice (BVACOP) which sets out to modernise the system of local authority accounting to ensure that it meets the changed and changing needs of modern local government.

Finally I would like to take this opportunity to thank all of the Council's Members and officers who have played a part in the production of these Accounts and who have contributed to the sound financial performance that they demonstrate. I would also like to say thank you to everyone who takes the time to read the Accounts; I hope you find them helpful and informative.

**Councillor Wayne Campbell  
Deputy Leader of the Council and Executive Member for Resource**

## **APPROVAL OF THE STATEMENT OF ACCOUNTS**

In accordance with Regulation 10 of the Accounts and Audit Regulations 2003 I confirm that these accounts were approved by the Audit Sub Committee at the meeting held on Thursday 31 July

Signed on behalf of Bury Metropolitan Borough Council:

Chair of the Audit Sub Committee

Date:

# **GLOSSARY OF TERMS**

## GLOSSARY OF TERMS

### ACTUARIAL GAINS AND LOSSES

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)
- (b) the actuarial assumptions have changed

### ASSETS

Items that are of worth and are measurable in terms of money. Assets can be further classified as:

#### **CURRENT ASSETS**

assets which may change in value on a day-to-day basis (e.g. stocks).

#### **FIXED ASSETS**

assets which yield benefit to the Authority for a period of a year or more (e.g. land and buildings). Fixed assets are further classified into: -

##### **Operational Assets**

assets used in the direct delivery of those services for which the Authority has a responsibility e.g. schools.

##### **Community Assets**

assets that the Authority intends to hold in perpetuity, which have no determinable useful life, and which may have restrictions on their disposal e.g. parks.

##### **Infrastructure Assets**

assets that are required in order to enable other developments to take place e.g. roads.

##### **Non-Operational Assets**

assets that are held by the Authority but not directly used or occupied e.g. surplus buildings held pending sale or redevelopment.

### BALANCES

The **capital** or **revenue reserves** of the Authority, made up of the accumulated surplus of **income** over **expenditure** on any of the Funds.

### BALANCE SHEET

A statement of the **assets**, **liabilities** and other **balances** at the end of an accounting period (e.g. a financial year).

### CAPITAL

**Expenditure** on the acquisition, creation or enhancement of tangible **assets** which yields benefit to the Authority for more than a year and/or income from the sale of such **assets**.

### CAPITAL CHARGES

Charges made to Committees for the use of their **fixed assets**. Capital charges comprise two elements: -

#### **Notional Interest**

a capital financing charge determined by applying a specified notional rate of interest to the amount at which assets are included within the Balance Sheet.

### **Depreciation**

the measure of the wearing out, consumption or other reduction in the useful life of a fixed asset. This is calculated based on the remaining life an asset, and charged to revenue on a reducing balance basis on all depreciable assets except where the remaining life of the asset can be measured.

## **CAPITAL RECEIPTS**

**Income** from the sale of tangible **fixed assets**. Such receipts may be used to finance additional **capital expenditure** but a certain proportion has to be set aside to repay debt and only the remainder is usable.

## **CHARGING AUTHORITY**

This is an authority which has the task of collecting the Council Tax from the Council Tax payers within its geographical area. Bury MBC is such an authority.

## **CREDITORS**

Money owed **TO** individuals or organisations **BY** the Authority in respect of work done or services rendered within the financial year but for which payment has not yet been made.

## **CURTAILMENT**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employees' services earlier than expected; and
- b) termination of, or amended to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

## **DEBTORS**

Money owed **BY** individuals or organisations **TO** the Authority in respect of work done or services rendered within the financial year but for which payment has not yet been received.

## **DEFERRED CHARGES**

An item in the **Balance Sheet** of a **capital** nature where there is no tangible **fixed asset** in existence (for example improvement grants given to the owners of private houses - this is **capital expenditure** for which the Authority does not receive a **fixed asset**).

## **DEFINED BENEFIT SCHEME**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded)

## **DEFINED CONTRIBUTION SCHEME**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **EXPENDITURE**

Amounts paid by the Authority for goods received or services rendered of either a **capital** or a **revenue** nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not yet been paid for (in which case the supplier is a **creditor** of the Authority).

## **INCOME**

Amounts due to the Authority for goods supplied or services rendered of either a **capital** or a **revenue** nature. This does not necessarily involve a cash payment - income is deemed to have been earned once the goods or services have been supplied even if the payment has not yet been received (in which case the recipient is a **debtor** of the Authority).

## **LEASING**

A method of financing capital expenditure where a rental is paid for an asset for a specified period of time. There are two forms of lease; a **Finance Lease** involves the payment of the full cost of the **asset** and at the end of the leasing agreement the **asset** will belong to the Authority; an **Operating Lease** involves the payment of a rental for the use of the **asset** and at the end of the leasing agreement the **asset** will not belong to the Authority.

## **LIABILITIES**

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current Liabilities are usually payable within one year of the **Balance Sheet** date.

## **OUTTURN**

The final actual **income** and **expenditure** earned or incurred in a financial year.

## **PRECEPTS**

The method by which a non-charging authority obtains the income it requires by making a levy on the appropriate **charging authorities**. (i.e. Police and Fire). **Charging authorities** will themselves precept on the Collection Fund to obtain their own income.

## **PROJECTED UNIT METHOD**

An accrued benefits valuation method in which the pension scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants allowing, where appropriate, for future increases; and
- b) the accrued benefits for members in service on the valuation date.



The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

## **PROVISIONS**

These are sums set aside to meet **liabilities** or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.

## **RESERVES**

These are sums set aside to meet possible future costs where there is no certainty about whether or not the costs will actually be incurred.

## **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

## **REVENUE**

**Income** and **expenditure** arising from day-to-day activities.

## **REVENUE SUPPORT GRANT**

This is an annual grant paid by central Government as its contribution towards the cost of the Authority's services in general.

## **STATEMENTS OF STANDARD ACCOUNTING PRACTICE**

These describe methods of accounting approved by the accountancy profession through the Accounting Standards Board and the Financial Reporting Council as being best professional practice, and they are intended to apply to all organisations (albeit with some amendments or minor exceptions).

# **EXPLANATORY FOREWORD**

## **EXPLANATORY FOREWORD**

These Accounts have been prepared in accordance with the 1996 and 2003 Accounts and Audit Regulations, the Local Government and Housing Act 1989, the current Code of Practice on Local Authority Accounting and the Statement of Recommended Practice 2000 (and as amended by the 2002 SoRP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Accounts comprise several individual financial statements and related notes, which are intended to present fairly the financial position and transactions of Bury MBC (the Authority). They give details of the Authority's income and expenditure for the financial year, which ran from **1<sup>st</sup> April 2002 to 31<sup>st</sup> March 2003** along with details of the assets and liabilities of the Council at **31<sup>st</sup> March 2003**. Wherever it is relevant the corresponding figures for the last financial year, 2001/2002, are also shown for comparison. Briefly, the purpose of the individual statements is as follows:-

### **THE CONSOLIDATED REVENUE ACCOUNT**

shows the revenue income and expenditure for each service.

### **THE HOUSING REVENUE ACCOUNT**

shows the revenue income and expenditure on council housing.

### **THE COLLECTION FUND**

shows income collected from Council Tax, Community Charge and business rate payers and from Council Tax and Community Charge benefits. The Fund's expenditure then comprises the amount that the Authority needs from it to pay for its services, precepts made by the Police and Fire Authorities and a provision for uncollectable amounts. Business rates collected by the Authority are passed over to the Government and redistributed nationally so that the Authority receives back an amount dependent on Bury's population. This is paid directly into the General Fund as is Revenue Support Grant.

### **THE CONSOLIDATED BALANCE SHEET**

shows the financial position of the Authority at 31<sup>st</sup> March 2003 with regards to its assets, liabilities, reserves and balances.

### **THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES**

brings together all the recognised gains and losses during 2002/2003 and those which have been and have not been reflected in the Consolidated Revenue Account. The Statement separates the movements between revenue and capital reserves.

### **THE CASH FLOW STATEMENT**

summarises the inflows and outflows of cash arising from revenue and capital transactions with the outside world.

The Accounts comply with the CIPFA Accounting Code of Practice, 2000 and as updated by the 2002 Statement of Recommended Practice.

## SUMMARY OF THE COUNCIL'S FINANCIAL RESULTS

When reporting on the financial activities of a local authority it is usual to distinguish between revenue expenditure, which comprises day to day spending such as salaries, wages and running costs, and capital expenditure which relates to spending on assets that provide benefit for more than a year.

### REVENUE OUTTURN

As the table below shows, the Authority underspent its budget, as revised in March 2003, by **£5.571m**. This is largely accounted for by planned underspends and carry-forwards in accordance with the Council Policy and for Schools through statute.

At 31<sup>st</sup> March 2003 the borough's schools had accumulated a total underspending against their budget of **£4.038m**, of which £2.045m related to Standards Fund grants which are not required to be spent until 31 August, 2003. Under the terms of the Local Management of Schools scheme of delegation operated by the Authority, this underspending will be carried forward, in total, into the 2003/2004 financial year for the schools to use at their discretion.

In the case of the Authority's other Departments, the "Cash Ceiling" scheme of financial delegation operated by the Authority means that they will be able to carry forward into 2003/2004 their underspendings up to a limit that is the greater of **1% of their net budget or £50,000**. However, the **total** value of any overspendings must be carried forward. The directorate carry-forwards recommendations are included in the revenue outturn report considered by Executive on 30 July, 2003.

Detailed Outturn and variation reports for all services will be submitted to the Resource Scrutiny Panel on 11<sup>th</sup> September, 2003 for all services (and the Healthier and Safer Communities Commission in respect of the Housing Revenue Account). These reports are available to members of the public and they may be obtained from the Head of Financial Management at Bury Town Hall or by telephoning 0161-253 5034.

Revenue expenditure during 2002/2003 was: -

	<u>Revised Estimate £000's</u>	<u>Actual £000's</u>	<u>Difference £000's</u>
Net cost of Bury services	169,356	163,785	(5,571)
Precepts :-			
Police	3,947	3,947	0
Fire	1,862	1,862	0
	175,165	169,594	(5,571)
<b>TOTAL NET EXPENDITURE</b>			
Financed from:-			
Revenue Support Grant	59,315	59,315	0
Business Rates Pool	54,344	54,344	0
Council Tax	55,603	55,603	0
Collection Fund	585	585	0
	5,318	(253)	(5,571)
<b>( SURPLUS ) / DEFICIT</b>	<b>5,318</b>	<b>(253)</b>	<b>(5,571)</b>

The **£5.318 million** deficit shown at Revised Estimate was to be funded from **£1.254 million** of General Fund Balances, **£3.182 million** of balances from School Reserves and **£0.882 million** of committee carry forwards and specific carry forward requests. At the end of 2002/03 there was

actually the need for **£1.178m** of General Fund Balances, a reduced requirement of **£0.076million**.

The Corporate Revenue Outturn Report considered by the Executive on 30 July, 2003 details the overall performance of the Council in 2002/2003.

Major Variances included:

<b><u>Area of Saving</u></b>	<b><u>£000's</u></b>
Schools underspend to be c/fwd into 2003/04	4,038
General Fund balances	76
Environmental and Development Services	934
Social Services, Health and Housing	216
Chief Executive's	107
Other Variances	200
<b>Total</b>	<b>5,571</b>

## **CAPITAL OUTTURN**

Total Capital Expenditure in the year was **£24.855million** compared to the revised Capital Programme of **£30.105million**. The majority of this variance is represented by slippage of schemes into the next financial year including improvements to public and private sector housing stock, housing association activities, disability access works to council buildings, improvements to leisure facilities and town and countryside plans. For information on how Capital Expenditure was financed, refer to Note 3 to the Consolidated Balance Sheet (page 50). The major capital schemes in progress during the year included:-

	<b><u>£000's</u></b>	<b><u>£000's</u></b>
<b>Competitive Services</b>		
Radio Room Refurbishment	484	
CCTV Prestwich and Radcliffe	350	
Parks Improvements	148	
Burrs Showground Relocation	32	
Football Pitches	75	
Play Area Strategy	258	
Replacement of Vehicles & Plant	1,018	
Disability Access to Buildings	201	
Schools Kitchen Refurbishment	81	
Leisure Facilities Refurbishment	70	
Elizabethan Suite Refurbishment	45	
Office Accommodation	85	
Drainage Works	44	
Other Schemes	147	3,038
<b>Education &amp; Culture</b>		
Schools Access Initiative	222	
NDS Condition Schemes	2,105	
Modernisations	499	
LEA Liability for VA Schools	1,781	
NDS Devolved	1,278	
Learning Support Units	277	
Seed Challenge	302	
Other Improvements to Schools	235	
Archives Development	56	
Libraries Provision	44	
Radcliffe Market Museum	31	6,830
<b>Highways</b>		
Environmental Traffic Calming	132	
Local Safety Schemes	599	
Street Lighting Improvements	185	
Improvements to Footways and Carriageways	1,152	
Bridge Repairs and Maintenance	756	
Road Network Schemes	1,562	
Cycling Strategies	128	
Decriminalise Parking Enforcement	85	
Quality Bus Corridor	515	
Private Street Works	150	
Integrated Transport/Minor Works	485	
Other Highways Schemes	89	5,838
<b>Housing &amp; Environmental Services</b>		
Re-Roofing Council Housing	1,553	
Modernisation	1,472	
Heating Schemes	539	
Window Replacement	574	
Environment / Security	196	
Sheltered Schemes	153	
Other Council Housing Schemes	143	
Private Sector Grants and Associated Works	1,459	
Air Quality Monitoring	14	
Housing Association Schemes	11	6,114

<b>Markets</b>			
Market Investment		71	71
<b>Planning</b>			
Land Reclamation Partnerships		894	
Countryside and Wildlife Schemes		185	
Built Environment and Heritage		1,027	2,106
<b>Policy &amp; Resources</b>			
Invest to Save Scheme		55	
Tottington Hall Youth Project		53	
Magistrates Court Schemes		7	
Land Development		184	299
<b>Social Services</b>			
Mental Health Second Base		30	
Community Drug Team		113	
Local Information Strategy		122	
Lord Street Refurbishment		77	
Asset Management Stock Base		51	
Improvements to Establishments		166	559
			<hr/>
<b>TOTAL</b>			<b><u>24,855</u></b>

During the year there were a number of material capital receipts due to the disposal of council houses and the sale of land at Gigg Lane.

Copies of the Capital Outturn report are available from the Head of Financial Management at Bury Town Hall during normal office hours or by telephoning 0161-253 5034.

## **HOUSING**

The Housing Revenue Account (HRA) on page 38 shows that a surplus of **£1.387 million** was achieved during the year. This was against an estimated deficit for the year of £0.469 million.

## **COLLECTION FUND**

The information shown on page 44 demonstrates that at 31<sup>st</sup> March 2003 there was a surplus balance on the Collection Fund of **£0.923 million**. This sum will be utilised in 2003/2004 and the following year to reduce the level of the Council Tax.

## **INSPECTION OF THE ACCOUNTS**

Members of the public have the right to inspect the Authority's Accounts, including supporting documents, prior to external audit and then to question the auditor or make objections to the Accounts. This year the Accounts will be deposited for inspection at the Town Hall for 20 working days (as required by the 2003 Accounts and Audit Regulations) commencing **11th August 2003** and the External Auditor will be available for questioning on or after **8th September 2003**. This facility was advertised in the local press.

### **M. OWEN, C.P.F.A.**

#### **Director of Finance & E-Government**

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## **BURY MBC – STATEMENT OF THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR 2002/03**

This statement relates to the Bury MBC Statement of Accounts for the financial year 2002/03 and deals with the framework within which financial control is managed and reviewed. I acknowledge that I am the officer responsible for ensuring that a sound system of internal control is operated and reviewed.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

### **Control Framework**

The effectiveness and security of local authority systems and controls are underpinned by the overall control framework. At Bury I consider this to be sound, based on the following:

- There are comprehensive budgeting systems
- Targets are set to measure financial performance, and performance is regularly reviewed against the forecasts
- There are clearly defined capital expenditure guidelines
- The Council has clear and unambiguous Standing Orders, Financial Regulations and Scheme of Delegated Powers which have been updated, and are subject to continual review.
- The Council has a recently installed Constitution encompassing codes of conduct for both Members and employees, and clearly linked to the appropriate Standing Orders, Financial Regulations etc. The new National Code for Members has been adopted at Bury.
- The Council has regularly revised and updated its Anti-Fraud Strategy and has incorporated its “Whistleblowing” (Public Interest Disclosure Act 1998) and Benefit Fraud Prosecution policies into the strategy, together with a section on corporate governance.
- The Council has a Standards Committee (supported by an Audit Sub Committee), and has appointed a Standards and Probity Officer to promote the high standards expected. I see this as strengthening the control framework and helping to encourage an anti-fraud and corruption culture throughout the authority.
- The Council has a Medium Term Financial Strategy, Risk Management Strategy and Code of Corporate Governance. I have reviewed the Council’s approach to corporate governance and risk management following a best value review led by the Council’s Borough Engineer, in the role of “critical friend”.
- The Council has an effective Internal Audit Section. No limits have been placed on the scope of Internal Audit work, and the Chief Internal Auditor has direct access to the Chief Executive and Members. He reports directly to myself and to Members. Regular consultation and liaison is maintained with the Council’s external auditor (Audit Commission).

### **Internal Audit**

The Internal Audit Section is a directly employed in-house Internal Audit Service, providing a continuous review in accordance with the Council’s obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 1996/2003. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Internal Audit in Local Government, as approved by the Council. It has the following objectives:



- independently review and appraise systems of control throughout the authority and its activities
- ascertain the extent of compliance with procedures, policies, regulations and legislation
- provide reassurance to management that their agreed policies are being carried out effectively
- facilitate good practice in managing risks
- recommend improvements in control, performance and productivity in achieving corporate objectives
- review the value for money processes, Best Value arrangements, systems, and units within the authority
- work in partnership with the external auditors
- identify fraud as a consequence of its reviews and to deter crime.

### **Audit Planning and Reporting**

Three year strategic plans were drawn up by undertaking a business profile of all the Council's functions and services. A detailed record of the entire audit universe was thus obtained and ranked in risk order.

A comprehensive Internal Audit Annual Plan was prepared for the financial year 2002/03 and approved by the Audit Sub-Committee. Throughout the year Members received regular progress reports monitoring performance and keeping them informed of audit activities. Detailed reports of all the individual pieces of work carried out by the Section were circulated to them.

The stated intention in the plan was that the emphasis of audit work would be the examination, review and testing of systems and controls, paying particular attention to the significant systems and their key controls. At the end of the year the Chief Internal Auditor gave an opinion that the adequacy and effectiveness of those systems and controls (based on audit work throughout the year, accumulated knowledge of those systems and the control framework within the authority) were sound. This has helped to inform my own opinion of the assurance provided.

My review of the effectiveness of the system of internal control is also informed by

- The work of managers within the Council
- The external auditors in their annual audit letter and other reports

**M. OWEN C.P.F.A.**  
**Director of Finance & E-Government**

# **STATEMENT OF RESPONSIBILITIES**

## **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 ensure that one of its officers has the responsibility for the administration of those affairs. In Bury that officer is the Director of Finance & E-Government.
- To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.

### **The Director of Finance & E-Government's Responsibilities**

The Director of Finance & E-Government is responsible for the preparation of the Authority's Statement of Accounts which, in terms of CIPFA's Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly both the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2003.

In preparing the Statement of Accounts the Director of Finance & E-Government 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 Finance & E-Government has also:

- Kept proper accounting records;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Signed the letter of representation with the External Auditor.

### **The Auditor's Responsibilities**

The External Auditor's Certificate and Opinion will be included at page 21.

**M. OWEN C.P.F.A.**  
**Director of Finance & E-Government**

# **AUDIT OPINION & CERTIFICATE**

**AUDIT OPINION AND CERTIFICATE**

**AUDITOR'S REPORT TO BURY METROPOLITAN BOROUGH COUNCIL**

This page will be inserted upon conclusion of the audit

# **ACCOUNTING POLICIES**

## ACCOUNTING POLICIES

### GENERAL

The Accounts have been prepared in accordance with the Accounts and Audit Regulations 1983 (as amended in 1996 and 2003 where applicable) and the Local Government and Housing Act 1989. They follow the principles and form recommended by the Code of Practice on Local Authority Accounting issued by CIPFA (the Code). They also conform with CIPFA's Statement of Recommended Practice (SoRP) on The Applicability of Statements of Standard Accounting Practice (SSAPs), and Financial Reporting Standards (FRSs), to Local Authorities in Great Britain. Any divergence from either the Code or any SSAP is indicated with an appropriate explanatory note.

### FIXED ASSETS

From 1<sup>st</sup> April 1994 all expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Expenditure on fixed assets is capitalised provided that the asset yields benefits to the Authority and the services it provides are for a period of more than one year. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts.

Fixed assets have been classified into the groupings required by the Code and closing balances at 31<sup>st</sup> March 1994 were restated as at 1<sup>st</sup> April 1994 on the following basis: -

- Land, operational properties and other 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, excluding investment properties, have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value. In the case of investment properties, these are valued at open market value;
- Infrastructure assets have been included in the Balance Sheet at historic cost; community assets have been included at historic cost or open market value.

In applying the concept of materiality, and in view of the practical implications of revaluing the Authority's assets, a de-minimis level of **£15,000** in respect of vehicles and plant has been applied. Fixed assets in this category with a value below these levels have not been included in the Balance Sheet.

The surpluses arising from the initial revaluation of fixed assets have been credited to the Fixed Asset Restatement Reserve. Subsequent revaluations are planned at intervals of no greater than 5 years, although material changes to asset valuations will be accounted for as they occur. The relevance and amount of the de-minimis levels have been reviewed in the current year, this review will continue in future years.

The School Standards and Framework Act 1998 changed the status of grant maintained schools to foundation schools maintained by the local education authority. The change for funding purposes took effect from 1<sup>st</sup> April 1999. This change has resulted in the inclusion of opening and closing balances for current assets and liabilities controlled by foundation schools within the Consolidated Balance Sheet. Fixed Assets and long term liabilities remain vested in the Governing Bodies of individual foundation schools and therefore values and amounts have not been consolidated in this balance sheet.

## **DEPRECIATION**

Depreciation is provided for on all fixed assets included in the Balance Sheet at the commencement of the financial year having recourse to asset disposals.

Depreciation is provided at the following rates and bases:

	<b><u>Bases</u></b>	<b><u>Rate</u></b>
Schools and Education Properties	Reducing Balance	100 Years
Other Operational Properties	Reducing Balance	50 Years
Infrastructure Assets	Reducing Balance	25 Years
Plant & Equipment	Reducing Balance	10 Years
Council Dwellings	Major Repairs Allowance	-

For 2002/03 the Council has applied depreciation across all assets in accordance with FRS15 'Tangible Fixed Assets'.

## **CHARGES TO REVENUE**

From 1<sup>st</sup> April 1994, general fund service revenue accounts, central support services, statutory trading services and Direct Service Organisations (DSOs) have been charged 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 of 6% to net asset values.

The charge made to the Housing Revenue Account (HRA) is an amount equivalent to the statutory capital financing costs (known as the Item 8 Determination).

Interest payable (including internal interest) and the provision for depreciation are charged to the Asset Management Revenue Account, which is in turn credited with the capital charges explained in the preceding paragraph. Capital charges therefore have a neutral impact on local taxation levels.

## **DEFERRED CHARGES**

Deferred charges represent expenditure which may properly be capitalised but which does not represent tangible fixed assets. It is a requirement that any expenditure that does not represent continuing value to the Authority should be amortised to revenue in the year that the expenditure is incurred. As shown in Note 2 of the Consolidated Balance Sheet (page 50), deferred charges, other than that relating to Probation Service debt, have been written off to revenue in year.

## **LEASING**

Lease rentals are charged direct to service revenue accounts. Any outstanding liabilities on leases of vehicles or plant will be met from the revenue proceeds of sales or insurance settlements and therefore no provision has been made in the Accounts. The value of leased assets is not reflected in the Balance Sheet.



## **CAPITAL RECEIPTS**

Income from the disposal of fixed assets, known as capital receipts, has been accounted for on an accruals basis. A proportion of the capital receipts earned during the year have been set aside to redeem debts, using the proportions defined in the Local Government and Housing Act 1989, and this forms part of the Capital Financing Reserve. The balance is available to finance further capital expenditure and this is explained further in Note 15 to the Balance Sheet on page 58.

## **REVENUE TRANSACTIONS**

These have been recorded on an income and expenditure basis at historical cost in accordance with SSAP No.2. Debtors and creditors have been accrued on the basis of actual sums receivable or payable wherever possible although it has been necessary to estimate some amounts based on the most recent and accurate information available. However there are significant variations to this principle: -

- Not all payments to public utilities (gas, electricity etc.) have been accrued but since this is a consistent policy from one year to the next the effect on the Accounts for 2002/2003 will not be material.
- Employees' holiday pay entitlement at the year-end is not accrued.

Provision has been made for doubtful debts where necessary and uncollectable amounts have been written-off.

Council dwelling rents are regarded as annual amounts payable over 50 weeks.

## **INVESTMENTS**

Investments are recorded in the Balance Sheet at cost.

## **STOCKS, STORES AND WORK-IN-PROGRESS**

These are shown at cost with relatively insignificant stocks not being included within the Balance Sheet.

## **SUPPORT SERVICES**

The costs of support services such as administration and management are fully allocated to users on various bases compatible with practices recommended by CIPFA. The allocation bases include actual time spent by staff, building floor area occupied and actual usage of support services.

## **PROVISIONS AND RESERVES**

From 1<sup>st</sup> April 1994 the introduction of the new system of accounting for fixed assets has required the establishment of two new reserve accounts in the Balance Sheet: -

- The Fixed Asset Restatement Reserve, which represents principally the balance of the surpluses arising from the periodic revaluation of fixed assets;
- The Capital Financing Reserve, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

The level, purposes and transactions in respect of the other reserves and provisions are set out in Notes 10 and 11 to the Balance Sheet on pages 54 and 55.

## PENSIONS

The Authority pays employer's contributions for different types of employees as follows: -

- **Teachers**

The Council administers a centralised scheme for the Department for Education and Skills (DFES) and although the scheme is unfunded the DFES uses a notional fund as the basis for calculating the employer's contribution rate paid by the Authority.

- **Other Employees**

Contributions are paid to the Greater Manchester Pension Fund that is administered by Tameside MBC on behalf of the 10 Greater Manchester district councils. This is a contributory, final salary based, occupational pension scheme which is contracted out of the State Earnings Related Scheme. The contribution rate is determined by the Fund's actuary based on triennial valuations, the last of which took place in March 2001, and rates are set to meet 100% of overall liabilities. The next actuary review is due in 2004/2005.

Details of contribution rates and amounts paid to the schemes in 2002/2003 are shown in Note 10 to the Consolidated Revenue Account on page 33. Additionally, Note 10 discloses the capital cost of discretionary payments agreed by the Council as required by SSAP24.

Requirements for accounting for pension costs are undergoing substantial change over the financial years 2001/02 to 2003/04. The requirements of **FRS17 Retirement Benefits** will be fully incorporated into the Statement of Recommended Practice for Local Authority Accounting for the 2003/04 financial year. The new requirements will happen on a staged basis. For 2002/03 there is no change from the 2001/02 accounting requirements except for the memorandum note to the balance sheet to be expanded to disclose the movement in the year on the net asset / liability relating to the pension scheme, analysed across the different gains and losses defined by FRS17. The preparation of the information for this disclosure has required the assistance of actuaries and can be found in Note 19 to the Consolidated Balance Sheet on page 59.

The purpose of the pensions disclosures is to provide clear information on the impact of this authority's obligation to fund the retirement benefits of its staff on its financial position and performance.

**CONSOLIDATED REVENUE**  
**ACCOUNT**

## CONSOLIDATED REVENUE ACCOUNT

<u>2001/2002</u>	<u>2002/2003</u>			
<u>Net Expenditure</u> <u>£000's</u>	<u>Gross Expenditure</u> <u>£000's</u>	<u>Income</u> <u>£000's</u>	<u>Net Expenditure</u> <u>£000's</u>	<u>Notes</u>
<b>Continuing Services</b>				
3,748 Central Services to the Public	22,935	(20,135)	2,800	
562 Court Services	862	(132)	730	
18,037 Cultural, Environmental & Planning Services	29,473	(12,958)	16,515	
83,749 Education Services	125,954	(33,358)	92,596	
6,560 Highways, Roads & Transport Services	21,297	(6,339)	14,958	
8,871 Housing Services	64,151	(52,974)	11,177	
35,625 Social Services	64,854	(27,195)	37,659	
3,392 Corporate & Democratic	4,290	(474)	3,816	
1,166 Unapportioned Central Overheads	1,236	(39)	1,197	
13,561 Levies	6,583	-	6,583	
(248) Other Operating Inc & Exp.	10,224	(9,198)	1,026	
<b>175,023 Total Continuing Services</b>	<b>351,859</b>	<b>(162,802)</b>	<b>189,057</b>	
<b>175,023 NET COST OF SERVICES</b>	<b>351,859</b>	<b>(162,802)</b>	<b>189,057</b>	
(2,122) (Surplus)/Deficits on Trading Operations			(2,346)	6
(15,871) Asset Management Revenue Account			(19,062)	3
(24) Gain on repurchase of borrowing			(25)	
(1,114) Interest Receivable			(1,303)	7
<b>155,892 NET OPERATING EXPENDITURE</b>			<b>166,321</b>	
1,962 Transferred to HRA balances			1,387	
202 Transfer to Other Earmarked Reserves			(251)	5
1,940 Capital Expenditure Financed from Revenue			1,791	
(3,565) Deferred Charges			(4,761)	
(528) Provision for repayment of external loans			(702)	9
<b>AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXATION</b>			<b>163,785</b>	
(46,474) Council Tax			(49,794)	
(60,293) Revenue Support Grant			(59,315)	
(49,794) Contribution from Non-Domestic Rate Pool			(54,344)	
(376) Collection Fund Surplus			(585)	
<b>(1,034) SURPLUS</b>			<b>(253)</b>	

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The Consolidated Revenue Account is presented in accordance with the CIPFA Code of Practice on Local Authority Accounting, which requires all Councils to present their accounts in accordance with CIPFA's Best Value Accounting Code of Practice and aims to encourage consistent financial reporting within and between Council's.

### 1. VARIATIONS

Detailed reports explaining the variations between the Revised Estimates and the Net Expenditure figures will be presented to members of the Resource Scrutiny Panel on 11 September, 2003. A summary outturn report was presented to the Executive on 30<sup>th</sup> July, 2003.

Copies of these reports are available from the Head of Financial Management at Bury Town Hall during normal office hours or by telephoning 0161-253 5034.

### 2. PRIOR YEAR ADJUSTMENTS / EXCEPTIONAL ITEMS

There were no prior year adjustments or exceptional items.

### 3. ASSET MANAGEMENT REVENUE ACCOUNT

The Asset Management Revenue Account (AMRA) is an account introduced as part of the arrangements for accounting for fixed assets. The components of the Account are shown in the table below: -

<u>2001/2002</u> <u>£000's</u>		<u>2002/2003</u> <u>£000's</u>
	<b><u>Expenditure</u></b>	
5,396	Interest	5,223
7,171	Provision for Depreciation	7,510
<b>12,567</b>		<b>12,733</b>
	<b><u>Less Income</u></b>	
(12,874)	Capital charges – General Fund	(16,518)
(15,527)	Housing Revenue Account	(15,277)
(37)	HLA	-
<b>(28,438)</b>		<b>(31,795)</b>
<b>(15,871)</b>	<b>TOTAL TO GENERAL FUND &amp; HRA</b>	<b>(19,062)</b>

### 4. AGENCY SERVICES

The Authority acted as agents of United Utilities (Water) Ltd up to December 2001 and carried out sewer works of both a revenue and capital nature on their behalf during 2001/2002. The contract is now terminated. No amounts for either revenue or capital were reimbursed to the Authority by United Utilities in 2002/03 although we did receive £171,505 (revenue) and £448,829 (capital) in 2001/02.

### 5. RESERVES

Reserves and details of these and their balances, are given in Note 11 to the Consolidated Balance Sheet (Page 54). However for completeness, in considering the Consolidated Revenue Account the following movements relating to Reserves should be noted: -

Reserves	Housing Services £000's	Education £000's	Cultural Services £000's	Finance £000's	Policy/ C Execs £000's	Highways £000's	Social Services £000's	Comp Services £000's	TOTAL £000's
Leisure Facilities									0
Energy							7	(5)	2
Best Value					(3)		(3)		(6)
DCS								(136)	(136)
Reserve Major									(40)
Repairs Airport	(40)								
Reserve IT					(90)				(90)
IT				(21)	129				108
Policy Dev't					(93)			53	(40)
Educ Fire									0
Social Services							(130)		(130)
Area Board					(3)				(3)
EDS								84	84
Comm Sums									0
<b>TOTAL</b>	<b>(40)</b>	<b>0</b>	<b>0</b>	<b>(21)</b>	<b>(60)</b>	<b>0</b>	<b>(126)</b>	<b>(4)</b>	<b>(251)</b>

## 6. TRADING SERVICES

The Authority operates the following Trading Services, which are defined as activities that are of a commercial nature and which are financed substantially by charges made for the services: -

	<u>2001/2002</u>	<u>2002/2003</u>	<u>Deficit/ (Surplus)</u>	
		<u>Gross Expenditure £000's</u>	<u>Income £000's</u>	<u>£000's</u>
576 Civic Halls		1,619	1,024	595
(722) Markets		1,257	2,060	(803)
(584) Property & Estates		1,517	2,416	(899)
(770) Industrial Units		881	1,639	(758)
(69) Engineers		3,231	3,323	(92)
(3) Building Maintenance		5,712	5,628	84
(251) Architectural Practice		1,455	1,542	(87)
(53) Refuse Collection		1,909	1,962	(53)
(32) Winter Maintenance		135	156	(21)
(20) Grounds Maintenance		2,441	2,372	69
(92) Catering		0	0	0
26 Cleaning of Buildings		3,724	3,788	(64)
0 Education – Fair Funding Emergency & Security		1,182	1,182	0
71 Service		936	937	(1)
(199) Transport Services		3,153	3,469	(316)
<b>(2,122) TOTAL</b>		<b>29,152</b>	<b>31,498</b>	<b>(2,346)</b>

The majority of the Council's trading services were operated under the Compulsory Competitive Tendering (CCT) legislation and prior to 2001/02 were disclosed within the DSO trading accounts and report. Following the repeal of CCT legislation in the Local Government Act 1999 many of the activities continue to operate under CCT contract terms and conditions, with separate trading accounts being maintained in accordance with BVACOP. Where former CCT contracts have come to an end and have not been replaced by Voluntary Competitive Tendering (VCT) contracts, or other trading

arrangements, trading accounts are no longer kept. The costs are reported as part of the costs of service provision under the normal BVACOP analysis. For 2002/03 this applied to catering. All material trading accounts are shown above. Details of individual trading accounts are contained within the detailed outturn report – copies of which are available from the Head of Financial Management at Bury Town Hall (telephone 0161 253 5034).

### **BUILDING REGULATIONS TRADING ACCOUNT**

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. 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.

### **BUILDING REGULATIONS CHARGING ACCOUNT 2002/2003**

<b><u>2001/2002</u></b>		<b><u>2002/2003</u></b>		
<b><u>Total</u></b>			<b><u>Non</u></b>	<b><u>Total</u></b>
<b><u>Building</u></b>		<b><u>Chargeable</u></b>	<b><u>Chargeable</u></b>	<b><u>Building</u></b>
<b><u>Control</u></b>		<b><u>£000's</u></b>	<b><u>£000's</u></b>	<b><u>Control</u></b>
<b><u>Service</u></b>				<b><u>Service</u></b>
<b><u>£000's</u></b>				<b><u>£000's</u></b>
	<b>Expenditure</b>			
276	Employee Expenses	182	84	266
16	Transport	11	4	15
67	Supplies and Services	66	21	87
134	Central & Support Service Charges	118	45	163
<b>493</b>	<b>TOTAL EXPENDITURE</b>	<b>377</b>	<b>154</b>	<b>531</b>
	<b>Income</b>			
(316)	Building Regulation Charges	(397)	0	(397)
(30)	Miscellaneous Income	0	(14)	(14)
<b>(346)</b>	<b>TOTAL INCOME</b>	<b>(397)</b>	<b>(14)</b>	<b>(411)</b>
<b>147</b>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>(20)</b>	<b>140</b>	<b>120</b>

Under the Building (Local Authority Charges) Regulations 1998, Building Control Authorities are required to ensure that the income received from their charges fully recovers the cost of carrying out their building control functions over a rolling three year accounting period. A deficit of £8,785 has been earned for the whole of this 3 year accounting period although this is not material when compared with total spend. The 2001/2002 comparative figure in the above table is for the whole of the Buildings Regulation function, not just the chargeable account.

## 7. INTEREST

The figure shown within the Consolidated Revenue Account includes interest on unpaid debtor accounts, interest on car loans paid by employees and interest earned by investing temporary cash surpluses.

	<u>2001/2002</u> <u>£000's</u>	<u>2002/2003</u> <u>£000's</u>
Interest on Car Loans	236	191
Mortgage Interest repayment – HRA	0	100
Mortgage Interest repayment – HLA	0	41
Investment Interest	869	958
Unpaid Account Interest	8	13
Bury Football Club	1	0
<b>TOTAL</b>	<b>1,114</b>	<b>1,303</b>

## 8. PUBLICITY

Under section 5 of the Local Government Act 1986, the Authority is required to set up a separate memorandum account to record expenditure on publicity.

	<u>2001/2002</u> <u>£000's</u>	<u>2002/2003</u> <u>£000's</u>
Staff advertising	614	633
Other advertising	198	250
Publicity	164	198
<b>TOTAL</b>	<b>976</b>	<b>1,081</b>

## 9. MINIMUM REVENUE PROVISION

The Authority is required by statute to set aside a minimum revenue provision (MRP) for the redemption of external debt. The method of calculating the provision is determined by statute and in 2002/2003 the amount set aside was: -

<u>2001/2002</u> <u>£000's</u>	<u>Minimum Revenue Provision</u>	<u>2002/2003</u> <u>£000's</u>
1,078	General Fund	1,268
526	Housing Revenue Account	472
57	Housing Loans Account	0
<b>1,661</b>	<b>TOTAL</b>	<b>1,740</b>

The MRP in respect of the Housing Loans Account (mortgages advanced to the purchasers of council housing and towards improvements to private housing) has been



charged direct to that Account. The balance is reflected in the Consolidated Revenue Account as the difference between the MRP and the provision for depreciation charged directly to individual Committees, and the calculation is shown in the table below:-

<u>2001/2002</u>	<u>2002/2003</u>
<u>£000's</u>	<u>£000's</u>
<b>Provision for Repayment of External Loans</b>	
1,604 Minimum Revenue Provision ( excl Housing Loans)	1,740
307 Other principal repayments	335
(2,439) Less : Depreciation charged to Consolidated Revenue A/C	(2,777)
<b>(528) TOTAL</b>	<b>(702)</b>

## 10. PENSIONS COSTS

The Authority makes payments to the Department for Education and Skills in respect of Teachers' pension costs. In respect of other employees, the Authority paid an employer's contribution to Tameside Metropolitan Borough Council who administer the Greater Manchester Pension Scheme on behalf of the 10 districts which comprise the Greater Manchester area. In both cases the Authority is also responsible for all pension payments relating to added years it has awarded, together with related increases.

The table below shows the costs of these items: -

<u>2001/2002</u>	<u>2002/2003</u>	
<u>Total Cost</u>	<u>Total Cost</u>	<u>Proportion Pensionable Pay</u>
<u>£000's</u>	<u>£000's</u>	<u>%</u>
<b><u>Teachers</u></b>		
3,256 Contribution to Department for Education etc.	3,751	8.35
2,461 Added years and pensions increases	1,245	2.77
Lump sum payments	11	0.02
<b>5,717</b>	<b>5,007</b>	
<b><u>Other employees</u></b>		
5,020 Contribution to Superannuation Fund	5,666	7.70
1,160 Added years and pensions increases	1,186	1.61
Lump sum payments	75	0.10
<b>6,180</b>	<b>6,927</b>	

SSAP 24 requires the disclosure of the capital cost of any discretionary increases in pension payments agreed by the Council. The Capital cost of awards made during 2002/2003 amounted to £575,733. The Capital cost of discretionary increases in earlier years, for which payments are still being made, amounts to £14,721,224. More details of the Council's pension arrangements are detailed in the Accounting Policies on page 26.

## 11. FINANCE & OPERATING LEASES

The Authority uses vehicles, plant, computer hardware, wheeled bins, leisure and other equipment financed under the terms of an operating lease. The amount paid under these arrangements in 2002/2003 was **£1,056,570** (2001/2002 £1,105,250).

The Authority is committed to making payments of £944,352 under these leases in 2003/2004, comprising the following elements:

	£
Leases expiring in 2003/2004	88,289
Leases expiring between 2004/2005 and 2008/2009	841,055
Leases expiring after 2008/2009	<u>15,008</u>
<b>TOTAL</b>	<b><u><u>944,352</u></u></b>

In accordance with SSAP21, the estimate of the outstanding undischarged obligations in respect of operating leases is disclosed in the illustration on the basis of an analysis of the commitment that the authority has to make payments in the succeeding financial year, categorised according to the eventual year of expiry of the leases under which the payments are to be made.

As explained in the Accounting Policies, the value of items financed by leasing is excluded from the Balance Sheet.

## 12. LOCAL AUTHORITY (GOODS & SERVICES) ACT 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Authority provided security, caretaking and cleaning services to Bury College, payroll services to Holy Cross College and grounds maintenance to a number of organisations including the Primary Care Trust and Housing Associations. The income earned from these sources during the year was £274,903 (£323,964 in 2001/2002).

The Council cannot identify accurately the expenditure on services provided under the Local Authority (Goods and Services) Act, 1970 and therefore does not comply fully with the disclosure required under the SORP.

## 13. MANCHESTER AIRPORT PLC

The table below shows an analysis of the income from Manchester Airport:-

<u>2001/2002</u> £000's	<u>2002/2003</u> £000's
<b>Income</b>	
(346) Rent Income	(541)
(362) Dividend Income	<u>(250)</u>
<b>(708)</b>	<b>(791)</b>
<b>Expenditure</b>	
86 Repayment of loans	86
0 Airport Dividend Reserve	<u>250</u>
<b>86</b>	<b>336</b>
<b><u>(622) NET INCOME</u></b>	<b><u><u>(455)</u></u></b>

All income in 2001/02 was transferred to the Consolidated Revenue Account. In 2002/03 the Consolidated Revenue Account shows income of £541,000 with the £250,000 dividend being transferred to the Airport Share Earmarked Reserve.

#### 14. PAYMENT TO SUPPLIERS

The Authority has adopted a policy of Prompt Payment to Suppliers. This endorses the principle of paying promptly the Authority's suppliers and stipulates that all businesses will normally be paid within **30 days** of the Authority receiving a bona-fide invoice. The policy is also in accord with the Government's Best Value Performance Indicator No. 8 which relates to the percentage of invoices paid by the Authority within 30 days. In 2002/2003 the Council paid **87.54%** of all suppliers within 30 days (2001/2002 83.85%). Compliance with this policy is subject at all times to the proper observance of the Authority's Standing Orders and Financial Regulations.

#### 15. EMPLOYEES IN HIGHER EARNINGS BANDS

The number of employees whose remuneration, excluding pension contributions, was £40,000 or more in bands of £10,000:-

<u>Salary Range (£)</u>	<u>2001/2002</u>	<u>2002/2003</u>
40,000 to 49,999	33	55
50,000 to 59,999	12	12
60,000 to 69,999	3	3
70,000 to 79,999	0	2
80,000 to 89,999	0	1
90,000 to 99,999	1	1
<b>TOTAL</b>	<b>49</b>	<b>74</b>

The increase in numbers in the £40,000 to £49,000 range is primarily due to the increases in headteachers' pay.

#### 16. MEMBERS ALLOWANCES

The total of allowances paid to Members of the Council during 2002/2003 was £360,815 (£347,327 in 2001/2002).

#### 17. EURO

The Authority incurred no direct expenditure during 2002/03 in preparing for the introduction of the Euro.

#### 18. TRANSACTIONS WITH RELATED PARTIES

This is a disclosure note required by FRS 8, which requires the Council to declare transactions between the Council and related parties. (A related party is where a member of the Council or a Chief Officer is involved in a company or organisation with which the Council undertakes business on normal contractual terms for the supply of services). During 2002/2003 the Council has undertaken the following transactions with related parties:

2 Members of the Council are owners of a residential home. The Council entered into transactions with the concern to the value of £48,328 during 2002/2003 (£21,771 in 2001/02).

2 Members of the Council are non-pecuniary members of the Board of a Housing Association. The Council entered into transactions with this concern to the value of £68,324 during 2002/2003 (£133 in 2001/2002).

**19. GENERAL FUND MOVEMENTS**

The 2002/2003 surplus on the general fund of **£0.253m** is split as follows: -

	<u>Schools</u> <u>£000's</u>	<u>General</u> <u>£000's</u>	<u>Total</u> <u>£000's</u>
<b>Balance at 31<sup>st</sup> March 2002</b>	<b>(2,148)</b>	<b>(8,352)</b>	<b>(10,500)</b>
(Surplus)/Deficit for the Year	155	(408)	(253)
<b>Balance at 31<sup>st</sup> March 2003</b>	<b>(1,993)</b>	<b>(8,760)</b>	<b>(10,753)</b>

# **HOUSING REVENUE ACCOUNT**

## HOUSING REVENUE ACCOUNT

This account relates to the provision, supervision and management of council houses, flats and sheltered accommodation. The requirement to keep such an account separately from the General Fund Revenue Account and the format of it are specified by the Local Government and Housing Act 1989 ('1989 Act').

<u>2001/2002</u> <u>£000's</u>		<u>2002/2003</u> <u>£000's</u>	Note
	<b><u>INCOME</u></b>		
	Rents (Gross of Rent Rebates)		<b>1,2,10</b>
20,577	Dwellings	20,931	
201	Other Property	193	
749	Charges for Services and Facilities	795	
11,506	Housing Revenue Account Subsidy	11,341	<b>9</b>
137	Other Fees and Charges	214	
<b><u>33,170</u></b>	<b>TOTAL INCOME</b>	<b><u>33,474</u></b>	
	<b><u>EXPENDITURE</u></b>		
5,656	Repairs and Maintenance	6,231	
5,209	Supervision and Management	5,570	
16	Rents, Rates, taxes & other charges	23	
12,943	Rent Rebates	13,585	
480	Provision for Bad or Doubtful Debts	428	<b>11</b>
10,795	Cost of capital charge	10,544	<b>5</b>
4,732	Depreciation of fixed assets	4,734	<b>6</b>
20	Debt management costs	20	
<b><u>39,851</u></b>	<b>TOTAL EXPENDITURE</b>	<b><u>41,135</u></b>	
<b><u>6,681</u></b>	<b>NET COST OF SERVICES</b>	<b><u>7,661</u></b>	
(9,203)	Adjusting transfer from AMRA	(9,259)	
(24)	Amortised Discounts	(40)	
(87)	Investment Income	(181)	
	<b>NET OPERATING</b>	<b>(1,819)</b>	
<b>(2,633)</b>	<b>EXPENDITURE / (INCOME)</b>		
162	Revenue Contribution to Capital Exp.	0	<b>4</b>
526	HRA Contribution to MRP	472	
(17)	Transfer from Major Repairs Reserve	(40)	<b>3</b>
<b>(1,962)</b>	<b>(SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>(1,387)</b>	
<b><u>(475)</u></b>	<b>(SURPLUS) / DEFICIT B/FWD</b>	<b><u>(2,437)</u></b>	
<b><u>(2,437)</u></b>	<b>BALANCE CARRIED FORWARD</b>	<b><u>(3,824)</u></b>	

Copies of the HRA Outturn Report and details of variances are available from the Head of Financial Management at Bury Town Hall during normal office hours or by telephoning 0161-253 5034.

## NOTES TO THE HOUSING REVENUE ACCOUNT

From April 2001 a form of resource accounting was introduced in the HRA. The objective of this was to encourage the more efficient use of housing assets and to increase the transparency of the HRA. This has resulted in a number of additional items being included in the HRA statement on Page 38.

### 1. HOUSING STOCK

In preparing the HRA budget, the Council needs to estimate the total level of income it needs to raise from rents. In doing so it takes account of current rental income, any likely changes in the size and composition of the Housing Stock and the estimated loss of income from unoccupied dwellings (see Note 2).

The numbers of each type of property at 31<sup>st</sup> March were: -

<u>2002</u>		<u>2003</u>
<b>Flats and Maisonettes</b>		
2,364	1 Bedroom	2,357
891	2 Bedrooms	882
81	3 Bedrooms	82
270	Bedsitters	271
<b>Houses &amp; Bungalows</b>		
812	1 Bedroom	812
2,143	2 Bedrooms	2,087
2,629	3 Bedrooms or more	2,537
<u>9,190</u>	<b>TOTAL</b>	<u>9,028</u>

Sale of Council Houses account for the reduction in the Housing stock during the financial year.

The value of the housing stock was:-

	<u>£000's</u>
Total Balance Sheet value as at 1 <sup>st</sup> April 2002	
Dwellings	174,165
Shops, Offices and Garage Colonies	1,058
<b>Total Operational Assets</b>	<b>175,223</b>
Certificated Appreciation – Shops and Offices	396
Additions	18
Depreciation	(4,724)
Sale of Council Houses	(3,956)
<b>Closing Balance Sheet Value as at 31<sup>st</sup> March 2003</b>	<b>166,957</b>

## 2. VACANT POSSESSION

- (i) The vacant possession value of dwellings within the Council's HRA as at 1<sup>st</sup> April 2002 was £303.558 million.
- (ii) The vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than open market rents.

## 3. MAJOR REPAIRS RESERVE (MRR)

The Major Repairs Allowance (MRA), paid as part of the HRA subsidy, provides authorities with the resources needed to maintain the value of their housing stock over time. Authorities are required to set up a Major Repairs Reserve and to transfer into it a sum not less than the MRA.

	<u>£000's</u>	<u>£000's</u>
<b>Balance as at 1<sup>st</sup> April 2002</b>		<b>(627)</b>
Transferred to MRR during the year	(4,734)	
Transferred from MRR to HRA during the year	40	
Debits in respect of capital expenditure within HRA	4,388	<b>(306)</b>
	<hr/>	
<b>Balance as at 31<sup>st</sup> March 2003</b>		<b>(933)</b>

## 4. CAPITAL EXPENDITURE WITHIN HRA

The 1989 Act gives local authorities the discretion to finance expenditure for HRA capital purposes from the HRA.

	<u>£000's</u>
<b>Capital Expenditure within the HRA</b>	<b>4,588</b>
Capital creditors and unfinanced expenditure b/f from 2001/2002	85
Capital creditors and unfinanced expenditure c/f to 2003/2004	(154)
<b>Total Capital expenditure within the HRA to be financed</b>	<b>4,519</b>
	<hr/>
<b>Financed By:</b>	
Borrowing	0
SRB Grant	130
Revenue Contributions	0
Major Repairs Reserve	4,389
<b>Total</b>	<b>4,519</b>

Total capital receipts from the disposal of houses during the year was **£4.091 million**.

## 5. COST OF CAPITAL CHARGE

This is calculated as 6% of the value of HRA operational assets. The charge is to reflect the cost of public sector capital tied up in council housing and other HRA assets, but does not impact on the amount of income to be generated to achieve a balanced budget. There



is an adjustment below the Net Cost of Services which ensures that the HRA continues to bear its share of the Authority's debt financing costs.

**6. DEPRECIATION**

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. In 2002/03, the total charge for depreciation for council houses was £4,694,200 and for other property was £29,434. Depreciation for equipment totalled £10,000.

**7. IMPAIRMENT CHARGES**

No impairment charges have been made in respect of land, houses and other property within the HRA for the financial year.

**8. DEFERRED CHARGES**

No deferred charges are attributable to the HRA.

**9. HRA SUBSIDY**

Housing Revenue Account subsidy is central Government's contribution towards the cost of council housing in Bury. It is calculated as the amount required to balance a notional Housing Revenue Account, which is derived by the Government, and is based on its estimates of the income and expenditure which should be earned and spent by the Authority on council housing.

**Breakdown of Amount of HRA Subsidy Payable to the Authority for 2002/2003**

	<u>£000's</u>	<u>£000's</u>
Management Allowance	2,891	
Maintenance Allowance	5,654	
Major Repairs Allowance	4,694	
		13,239
Charges for Capital	2,433	
Rent Rebates	13,766	
Other items of reckonable expenditure	0	
		16,199
Guideline Rent Income	(18,076)	
Interest on Receipts	(53)	
		(18,129)
<b>Subsidy Receivable</b>		<b>11,309</b>
Prior Year Adjustments		32
<b>Total Subsidy Receivable</b>		<b>11,341</b>

**10. RENT ARREARS**

The rent arrears as at 1 April, 2002 totalled £1,956,673 and at 31 March, 2003 they totalled £1,581,309. 50% of the arrears at 31 March related to current

tenants and 50% related to former tenants.

11. **BAD DEBT PROVISION**

	<u>£000's</u>	<u>£000's</u>
<b>Bad debt provision as at 31<sup>st</sup> March 2002</b>		<b>1,945</b>
Charged to HRA 2002/2003	428	
Written off	(674)	
Reinstated previously written off amount	3	
<b>Net Increase 2002/2003</b>		<b><u>(243)</u></b>
<b>Bad debt provision as at 31<sup>st</sup> March 2003</b>		<b><u>1,702</u></b>

# **COLLECTION FUND**

## THE COLLECTION FUND

The account is kept separately and shows the income collected from Council Tax, Community Charge and National Non-Domestic Rates (NNDR) payers. The account also shows the amount that the Authority needs from the fund to pay for its services along with precepts made by other authorities and Bury's contribution to the NNDR Pool.

<b><u>INCOME AND EXPENDITURE ACCOUNT</u></b>			
<b><u>2001/2002</u></b>		<b><u>2002/2003</u></b>	<b><u>Note</u></b>
<b><u>£000's</u></b>		<b><u>£000's</u></b>	
	<b><u>INCOME</u></b>		
(45,553)	Income from Council Tax Payers	(49,225)	1
1	Community Charge Payers	1	
	Transfers from General Fund		
(6,869)	Council Tax Benefit	(6,862)	
0	Other Income	(4)	
<u>(32,435)</u>	Income from NNDR payers	<u>(32,680)</u>	2
<b><u>(84,856)</u></b>	<b>TOTAL INCOME</b>	<b><u>(88,770)</u></b>	
	<b><u>EXPENDITURE</u></b>		
51,925	Precepts on the Collection Fund	55,603	3
	NNDR		
31,803	Payments to National Pool	32,085	
233	Cost of Collection	232	
196	Interest Payable	107	
	Bad and Doubtful Debts		
220	Increased/(Reduced) Provision	224	
	Transfer of Previous Year's Estimated Surplus		
376	To General Fund	585	
46	To Major Preceptors	59	
<b><u>84,799</u></b>	<b>TOTAL EXPENDITURE</b>	<b><u>88,895</u></b>	
<b>(57)</b>	<b>FUND DEFICIT/ (SURPLUS) FOR THE YEAR</b>	<b>125</b>	
<u>(991)</u>	<b>BALANCE BROUGHT FORWARD</b>	<u>(1,048)</u>	
<b><u>(1,048)</u></b>	<b>BALANCE CARRIED FORWARD</b>	<b><u>(923)</u></b>	

## NOTES TO THE COLLECTION FUND

### 1. COUNCIL TAX

The Council Tax was introduced on 1<sup>st</sup> April 1993 to replace the Community Charge and is a tax on property values. Dwellings were valued at their open market values as at 31<sup>st</sup> March 1991 and have been placed in eight bands according to their value. The Council Tax payable per band will be a specified ratio of the middle band, Band D. The table below shows the calculation of the Band D equivalent number of dwellings per band:-

<u>Band</u>	<u>Valuation</u>	<u>Total Number of Dwellings</u>	<u>Specified Ratio</u>	<u>Band D Equivalent</u>
A	Less than £40,000	23,320	6/9	15,546
B	£40,000 to £52,000	14,818	7/9	11,525
C	£52,000 to £68,000	14,598	8/9	12,976
D	£68,000 to £88,000	7,820	1	7,820
E	£88,000 to £120,000	4,985	11/9	6,093
F	£120,000 to £160,000	1,614	13/9	2,331
G	£160,000 to £320,000	1,174	15/9	1,956
H	More than £320,000	120	18/9	240
		<b>68,449</b>		<b>58,487</b>
	Less allowance for losses on collection			(1,170)
	<b>COUNCIL TAX BASE 2002/2003</b>			<b>57,317</b>

- i) The actual number of properties was 75,411 but after adjusting for single person discounts, empty properties etc, the notional number of dwellings is 68,449.
- ii) The Band D Council Tax levied for the year was **£970.09** (£910.89 in 2001/2002).

### 2. NATIONAL NON-DOMESTIC RATES (NNDR)

The Authority collects NNDR in respect of business premises by applying a rate poundage set by central Government to the rateable value of the premises. The rate set for 2002/2003 was **43.7p** in the pound (43.0p in 2001/2002) and at 31<sup>st</sup> March 2003 the estimated non-domestic rateable value of the Borough was **£88.315 million** (£90.138 million at 31<sup>st</sup> March 2002). The amount collected, less certain allowances, is paid into a national pool which is then redistributed to councils by the Government at an amount per head of adult population.

### 3. PRECEPTS

The precepts on the Collection Fund were: -

	<u>2001/2002 £000's</u>	<u>2002/2003 £000's</u>
Bury MBC	46,049	49,794
Council Tax Benefit Subsidy Limitation Scheme	425	0
Greater Manchester Police Authority	3,686	3,947
Greater Manchester Fire & Civil Defence Authority	1,765	1,862
<b>TOTAL</b>	<b>51,925</b>	<b>55,603</b>

# **CONSOLIDATED BALANCE SHEET**

**CONSOLIDATED BALANCE SHEET AT 31<sup>ST</sup> MARCH 2003**

<u>2002</u>			<u>2003</u>			
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>Note</u>
		<b>FIXED ASSETS</b>				
175,989		Council Dwellings	166,957			
150,159		Other Land & Buildings	203,958			
347		Vehicles & Plant	695			
23,173		Infrastructure Assets	22,932			
939		Community Assets	370			
<u>24,227</u>	<b>375,834</b>	Other Non-Operational Assets	<u>26,677</u>	<b>421,589</b>		<b>1</b>
		<b>DEFERRED CHARGES</b>				
<b>44</b>	<b>44</b>	Deferred Charges	<b>37</b>	<b>37</b>		<b>2</b>
		<b>LONG TERM INVESTMENTS</b>				
10,214		Manchester Airport PLC	10,214			
283		Ringway Developments PLC	0			
<u>0</u>	<b>10,497</b>	Other	<u>0</u>	<b>10,214</b>		<b>5</b>
		<b>LONG TERM DEBTORS</b>				
14,072		Loan Accounts	13,323			<b>6</b>
<u>8</u>	<b>14,080</b>	Debt Managed on Behalf of Other Local Authorities	<u>6</u>	<b>13,329</b>		
		<b>CURRENT ASSETS</b>				
618		Stocks & Work in Progress	695			
20,300		Short Term Investments	24,363			
20,744		Sundry Debtors & Advance Payments	22,150			<b>6</b>
<u>441</u>	<b>42,103</b>	Cash in Hand	<u>1,400</u>	<b>48,608</b>		
		<b>LESS : CURRENT LIABILITIES</b>				
20,177		Short Term Loans Outstanding	11,895			<b>7</b>
244		Deposits & Clients' Funds	131			
20,224		Sundry Creditors & Advance Receipts	21,488			
<u>4,126</u>	<b>(44,771)</b>	Cash Overdrawn	<u>4,508</u>	<b>(38,021)</b>		
	<u>(2,668)</u>	<b>NET CURRENT LIABILITIES</b>		<u>10,587</u>		
	<b>395,787</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>455,756</b>		
		<b>LESS: LONG TERM LIABILITIES</b>				
		Loans Outstanding				
72,019		External	80,125			<b>7</b>
11,028		Deferred Liabilities	10,696			<b>8</b>
718		Deferred Capital Receipts	570			<b>9</b>
<u>3,573</u>	<b>(87,338)</b>	Provisions	<u>4,237</u>	<b>(95,628)</b>		<b>10</b>
	<u>308,449</u>	<b>TOTAL NET ASSETS</b>		<u>360,128</u>		

Consolidated Balance Sheet continued on next page.

**CONSOLIDATED BALANCE SHEET AT 31<sup>ST</sup> MARCH 2003**

<u>2002</u>			<u>2003</u>		
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>	<u>Note</u>
		<b>FINANCED BY :</b>			
		<b>RESERVES AND OTHER BALANCES</b>			
5,962		Earmarked Reserves	6,738		11
196,463		Fixed Asset Restatement Reserve	232,089		12
78,693		Capital Financing Reserve	88,345		13
170		Capital Receipts Unapplied	1,983		15
1,902		Capital Grants Unapplied	956		16
		Balances			
10,500		General Fund	10,753		14
2,437		Housing Revenue Account	3,825		
432		Competitive Services	323		11
627		Major Repairs Reserve	933		11
1,048		Collection Fund Balance	922		
10,215		Other Balances	13,261		
			<hr/>		
	<u>308,449</u>	<b>TOTAL RESERVES AND BALANCES</b>		<u>360,128</u>	



## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. FIXED ASSETS

Movements in respect of fixed assets were as follows: -

	<u>Council Dwellings</u>	<u>Other Land &amp; Buildings</u>	<u>Vehicles, Plant &amp; Equip</u>	<u>Infra- structure Assets</u>	<u>Community Assets</u>	<u>Other Assets</u>	<u>Total</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
<b>Net Book Value at 1<sup>st</sup> April 2002</b>	<b>174,989</b>	<b>150,159</b>	<b>347</b>	<b>23,173</b>	<b>939</b>	<b>24,227</b>	<b>373,834</b>
Reclassification	233	9			-569	327	0
Additions	18	65	547	0	0	19	649
Disposals	(3956)	(17)	0	0	0	(573)	(4546)
Certificated Revaluations	397	55,554	(152)	686	0	2,677	59,162
Depreciation in year	(4724)	(1812)	(47)	(927)	0	0	(7510)
<b>Net Book Value at 31<sup>st</sup> March 2003</b>	<b>166,957</b>	<b>203,958</b>	<b>695</b>	<b>22,932</b>	<b>370</b>	<b>26,677</b>	<b>421,589</b>

More information on the basis of asset valuation and the accounting treatment for fixed assets may be found in the Accounting and Policies section of this publication.

#### Valuations of Fixed Assets carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried by out the internal Principal Valuation Officer, Mr. A. Darbyshire (MRICS) and the Property Asset Officer, Mrs B.M.Beech (MRICS). The basis for the valuation is set out in the statement of accounting policies.

	<u>Council Dwellings</u>	<u>Other Land &amp; Buildings</u>	<u>Vehicles, Plant &amp; Equip</u>	<u>Infra- structure Assets</u>	<u>Community Assets</u>	<u>Other Assets</u>	<u>Total</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
<b>Valued at Historic Cost :</b>			114	23,227			23,341
<b>Valued at Current Value in :</b>							
2002/2003	396	55,572				2,678	58,646
2001/2002 *							
2000/2001	181,370	98,124	61		220	18,795	298,570
1999/2000							0
Prior to 1999/2000		51,952	88		100	6,295	58,435
<b>Total Fixed Assets</b>	<b>181,766</b>	<b>205,648</b>	<b>263</b>	<b>23,227</b>	<b>320</b>	<b>27,768</b>	<b>438,992</b>

\* No new valuation certificates were issued for the 2002/2003 final accounts.

In accordance with FRS 15 "Tangible Fixed Assets", the Council has charged depreciation on its assets to the consolidated revenue account, regardless of the

maintenance regime on the asset. Prior to this, depreciation was not charged on assets where regular repairs and maintenance were carried out to extend the assets useful life.

## 2. DEFERRED CHARGES

The Balance Sheet reflects the writing off to the Capital Financing Reserve of the value of Deferred Charges. Deferred Charges represent expenditure on improvement grants, other private sector housing, and on Aided Schools, where no tangible asset is in existence.

	<u>Improvement Grants £000's</u>	<u>Other £000's</u>	<u>Total £000's</u>
<b>Balance at 1<sup>st</sup> April 2002</b>	<b>0</b>	<b>44</b>	<b>44</b>
Expenditure in year	1,317	3,437	4,754
Written off to Consolidated Revenue A/C	(1,317)	(3,444)	(4,761)
<b>Balance at 31<sup>st</sup> March 2003</b>	<b>0</b>	<b>37</b>	<b>37</b>

## 3. CAPITAL EXPENDITURE

Capital expenditure in the year was as follows:-

<u>2001/2002</u>		<u>2002/2003</u>	
<u>£000's</u>	<u>Expenditure:</u>	<u>£000's</u>	<u>£000's</u>
856	Un-financed Capital Expenditure b/fwd		1,409
16,048	Fixed assets	19,084	
3,556	Deferred Charges	4,754	
916	Vehicle & Plant	1,017	
-	- Other	0	24,855
<b>21,376</b>	<b>Total</b>		<b>26,264</b>
<u>£000's</u>	<u>Financed by:</u>	<u>£000's</u>	<u>£000's</u>
4,574	Loan	7,829	
2,839	Capital Receipts	1,218	
5,178	Grants & Contributions	8,577	
841	Leasing	1,093	
1,940	Revenue	6,180	
4,595	Reserves	466	
0	Other		25,363
19,967			
1,409	Capital Expenditure c/fwd Un-financed		901
<b>21,376</b>	<b>Total</b>		<b>26,264</b>

The un-financed expenditure represents expenditure for which matched funding sources were not received by 31<sup>st</sup> March of each year, and will be financed on receipt of the funding. This occurs because capital expenditure is accounted for on a cash basis and not an accruals basis. At 31<sup>st</sup> March 2003 the Authority had authorised capital expenditure of **£28.042million** for 2003/2004 and had also identified a capital investment requirement of **£59.179million** for the following two years under the approved Capital

Programme. The actual level of expenditure on uncommitted schemes in future years will depend upon the availability of capital financing resources. Copies of the Capital Programme may be obtained from the Head of Financial Management during normal office hours, or by telephoning 0161-253 5034.

#### 4. **STATEMENT OF PHYSICAL ASSETS**

The Authority owned the following assets (excluding Council dwellings, see Housing Revenue Account section) at 31<sup>st</sup> March:-

<b><u>SERVICE / ASSET</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>
<b><u>Education</u></b>		
Nursery Schools	1	1
Primary Schools	69	69
Secondary Schools	14	14
Special Education Establishments	4	4
Adult Education Centres	5	5
Youth Centres	7	7
<b><u>Highways &amp; Transportation</u></b>		
Roads (km):		
Principal	56	55
Non Principal, Classified	72	70
Urban, Unclassified	451	528
Car Parks	64	66
<b><u>Leisure Facilities</u></b>		
Public Conveniences	8	8
Parks & Open spaces	837	837
Cemeteries	35	35
Civic Halls	5	5
Sports Centres (with pool)	1	2
Sports Centre (no pool)	1	1
Swimming Pools	2	1
<b><u>Office Accommodation</u></b>		
Administrative Buildings	7	7
<b><u>Cultural Services</u></b>		
Libraries	9	9
Art Gallery / Museum	1	1
<b><u>Property Services</u></b>		
Dwellings	5	4
Small Lettings	1,175	1,175
Commercial Lettings	381	380
Farms, Grazing	24	24
Poster Sites	22	22
Market Shops & Stalls	525	525
Industrial Factory Units	204	204
Magistrates Courts	1	1
<b><u>Social Services</u></b>		
Children's Homes	1	1
Day Nurseries	1	1
Resource Centres	1	1
Elderly Persons Homes	10	9
Homes for Adults with Learning Disabilities	4	4
Homes for Children with Learning Disabilities	0	0
Day Care Centres	3	3
Social Education Centres	3	3

5. **INVESTMENTS**

<b>Investments at 31<sup>st</sup> March: consisted of:-</b>	<b><u>2002</u> <u>£000's</u></b>	<b><u>2003</u> <u>£000's</u></b>
Manchester Airport PLC	10,214	10,214
Ringway Developments PLC	283	-
<b>TOTAL</b>	<b><u>10,497</u></b>	<b><u>10,214</u></b>

**Manchester Airport plc**

Bury, in common with all Greater Manchester Districts, other than Manchester City Council, which holds 55%, has a 5% shareholding in Manchester Airport plc. The Company's most recent accounts (for the year ending 31 March, 2002) showed a loss before tax in 2001/02 was £2.9m, (£31.3m profit in 2000/2001) and loss after tax was £6.7m (£21.9m profit in 2000/2001). The company had assets of £624m at the 31<sup>st</sup> March 2002 (£636m at 31<sup>st</sup> March 2001). Further information can be obtained from the Director of Finance, Manchester Airport (Tel. 0161-489-3000).

**Ringway Developments plc**

The Council held 283,207 fully paid £1 "A" ordinary shares, representing a 3.28% shareholding. The company was sold on 11 April, 2002.

6. **DEBTORS & LOAN ACCOUNTS**

<b>Long term debtors:</b>	<b><u>2002</u> <u>£000's</u></b>	<b><u>2003</u> <u>£000's</u></b>
Car loans (employees)	2,426	1,869
Airport Terminal 1	9,426	9,260
Bury Metro Arts Association Ltd	32	32
Bury Music Centre	11	9
PWLB Premiums	-	192
Housing Loans	2,177	1,961
<b>TOTAL</b>	<b><u>14,072</u></b>	<b><u>13,323</u></b>
<b>Short term debtors:</b>		
<b>General Fund:</b>	19,217	26,787
Less provision for uncollectable sums	(2,610)	(3,027)
Advance receipts	1,764	2,071
	<b><u>18,371</u></b>	<b><u>25,831</u></b>
<b>Collection Fund:</b>		
Council tax	3,315	3,333
Community charges	451	438
Business rates	853	958
Less provision for uncollectable sums	(2,246)	(2,101)
	<b><u>2,373</u></b>	<b><u>2,628</u></b>
<b>TOTAL</b>	<b><u>20,744</u></b>	<b><u>28,459</u></b>

**7. LOANS OUTSTANDING, LONG & SHORT TERM**

	<u>2002</u>		<u>2003</u>	
	<u>£000's</u>		<u>£000's</u>	
Long term loans:				
PWLB:				
Bury		81,009		61,009
Airport		10,183		10,006
Local & Market Bonds		1,004		21,004
<b>TOTAL</b>		<b>92,196</b>		<b>92,019</b>
<b>Analysed by maturity period:-</b>				
Short Term Loans Outstanding				
Within 1 year	20,177	20,177	11,895	11,895
Long Term Loans Outstanding				
1/2 years		895		215
2/3 years		215		507
3/4 years		507		2,260
4/5 years		2,260		287
5/6 years		287		6,316
6/10 years		9,286		13,398
10/15 years		5,640		6,384
15+ years		52,929	72,019	50,757
<b>TOTAL</b>		<b>92,196</b>		<b>92,019</b>

The PWLB debt at 31<sup>st</sup> March 2003 includes **£10.006 million** in respect of Manchester Airport, being Bury's share of the debt transferred from Manchester City Council to each of the other Greater Manchester districts.

**8. DEFERRED LIABILITIES**

	<u>2002</u>		<u>2003</u>	
	<u>£000's</u>		<u>£000's</u>	
Debt from ex Greater Manchester County		9,885		9,668
ex Probation Service		44		37
From Lancashire County Council		1,099		991
<b>TOTAL</b>		<b>11,028</b>		<b>10,696</b>

The debt outstanding to other authorities is in respect of assets and responsibilities transferred at Local Government reorganisation in 1974 and 1986. Local Authorities are now responsible for Probation Service Debt; the Capital Financing costs are recovered by Government Grant.

**9. DEFERRED CAPITAL RECEIPTS**

The figures shown represent receipts due from the sale of council houses and other dwellings where the Council has entered into a mortgage agreement and the receipt will therefore be realised over a number of years.

## 10. PROVISIONS

The insurance provisions are used to provide cover against specific risks in order to reduce the level of external insurance premiums, whilst maintaining adequate cover. The Education provision relates mainly to possible repayment of Nursery Grant, while the Development Services provision mainly relates to the agency agreement that the Council had with United Utilities and potential legal costs in respect of a footpath dispute. The provision for Modesole related to a loan guarantee made to the company by the ten Greater Manchester Districts. This payment was made under the guarantee in 2002/2003.

	<u>31<sup>st</sup> March</u> <u>2002</u> <u>£000's</u>	<u>Income</u> <u>£000's</u>	<u>Expenditure</u> <u>£000's</u>	<u>31<sup>st</sup> March</u> <u>2003</u> <u>£000's</u>
Liability insurance	(2,708)	(1,611)	1,235	(3,084)
Property insurance	(116)	(130)	81	(165)
Education	(179)	(422)	57	(612)
Development Services	(522)	(96)	336	(282)
Other	(48)	(49)	3	(94)
<b>TOTALS</b>	<b>(3,573)</b>	<b>(2,308)</b>	<b>1,712</b>	<b>(4,237)</b>

## 11. RESERVES

The reserves are set aside for the purposes indicated in their title, with contributions to and calls upon being fixed at levels which optimise the Authority's financial position.

	<u>31<sup>st</sup> March</u> <u>2002</u> <u>£000's</u>	<u>31<sup>st</sup> March</u> <u>2003</u> <u>£000's</u>
Airport Shares	461	356
Arts Reserve	19	34
Best Value Reserve	140	127
Education Fire	190	190
Energy Conservation	71	144
Leisure	85	59
Social Services	378	249
Computer Reserve	1,785	2,951
Capital Reserve	1,747	1,584
Area Board Reserve	82	79
Policy Development Reserve	305	(45)
Outwood Viaduct	20	28
School Catering Reserve	0	64
PWLB Discount	679	544
EDS	0	374
	<b>5,962</b>	<b>6,738</b>
Competitive Services	184	117
Commuted Sums	248	206
	<b>432</b>	<b>323</b>
Major Repairs Reserve	627	933
<b>TOTALS</b>	<b>7,021</b>	<b>7,994</b>

The reserves are held for the following purpose:

***Airport Share Reserve***

This reserve was funded initially from dividends from Manchester Airport and is available for General Use; though to date has been utilised to fund leisure investment within the Borough

***Arts Reserve***

This reserve funds any opportunities to purchase pictures for the art gallery.

***Best Value Reserve***

The reserve is to support the delivery of the Best Value Review Programme within the Council.

***Education Fire Reserve***

The Council is required to fund the initial £100,000 of any Education Fire Insurance Claim. This reserve thereby provides for this risk corporately.

***Energy Conservation Reserve***

The Energy Conservation Reserve operates on a payback process where initial investment in energy conservation is funded from the reserve, while contributions are made to the reserve by services over an agreed pay back period.

***Leisure Reserve***

The Leisure Reserve is for the general development of leisure facilities.

***Social Services Reserves***

The Social Services Reserve comprises three individual reserves for the Area Child Protection Committee, a Learning Disability Reserve and a reserve in respect Primary Care Group Commissioning. The last two are set up jointly with the Health Authority.

***Computer Reserve***

The Computer Reserve is to fund future Information and Communication Technology (ICT) investment within the Borough.

***Capital Reserve***

The Capital Reserve is to fund future capital investment within the Borough in accordance with the Council's Capital Strategy.

***Area Board Reserve***

This reserve is to support the work of the Council's six Area Boards and includes carryovers of the Board's Kickstart Grants.

***Policy Development Reserve***

This reserve is to assist in the development of new policy and initiatives within the Council and, where required, provide some pump-priming to new initiatives.

***School Catering Reserve***

This reserve is to finance investment in school kitchens and dining facilities.

***Outwood Viaduct***

This reserve is for the future maintenance and upgrade of Outwood viaduct.

***PWLB Discount***

This reserve relates to sums arising from the premature repayment of PWLB loans.

***Competitive Services Reserve***

This reserve is the remainder of the DSO Reserve that the Council was required to hold under CCT legislation. It will disappear once all the reserve's commitments are incurred.

### ***Commuted Sums***

This reserve represents money received as part of Section 106 agreements from Housing and other developers. The reserve is earmarked and is not available for general use.

### ***Major Repairs Reserve***

This reserve provides the authority with the resources needed to maintain the value of housing stock (see HRA Note 3, page 40 for detail of movements during 2002/03).

## **12. FIXED ASSET RESTATEMENT RESERVE**

The system of capital accounting requires the establishment of a Fixed Asset Restatement Reserve. The reserve will be 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. The balance on this account does not represent cash and is not available to spend.

<u>2001/2002</u> <u>Total</u> <u>£000's</u>	<u>2002/2003</u> <u>Total</u> <u>£000's</u>
<b>211,763</b> Balance at 1 <sup>st</sup> April 2002	<b>196,463</b>
(3,719) Disposal of fixed assets	(4,829)
(10,924) Restatement of Value	41,817
(657) Other	(1,362)
<b>196,463</b> Balance at 31 <sup>st</sup> March 2003	<b>232,089</b>

## **13a. CAPITAL FINANCING RESERVE**

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 the amount required to be charged to revenue to repay the principal element of external loans. The balance on this account does not represent cash and is not available to spend.

<u>2001/200</u> <u>2</u> <u>£000's</u>	<u>2002/2003</u> <u>£000's</u>
<b>70,798</b> Balance at 1 <sup>st</sup> April 2002	<b>78,693</b>
2,168 Capital Receipts Set Aside in Year	3,022
<b>72,966</b>	<b>81,715</b>
<b>2002/2003 Capital Financing:</b>	
2,839 Capital Receipts	1,218
5,178 Grants & Contributions	8,577
1,940 Revenue	6,180
4,595 Reserves	466
(4,732) Provision for Major Repairs	(4,734)
(528) Provision for debt repayment (net of depreciation)	(704)
Housing Corp Grant used in debt redemption	388
(3,565) Appropriation from General Fund – writing down of in year deferred charges	(4,761)
<b>78,693</b> Balance at 31 <sup>st</sup> March 2003	<b>88,345</b>



**13b. PROVISION FOR CREDIT LIABILITIES (Memorandum Account)**

In accordance with statutory requirements the Council is required to set aside sums as a provision to repay external loans and finance leases and other limited purposes. The Council does not keep an account within the accounting records for the Provision for Credit Liabilities as there is no need to do so, but is required to maintain a memorandum account, which is set out below.

<u>2001/200</u> <u>2</u> <u>£000's</u>		<u>2002/2003</u>  <u>£000's</u>
	<b>Amounts set aside for year</b>	
(2,168)	Reserved Capital Receipts	(3,425)
(1,661)	Minimum Revenue Provision	(1,740)
	<b>Amounts applied in year</b>	
20,000	Repayment of loans	41,000
<u>16,171</u>	<b>Balance at 31<sup>st</sup> March 2003</b>	<u>35,835</u>

**14. THE GENERAL FUND**

This fund represents the balance of the revenue account surplus of **£10.753m** as at 31<sup>st</sup> March 2003, although this amount is not wholly available to be spent at the Council's discretion.

	<u>£000's</u>
<b>General Fund Balance 31<sup>st</sup> March 2003</b>	<b>10,753</b>
Less amount available to schools	(1,993)
Less minimum to be retained	<u>(2,630)</u>
<b>Available Balance 1<sup>st</sup> April 2003</b>	<b><u>6,130</u></b>

It is the view of the Director of Finance and E-Government that prudence dictates a minimum balance of **£2.63m** is retained in the Fund to meet unforeseen eventualities, and the Revenue Budget for 2003/2004 reflects this.

The Authority operates a scheme of Local Management in Schools that has been approved by the Secretary of State for Education and Skills. This allows schools in Bury to carry forward any over or underspendings to the next financial year. In 2002/2003 an under spending of **£1.993m** was contributed to the General Fund by schools and is carried forward to 2003/2004.

The Authority also operates a scheme of delegated financial management whereby departments are given cash ceilings against which their financial performance is measured. They are allowed to carry forward underspendings subject to the overall financial position of the Council, and they must carry forward overspendings. Carry-forwards under the cash ceiling schemes will be determined at Executive Committee. This will of course impact on the available General Fund balance at 1<sup>st</sup> April 2003.

## 15. CAPITAL RECEIPTS UNAPPLIED

	<u>Housing</u> <u>£000's</u>	<u>Other</u> <u>£000's</u>	<u>Total</u> <u>£000's</u>
<b>Available 31<sup>st</sup> March 2002</b>	<b>0</b>	<b>170</b>	<b>170</b>
Received in the year	4,029	2,557	6,586
Set aside in the year	(3,022)	(533)	(3,555)
Applied in the year	(0)	(1,218)	(1,218)
<b>Available 31<sup>st</sup> March 2003</b>	<b>1,007</b>	<b>976</b>	<b>1,983</b>

The Local Government and Housing Act 1989 dictates that the Authority must set aside a proportion of capital receipts to redeem debt. This table shows the balance available after set aside to meet capital expenditure. Capital receipts of £533,000 have been set aside in reserves to meet expenditure on Information and Communication Technology and Planning capitalised salaries applicable to longer term projects.

## 16. CAPITAL GRANTS UNAPPLIED

	<u>Environment</u> <u>Services</u> <u>£000's</u>	<u>Highways</u> <u>£000's</u>	<u>Other</u> <u>£000's</u>	<u>Total</u> <u>£000's</u>
<b>Available 31<sup>st</sup> March 2002</b>	<b>591</b>	<b>424</b>	<b>887</b>	<b>1,902</b>
Received in the year	160	96	6,402	6,658
Applied in the year	(656)	(201)	(6,747)	(7,604)
<b>Available 31<sup>st</sup> March 2003</b>	<b>95</b>	<b>319</b>	<b>542</b>	<b>956</b>

This represents amounts received from Government or other third parties for capital purposes that have not yet been applied to finance capital expenditure. The table shows only those services where a proportion of the capital grant has not been applied. See Capital Financing Reserve for full details of capital grants and contributions applied. The SoRP requires a government grant deferred account.

## 17. CONTINGENT LIABILITIES

### Municipal Mutual Insurance Ltd

On 30<sup>th</sup> September 1992 the Authority's then insurers, MMI Ltd., announced that they were no longer accepting new business. The Authority has a number of outstanding claims with MMI totalling **£3,723** at 31<sup>st</sup> March 2003. A "Scheme of Arrangement" has been put in place to facilitate an orderly settlement of the sums due.

If MMI are not able to meet their liabilities, and the Scheme is triggered, then the Authority will be required to repay **£1,821,853** in respect of claims previously settled. The Balance Sheet makes no provision for this. There is no indication that MMI won't be able to meet claims.

### Manchester Airport PLC

The Balance Sheet items, Investments and Long Term Debtors, refer to debt outstanding held by the Authority in respect of Manchester Airport. The Airport has agreed to reimburse this Authority for all costs due on these loans which have maturity dates up to 2027. No provision has been made for any potential loss from this arrangement.

## 18. TRUST FUNDS

The Director of Finance and E-Government administers a number of trust funds of a mainly educational nature, which are independent of the Authority and excluded from the Balance Sheet.

	<b>2002</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
John Kay	28,850	29,969
British Cotton Growers	85,822	89,302
Sidney Taylor Bequest	17,237	17,905
Others	66,559	71,172
<b>Total</b>	<b>198,468</b>	<b>208,348</b>
Represented by :-		
Investments	8,228	8,228
Cash	190,240	200,120
<b>Total</b>	<b>198,468</b>	<b>208,348</b>

## 19. RETIREMENT BENEFITS DISCLOSURE

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

The Authority participates in the Local Government Pension Scheme, administered by Tameside Metropolitan Borough. This is a funded scheme, meaning that the Authority and employees pay contributions into the Greater Manchester Pension Fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

The **financial assumptions** used for the purpose of the FRS17 calculations are as follows:

<b>Assumptions as at</b>	<b><u>31 March 2003</u></b>	<b><u>Real</u></b>	<b><u>31 March 2003</u></b>	<b><u>Real</u></b>
	<b><u>% per annum</u></b>	<b><u>Per annum</u></b>	<b><u>% per annum</u></b>	<b><u>Per annum</u></b>
Price increases	2.5	-	2.5	-
Salary increases	4.0	1.5	4.0	1.5
Pension increases	2.5	-	2.5	-
Discount rate	6.1	3.5	6.1	3.5

In 2002/03, pensions costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to the Greater Manchester Pension Scheme (based on the latest formal actuarial valuation at 31 March 2001, with the next formal valuation due 31 March, 2004) and the pensions payable to retired employees. However, at 31 March 2003, the Authority had the following overall assets and liabilities for pensions that have not been included in the balance sheet:

	<u>2001/02</u> <u>£000's</u>	<u>2002/03</u> <u>£000's</u>
Estimated Employer Assets	256,303	212,100
Total Value of Liabilities	(240,014)	(256,600)
<b>Net Assets / (Liabilities)</b>	<b><u>16,289</u></b>	<b><u>(44,500)</u></b>

Liabilities have been assessed on an actuarial basis using the projected unit method, a set of demographic assumptions, salary levels etc. The Greater Manchester Pension Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	<u>2001/02</u> <u>%</u>	<u>2002/03</u> <u>%</u>
Rate of Inflation	2.8	2.5
Rate of Increase in Salaries	4.3	4.0
Rate of Increase in Pensions	2.8	2.5
Rate for discounting scheme liabilities	6.4	6.1

Assets of the whole of the Greater Manchester Pension Fund as at 31<sup>st</sup> March 2003, estimated by Tameside Metropolitan Borough where necessary, consist of the following categories, by value and proportion:

	<u>Value (£000)</u>	<u>%</u>	<u>Value (£000)</u>	<u>%</u>
Equities	153	60.0	134	63.2
Bonds	63	25.0	38	18.0
Property	20	7.5	25	11.7
Cash	20	7.5	15	7.1
<b>Total</b>	<b><u>256</u></b>	<b><u>100.0</u></b>	<b><u>212</u></b>	<b><u>100.0</u></b>

## Revenue Account Costs for the year to 31 March, 2003

### a) Analysis of amount charged to Consolidated Revenue Account

<b>Amount Charged to Consolidated Revenue Account</b>	<b><u>Year to 31 March, 2003</u></b>	<b><u>Year to 31 March, 2003</u></b>
	<b><u>£000</u></b>	<b><u>% of payroll</u></b>
Service cost	8,500	13.5
Past service costs	700	1.1
Curtailment and Settlements	700	1.1
Decrease in irrecoverable surplus	0	0
<b>Total Operating Charge (A)</b>	<b>9,900</b>	<b>15.7</b>
<b>Projected Amount Credited to Other Finance Income</b>	<b><u>Year to 31 March, 2003</u></b>	<b><u>Year to 31 March, 2003</u></b>
	<b><u>£000</u></b>	<b><u>% of payroll</u></b>
Expected return on Employers Assets	17,100	27.2
Interest on Pension Scheme Liabilities	(15,400)	(24.5)
<b>Net Return (B)</b>	<b>1,700</b>	<b>2.7</b>
<b>Net Revenue Account Costs (A) – (B)</b>	<b>8,200</b>	<b>13.0</b>

The **current service cost** is based on the most recent actuarial valuation and includes the contributions made from employees.

**Past service costs** can arise from the Council awarding *discretionary* benefits e.g. added years augmentation or allowing employees to retire on unreduced benefits before attaining the Rule of 85 age (minimum 60, maximum 65) on the grounds of efficiency.

**The curtailments** calculation takes into account the cost arising from early payment of accrued pensions (including augmentations) in respect of any *redundancies* effected during the year ended 31 March, 2003.

### b) Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)

	<b><u>Year to 31 March, 2003</u></b>
	<b><u>£000</u></b>
Actual return less expected return on pension scheme assets	(59,700)
Experience gains and losses arising on the scheme liabilities	1,400
Changes in financial assumptions underlying the present value	-
<b>Actuarial gain/ (loss) in pension plan</b>	<b>(58,300)</b>
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-
<b>Actuarial gain/ (loss) recognised in STRGL</b>	<b>(58,300)</b>

**c) Movement in Surplus/Deficit During the Year**

	<u>Year to 31 March,</u> <u>2003</u> <u>£000</u>
<b>Surplus/ (deficit) at beginning of the year</b>	<b>16,300</b>
Current Service Cost	(8,500)
Employer contributions	5,700
Other income	-
Other outgoings (e.g. expenses, etc)	-
Past service costs	(700)
Impact of settlements and curtailments	(700)
Net return on assets	1,700
Actuarial gains/ (losses)	(58,300)
<b>Surplus/ (deficit) at end of year</b>	<b>(44,500)</b>

**d) History of Experience Gains and Losses**

	<u>Year to 31 March,</u> <u>2003</u> <u>£000</u>
Difference between the expected and actual return on assets	(59,700)
Value of assets	212,100
<b>Percentage of assets</b>	<b>(28.1%)</b>
Experience gains/(losses) on liabilities	1,400
Present value of liabilities	256,600
<b>Percentage of the present value of liabilities</b>	<b>0.5%</b>
Actuarial gains/losses recognised in STRGL	(58,300)
Present value of liabilities	256,600
<b>Percentage of the present value of liabilities</b>	<b>(22.7%)</b>

## PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2004

Analysis of project amount to be charged to Consolidated Revenue Account for the year to 31 March 2004.

<b>Projected Amount Charged to Consolidated Revenue Account</b>	<b><u>Year to 31 March, 2004</u></b>	<b><u>Year to 31 March, 2003</u></b>
	<b><u>£(000)</u></b>	<b><u>(% of payroll)</u></b>
Estimated Current Service Cost	8,200	
Past Service Costs	-	-
Curtailment and Settlements	-	-
Decrease in irrecoverable surplus	8,200	13.1%
<b>Projected Amount Credited to Other Finance Income</b>	<b><u>Year to 31 March, 2004</u></b>	<b><u>Year to 31 March, 2003</u></b>
	<b><u>£(000)</u></b>	<b><u>(% of payroll)</u></b>
Expected return on Employer Assets	15,400	24.6%
Interest on Pension Scheme Liabilities	(15,700)	(25.1%)
<b>Net Return (B)</b>	<b>(300)</b>	<b>(0.5%)</b>
<b>Estimated Net Revenue Account Cost (A)-(B)</b>	<b>8,500</b>	<b>13.6%</b>
<b>Information Relevant to 2003/04</b>	<b>31 March 2004</b>	
<b>Roll Forward as at</b>	<b>£(000)</b>	
Present Value of Expected Future Employee Contributions	25,100	
Present Value of 1% of Future Earnings of Active Members	4,300	

The purpose of this note is to provide an interim financial report. However, subsequent adjustments may be necessary to this following the occurrence of any material events such as curtailments, settlements or the discontinuance of the Employer's participation in the Scheme. Note therefore that these figures also exclude the capitalised cost of any early retirements or augmentations, which may occur during 2003/04.

**STATEMENT OF TOTAL  
MOVEMENTS IN RESERVES**



## STATEMENT OF TOTAL MOVEMENTS IN RESERVES

This statement brings together all the recognised gains and losses of the Authority during the year. All large organisations are required to produce such a statement, but this particular format has been adapted to reflect the statutory framework in which local authorities work.

	<u>Fixed Asset Restate Reserve £000's</u>	<u>Capital Finance Reserve £000's</u>	<u>Major Repairs Reserve £000's</u>	<u>Usable Capital Receipt &amp; Grants £000's</u>	<u>General Fund £000's</u>	<u>Other Reserve £000's</u>	<u>HRA £000's</u>	<u>Total £000's</u>
<b>Balance 31<sup>st</sup> March 2002</b>	196,463	78,693	627	2,072	10,500	7,442	2,437	298,234
Net surplus (deficit) for year					253	542	1,387	2,182
Unrealised gains/(losses) from asset revaluation	41,817							41,817
Surplus/(deficit) on asset disposal	(4,829)	3,022		3,031				1,224
Financing fixed assets		9,795	(4,389)	(8,822)				(3,416)
Other movements	(1,362)	(3,165)	4,695	6,658				6,826
<b>Balance 31<sup>st</sup> March 2003</b>	<b>232,089</b>	<b>88,345</b>	<b>933</b>	<b>2,939</b>	<b>10,753</b>	<b>7,984</b>	<b>3,824</b>	<b>346,867</b>

Further analysis of the above reserves can be found in the notes to the consolidated balance sheet and consolidated revenue account.

# **CASH FLOW STATEMENT & NOTES**

To be finalised

## CASH FLOW STATEMENT

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

<u>2001/2002</u> <u>£000's</u>		<u>2002/2003</u> <u>£000's</u>	<u>£000's</u>
	<b><u>REVENUE ACTIVITIES</u></b>		
138,755	<b>Cash Outflows:</b> Cash Paid to and on behalf of Employees		
120,269	Other Operating Cash Payments		
15,519	Housing Benefit paid out		
31,803	NNDR payments to National Pool		
5,451	Precepts paid		
311,797			
(7,433)	<b>Cash Inflows:</b> Rents (after Rebates)		
(45,554)	Council Tax Receipts		
(49,671)	NNDR Receipts from National Pool		
(32,435)	Non-Domestic Rate Receipts		
(60,293)	Revenue Support Grant		
(21,233)	DSS Grants for Benefits		
(31,916)	Other Government Grants		
(69,250)	Cash Received for Goods and Services		
(317,785)			
<b>(5,988)</b>	<b>NET CASH INFLOW FROM REVENUE ACTIVITIES</b>		
	<b><u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u></b>		
2,897	<b>Cash Outflows:</b> Interest Paid		
(1,115)	<b>Cash Inflows:</b> Interest Received		
1782			
<b>(4,206)</b>			
	<b><u>CAPITAL ACTIVITIES</u></b>		
15,319	<b>Cash Outflows:</b> Purchase of Fixed Assets		
0	Purchase of Long Term Investments		
15,319			
(4,145)	<b>Cash Inflows:</b> Proceeds of Sale of Fixed Assets		
(4,696)	Capital Grants received		
(8,841)			
<b>6,478</b>			
<b>2,272</b>			
	<b><u>MANAGEMENT OF LIQUID RESOURCES</u></b>		
7,800	Net Increase/Decrease in Short Term Deposits		
<b>10,072</b>	<b>NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING</b>		

The Cash Flow Statement is continued on the next page.

<u>2001/2002</u>		<u>2002/2003</u>		
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
	<b>FINANCING</b>			
	<b>Cash Outflows:</b> Repayments of amounts borrowed			
20,161	Long Term loans repaid			
0	Short Term loans repaid			
<b>20,161</b>				
(590)	<b>Cash Inflows:</b> Net Receipts from Long Term Debtors			
(29,000)	New Long Term Loans			
0	New Short Term Loans			
<b>(29,950)</b>				
<b>(9,429)</b>				
<b>643</b>	<b>NET (INCREASE) / DECREASE IN CASH</b>			

## NOTES TO THE CASH FLOW STATEMENT

### 1. RECONCILIATION OF CASHFLOW TO CONSOLIDATED REVENUE ACCOUNT

The net cash flow from revenue activities can be reconciled to the Consolidated Revenue Account as follows:

<u>2001/2002</u>	<u>2002/2003</u>	
<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
<b>(1,034) (SURPLUS)/DEFICIT FOR THE YEAR ON REVENUE ACCOUNT</b>		
<b>Non Cash Movements in Revenue Account:</b>		
(7,171) Provision for Depreciation		
299 Other Provisions		
(1,604) Minimum Revenue Provision		
(4,851) Contributions from / (to) Revenue Reserves		
6,086 Other non-cash Movements		
<b>(7,241)</b>		
<b>Movements in Current Assets and Liabilities:</b>		
71 Increase / (Decrease) in Stock		
4,408 Increase / (Decrease) in Revenue Debtors		
(410) (Increase) / Decrease in Revenue Creditors & Advance Receipts		
<b>4,069</b>		
<b>Items shown elsewhere in the Cash Flow Statement:</b>		
(2,897) Interest Paid		
1,115 Interest Received		
<b>(1,782)</b>		
<b>(5,988) NET CASH INFLOW FROM REVENUE ACTIVITIES</b>		

### 2. ANALYSIS OF NET DEBT

The following table details movement on cash, loans and investments in the year.

	<u>31<sup>st</sup> March</u>	<u>Receipts</u>	<u>Payments</u>	<u>Other</u>	<u>31<sup>st</sup> March</u>
	<u>2002</u>			<u>Movements</u>	<u>2003</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Cash Overdrawn	(4,126)			-	
Cash in Hand	441			-	
Debt Due Beyond One Year	(82,036)			-	
Debt Due Within One Year	(10,161)			-	
Long Term Debtors	14,079			-	
Current Asset Investments	20,300			-	
<b>TOTALS</b>	<b>(61,503)</b>			<b>-</b>	

### 3. RECONCILIATION OF NET DEBT

The table below reflects a favourable movement in the net debt of the Council during the year.

<u>2001/2002</u> <u>£000's</u>	<u>2002/2003</u> <u>£000's</u>
643 (Increase)/ Decrease in Cash in the Year to 31 <sup>st</sup> March	
(9,428) (Increase)/Decrease in Debt	
<u>7,800</u> Increase/(Decrease) in Investments	<u>                    </u>
<b><u>(986) Change in Net Debt</u></b>	<b><u>                    </u></b>
(60,517) Net Debt at 1 <sup>st</sup> April	
<u>(61,503)</u> Net Debt at 31 <sup>st</sup> March	<u>                    </u>
<b>(986) Movement in Net Debt</b>	

### 4. ANALYSIS OF GOVERNMENT GRANTS

The following government grants were received in and are reflected in the cash flow statement.

<u>2001/2002</u> <u>£000's</u>	<u>2002/2003</u> <u>£000's</u>
14,864 Housing Benefits	
6,369 Council Tax Benefits	
14,865 Housing Subsidy	
511 Student Awards	
11,465 Other Education Grants	
3,717 Social Services	
- Probation	
129 Magistrates' Courts	
- Kosovo Special Grant	
386 SRB/ERDF	
<u>843</u> Other Grants	<u>                    </u>
<b><u>53,149</u> TOTAL</b>	<b><u>                    </u></b>

### 5. MOVEMENT IN CASH

The table below shows the movement in cash to the related items in the opening and closing balance sheets for the period.

	<u>31<sup>st</sup> March</u> <u>2002</u> <u>£000's</u>	<u>31<sup>st</sup> March</u> <u>2003</u> <u>£000's</u>	<u>Movement</u> <u>£000's</u>
Bank Overdraft	(4,126)		
Cash in Hand and at Bank	<u>441</u>		
<b>TOTALS</b>	<b><u>(3,685)</u></b>		

