

Contents

Leicestershire County Council 2000/01 Statement of Accounts.

	Page
Foreword by the County Treasurer	2
Statement of Responsibilities for the Statement of Accounts	7
Audit Opinion	Awaited
Statement of Accounting Principles	10
Consolidated Revenue Account	15
Notes to the Consolidated Revenue Account	17
Consolidated Balance Sheet as at 31 st March 2001	22
Notes to the Consolidated Balance Sheet	23
Statement of Total Movements in Reserves	32
Notes to the Statement of Total Movements in Reserves	33
Cash Flow Statement	35
Notes to the Cash Flow Statement	36
Trading Accounts	37
Pension Fund	38
- Fund Account	39
- Net Assets Statement	40
- Notes to the Accounts	41
Glossary of Terms	46

Copies of the Statement of Accounts and a large print version, are available from the County Treasurer's Department, Leicestershire County Council, County Hall, Glenfield, Leicester LE3 8RB. Tel: Leicester (0116) 2657643.

Foreword by the County Treasurer

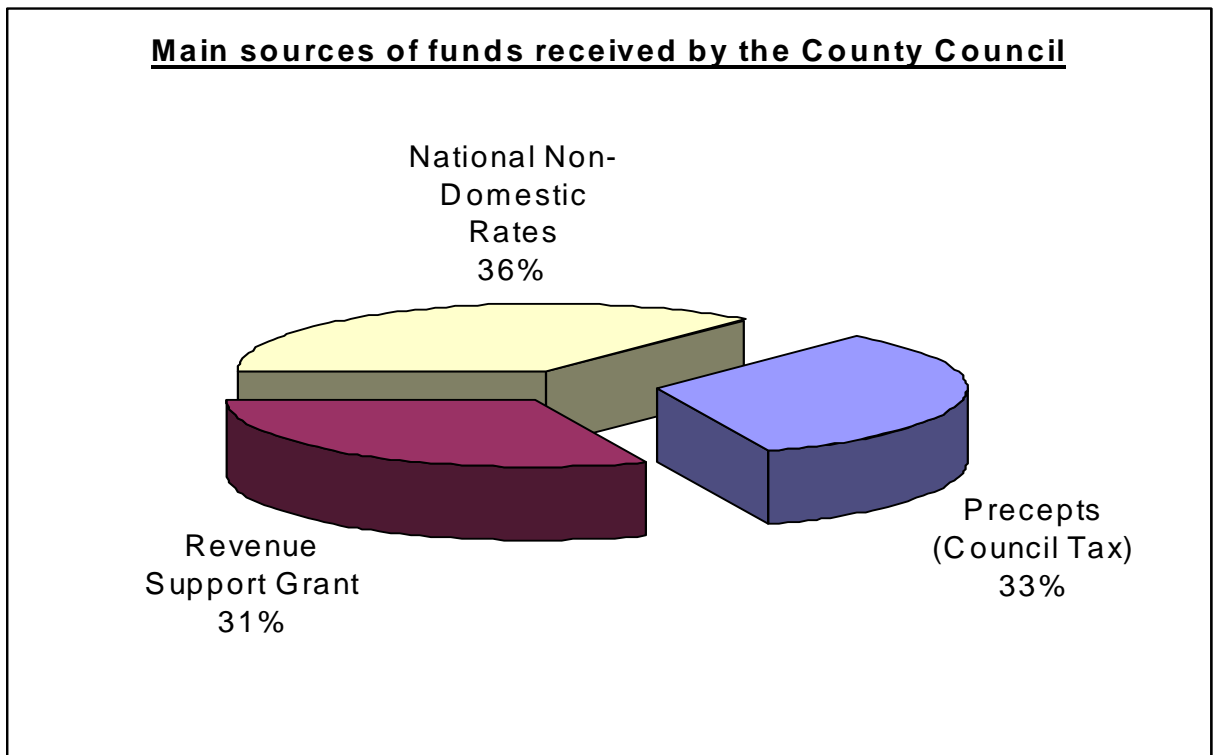
Introduction

This document sets out the published statement of accounts of the Authority for 2000/01. The accounts have been produced in line with the various regulations that govern local authority accounting.

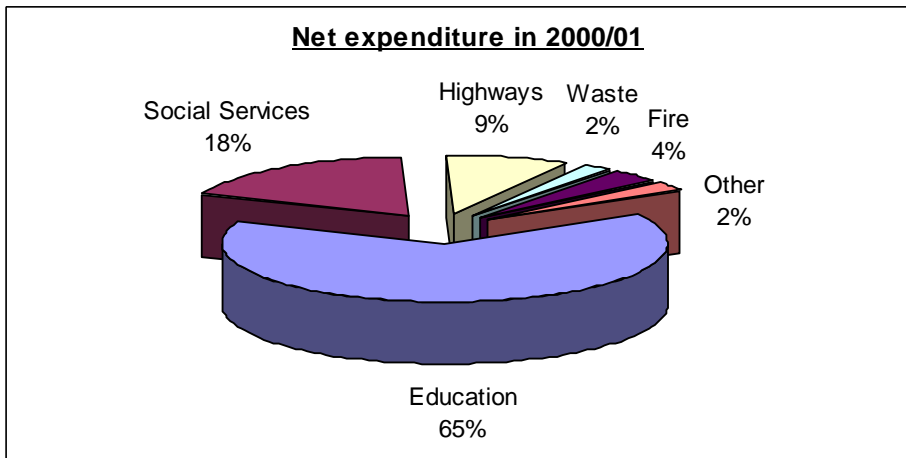
This foreword gives a brief summary of the overall financial position of the County Council, sets out how the County Council's budget is spent and financed and explains the purpose of the financial statements that are contained within the accounts.

Sources of revenue funding and services provided

The chart below details the main sources of funds received by the County Council.



This income is used to finance the various services provided by the County Council. As the chart below shows, the most significant in terms of expenditure are Education and Social Services.



Review of the Year - Revenue

In overall terms the County Council underspent against the original budget (updated for carry forwards) of £417m by £540,000. Variations between the budget and outturn occurred on the majority of service areas. The significant variations were;

Underspends

- Financing of capital (£850,000). This arose as a result of a debt restructuring exercise undertaken in the year.
- Waste (£640,000). This arose principally because of a lower tonnage of waste at civic amenity sites as a result of the introduction of the permit to tip.

Overspends

- Social Services (£880,000). The overspend is mainly due to increased demand and higher than anticipated inflation for services for people with disabilities and domiciliary care.
- Wigston Records Office (£560,000). This is due to the unsuccessful legal claim against the architects and structural engineers of the Wigston Records Office.

Review of the Year - Capital

In 2000/01 the County Council spent £25.2m on capital projects. The table below shows the main areas of expenditure, and how the expenditure was financed.

	Outturn £000
Education	10,613
Transportation	6,942
Social Services	957
Other	6,645
Total	25,157
Financed by:	
Credit Approvals	11,418
Usable Capital Receipts	4,354
Government Grants & Contributions from external bodies	5,461
Revenue Funding	3,348
Reserves and Provisions	576
Total	25,157

The Council's long term borrowings, used to finance the purchase of assets were £242m at 31 March 2001. The book value of assets was £519m.

The major projects undertaken in the year were:

	£000
- Markfield South Charnwood High School	820
- Glen Hills County Primary School	672
- Market Harborough New Primary School	1,802
- Whetstone Badgerbrook Primary School	661
- Loughborough Limehurst High School	326
- Tillson House Elderly Persons Home Refurbishment	295
- Ashby Bypass	1,080

Future Prospects

In recent years there have been real increases in the revenue resources available to the County Council, however, these have been increasingly earmarked for specific services. This coupled with continuing pressure on certain budgets such as social services means that the County Council continues to operate in a tight financial environment.

The County Council continues to maintain balances to meet unforeseen eventualities. At 31st March these stood at £8m. They are budgeted to fall to £5m at the end of 2001/02.

In the longer term the main influence on the budget is the central government review of the revenue grant distribution formula. The changes from the review will be introduced in 2003/04. At present the County Council receives the lowest funding per pupil of any county local education authority. The expectation is that the review will improve this position.

On the capital side there has been a welcome substantial increase in resources for both transportation and education in the current and future years. Early indications are that this year slippage is likely to materialise, despite recruitment and retention measures taken by the Cabinet to improve the position. In the longer term the main impact on capital expenditure is likely to be the planned replacement of the current capital control system. A new self regulating approach to the control of local authority capital expenditure based on prudential guidelines and backed by a code of professional conduct, is anticipated to be introduced in 2003/4.

Other Accounting Issues

There have been two significant changes to the basis upon which the accounts have been put together.

- a) Financial Reporting Standard 15 has been adopted in line with the Code of Practice on Local Authority Accounting in the UK. As a result, depreciation on buildings has been charged to services for the first time.
- b) The Chartered Institute for Public Finance and Accountancy, following a request from Central Government, has introduced the Best Value Accounting Code of Practice. This aims to ensure that all local authority accounts are produced on a consistent basis to ensure comparability. These are the first accounts to be produced on this basis.

These two changes will not increase the real cost of services for the council tax payer. However, the net impact is for the disclosed net cost of services to be higher than would otherwise be the case.

Contents of the Statement of Accounts

The Statement of Accounts includes the following:

- **Consolidated Revenue Account**

covers expenditure and income for all services (other than the Pension Fund) which is funded from a combination of Revenue Support Grant, National Non-Domestic Rate income and precepts upon collection funds maintained by District Councils.

- **Consolidated Balance Sheet**

sets out the financial position of the County Council on 31 March 2001. It incorporates all the funds of the Authority, both capital and revenue, with the exception of the Pension Fund and Trust Funds.

- **Statement of Total Movements in Reserves**

brings together all the recognised gains and losses of the Authority during the period and identifies those which have and have not been recorded in the consolidated revenue account. The statement separates the movements in reserves between revenue and capital reserves.

- **Cash Flow Statement**

gives a summary of the inflows and outflows of cash arising from transactions with third parties during the financial year. Thus internal transfers are excluded from expenditure and income.

- **Trading Accounts**

shows the turnover, total expenditure and resulting surplus or deficit for each of the direct service organisations, i.e. the Planning and Transportation Department's DLO, and the Leicestershire County Catering Service.

- **Pension Fund**

shows the annual results of the Leicestershire County Council administered Local Government Pension Fund for Leicestershire covering both County Council employees and those of district councils and other admitted bodies.

Euro Costs

Following the introduction of the Euro on 1 January 1999, it is unlikely that any significant costs will be incurred prior to a decision being made regarding United Kingdom membership of the Euro.

**A D YOUD
COUNTY TREASURER**

DATE:

Statement of Responsibilities for the Statement of Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

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

THE COUNTY TREASURER'S RESPONSIBILITIES

The County Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice').

In preparing this Statement of Accounts, the County Treasurer 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,
- kept proper accounting records which were up to date,
- taken reasonable steps for the prevention and detection of fraud and other irregularity.

Statement of Accounting Principles

1. General principles

The accounts have been prepared in accordance with the Statement of Recommended Practice on Local Authority accounts and the guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the application of accounting standards (FRS's and SSAP's).

2. Provisions

The County Council has established a number of provisions to meet known future liabilities.

The major Provisions are:

(i) Insurance

The insurance policies held by the County Council require a significant level of self insurance, the level of this being recommended by insurers and independent advisers. The monies set aside for self insurance are split between a provision representing outstanding, unsettled claims at 31 March 2001 and a reserve to meet future claims.

(ii) Property and Schools Maintenance

Provides for landlord repairs to the majority of the council's establishments. A rolling programme of works can thus be undertaken which spans financial years. The balance represents uncompleted orders.

(iii) DLO Future Liabilities and Losses

Provides for possible future losses or reduced profits on uncompleted works, remedial works, replacement of uninsured losses and future leased car payments.

(iv) Leased Cars

Created to fund the end-loaded rental payments, in respect of leased cars, such payments falling due on the termination of the lease.

(v) Landscape projects

Sums received from mineral extraction companies to be utilised for the restoration of these sites.

(vi) Industrial Properties

To fund major works at the Westminster Industrial Estate, Measham, including the installation of CCTV and other security equipment.

3. Reserves

A number of reserves exist in addition to the County Fund to finance future capital and revenue expenditure. In addition to the Insurance Reserve referred to above, the significant reserves are:

REVENUE

(i) Renewal of Equipment and Vehicles

Resources for the funding of replacement vehicles and equipment and future service developments.

(ii) Industrial Properties

Surpluses arising on the provision of Industrial Properties are credited to this reserve which is used to finance future capital expenditure, including development of the Industrial Estate.

(iii) BLN (Bardon Aggregates, Leicestershire and Nottinghamshire Direct Labour Organisations)

The DLO is a partner within the BLN consortium, which is contracted to the Highways Agency for trunk road maintenance within Leicestershire and Nottinghamshire. The balance on the reserve represents a prepayment under the terms of the contract.

CAPITAL

In accordance with standard accounting practice for local authorities, two non-cash backed capital reserves exist as part of the system of capital accounting. These are:

(i) Fixed Asset Restatement Reserve

This reserve represents the surplus arising on the revaluation of fixed assets.

(ii) Capital Financing Reserve

This reserve represents amounts set aside from revenue resources, capital receipts and the capital reserve to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

4. Fixed assets

All expenditure on the acquisition and/or improvement of fixed assets is capitalised provided that the asset yields a benefit to the Authority for a period of more than one year. However, some relatively immaterial items may be financed from revenue. No accrual of capital expenditure is made as it is considered that such amounts are relatively insignificant.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS).

The basis of valuation of the various categories of assets is as follows:

- **land and operational buildings** are included in the balance sheet at open market value for existing use or, where because of the specialised nature this could not be assessed (there being no market for such an asset), at depreciated replacement cost.

Valuation is carried out on a selective on-going basis such that all assets are revalued once every five years. The valuation is carried out by various Chartered Surveyors employed by the Director of Property.

The current asset values used in the accounts are based on a certificate issued by the Council's Director of Property as at 1 April 2000. Additions since that date are either included in the accounts at their cost of acquisition (if above £50,000), or written off to

the fixed asset restatement reserve if the actual expenditure does not increase the asset valuation.

- **infrastructure assets** are included to the value of outstanding debt brought forward on 1 April 1994. Additions since that date are included at their original cost.
- **community assets** are assets that the authority is likely to keep in perpetuity for the benefit of local people, e.g. country parks and reclaimed land. Such assets are valued at historical cost or nominal values.
- **non-operational assets** cover investment properties, assets surplus to service requirements and assets under construction or refurbishment.

Valuation of investment properties and assets surplus to requirements is based on open market value whilst valuation of assets under construction is based on actual payments made to date.

- **vehicles, plant, furniture and equipment;** valuation is based on depreciated historic cost for all assets with an original cost in excess of £10,000.

Leased Assets and Deferred Purchase Arrangements

Assets acquired under finance leases are reflected in the appropriate category of fixed asset, together with a deferred liability to pay future rentals. In addition assets financed by a deferred purchase arrangement are similarly reflected in fixed assets, with the liability to the merchant bank included in long term borrowings.

5. Deferred charges

Deferred charges represent expenditure which may be properly capitalised but which does not represent tangible fixed assets. In the majority of cases the County Council operates a policy of charging 100% of such expenditure to service revenue accounts.

6. Basis of charges for capital

a) Depreciation

Assets other than land, are depreciated over their useful economic lives, except where the life expectancy of the asset exceeds 50 years. No depreciation charge is made for community assets or assets under construction or refurbishment.

Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

- buildings - estimated useful life.
- infrastructure - 40 years.
- vehicles, plant, furniture and equipment - estimated useful life (averaging around 5 years).

b) Interest Charges

Notional interest charges are based on asset valuation at the beginning of the financial year. The notional rate of interest used is 6% for all assets included in the balance sheet.

c) Assets acquired under Finance Leases

Service revenue accounts are charged with actual rentals paid to leasing companies.

Interest payable on external debt, together with depreciation, is charged to the asset management revenue account, which is credited with the capital charges made to services. The resultant balance is carried to the consolidated revenue account and thus the creation of these charges has a neutral impact on the overall expenditure of the Authority.

7. Capital receipts

Proceeds from the sale of assets are credited to the usable capital receipts reserve. All such receipts are available to the authority to enhance its programme of capital expenditure or to reduce external borrowing.

The County Council is unable to comply with SSAP 6, as legislation on the use of capital receipts by local authorities does not permit gains on the sale of fixed assets to be credited to the revenue account.

8. Basis of debtors/creditors included in the accounts

The revenue accounts of the County Council are maintained on an accruals basis. Thus, sums due to or amounts owing by the Council in respect of goods and services rendered but not paid for at 31 March are included in the accounts. The exceptions to this policy are as follows:

- a) Payments covering a period, e.g. gas, telephone, rent, are brought into account in the year they become due and are not apportioned over the years to which they may relate.
- b) Interest on staff car loans for the whole period of the loan is taken to the revenue account when the loan is granted.

9. Government grants

Government grants are accounted for on an accruals basis. Income in respect of revenue grants has been credited to the appropriate service committee's revenue account, whilst capital grants are credited to the government grants and contributions deferred account; amounts are then released from this account to offset any depreciation on assets financed from government grants.

10. Stocks and work in progress

Stock accounts are normally only maintained for certain specified major items; other immaterial stocks, e.g. cleaning materials, books and stationery, are fully charged to revenue

in the year of purchase. Stocks are valued at cost price with allowance for obsolescent or slow moving stocks where material.

Work in progress is shown at cost price.

11. Allocation of support service costs

The revenue accounts of the various services include a charge for all support services provided by the central departments of the Authority other than corporate management costs.

These charges are based upon various methods of allocation including staff time and volume of transactions. Office accommodation costs are based on floor areas occupied.

General County Fund Consolidated Revenue Account

1999/00 Net Expenditure £000		Note	2000/01		
			Gross Expenditure £000	Income £000	Net Expenditure £000
	CONTINUING SERVICES	1			
256,133	Education		352,015	(84,573)	267,442
69,774	Social Services		104,964	(29,450)	75,514
35,376	Transport, Roads & Planning		43,360	(6,621)	36,739
9,440	Waste Disposal		14,059	(4,105)	9,954
6,632	Libraries & Information		8,629	(1,396)	7,233
2,707	Museums & Arts		4,786	(1,091)	3,695
2,089	Regulatory Services		2,560	(429)	2,131
1,801	Economic Development & Promotion		4,400	(2,498)	1,902
	Registration Service		482	(289)	193
	Emergency Planning		209	(163)	46
7,649	Other Central Services		3,552	(1,216)	2,336
	Corporate and Democratic Core		3,561	-	3,561
	Unapportionable Central Overheads		(19)	-	(19)
	CONTRIBUTIONS TO OTHER SERVICES				
14,216	Combined Fire Authority		14,827	-	14,827
1,002	Magistrates Courts Committee		5,757	(4,405)	1,352
927	Probation Committee		988	-	988
407,746	NET COST OF SERVICES		564,130	(136,236)	427,894
	OTHER ITEMS				
(16,834)	Surplus on asset management Account	2	19,585	(38,430)	(18,845)
2,043	Flood defence levies		2,176	-	2,176
2	Prior year adjustments		51	-	51
(250)	Net (surplus)/deficit on trading accounts	3	128	(49)	79
(3,081)	Interest and investment income		1,882	(5,026)	(3,144)
389,626	NET OPERATING EXPENDITURE		587,952	(179,741)	408,211
(1,720)	Transfers to/(from) revenue reserves		519	(500)	19
379	Transfers to capital reserves		489	-	489
2,337	Revenue funding of capital expenditure		3,348	-	3,348
6,449	Provision for repayment of external loans	4	5,824	-	5,824
(3,322)	Repayment of principal on transferred debt/deferred purchase		150	(3,328)	(3,178)
393,749	AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION		598,282	(183,569)	414,713

1999/00			2000/01
Net Expenditure £000		Note	Net Expenditure £000
393,749	AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION		414,713
	FINANCED BY		
(125,985)	Precepts on district councils		(136,867)
(131,938)	Revenue Support Grant		(126,383)
(132,526)	National Non-Domestic Rates		(149,629)
(2,571)	Surplus on collection funds		(1,132)
-	Council Tax Benefit Subsidy Contribution		261
(393,020)	SUB TOTAL		(413,750)
729	(SURPLUS)/DEFICIT FOR THE YEAR		963
	GENERAL COUNTY FUND BALANCE		
16,721	Balance at beginning of year		16,518
526	Addition of former Grant Maintained Schools		-
(729)	Surplus/(Deficit) for the year		(963)
16,518	BALANCE AT END OF YEAR		15,555

Notes to the Consolidated Revenue Account

1. Consolidated revenue account

The introduction of CIPFA's Best Value Accounting Code of Practice in April 2000 requires additional disclosure of central services and corporate management costs compared with the previous year. The reclassification of such expenditure precludes a direct comparison with costs in the previous year.

2. Asset management revenue account

1999/00 £000		2000/01 £000
(30,955)	Income	(33,186)
(5,257)	Capital charges	(4,949)
(251)	Interest on transferred debt	(295)
(36,463)	Release of Government Grants	(38,430)
2,860	Expenditure	3,442
16,677	Depreciation	16,010
92	Interest on External Loans	133
19,629	Premiums on rescheduled debt	19,585
(16,834)	Balance transferred to Consolidated Revenue Account	(18,845)

3. Surplus on direct service organisations

For details of this see the 'Trading Revenue Account' on page 37.

4. Provision for repayment of external loans

Part IV of the Local Government and Housing Act 1989 requires authorities to set aside certain sums each year as a provision for redemption of outstanding debt.

In 2000/01 the sum required to be set aside for the repayment of outstanding debt is equal to 4% of the Authority's credit ceiling. The extent to which this amount is not covered by charges to services as depreciation, is represented in the consolidated revenue account by an additional charge for repayment of external loans as follows:

	£000
4% of Credit Ceiling	9,767
Amount charged to Services as:	
-depreciation	3,619
-deferred charges	324
Additional charge to consolidated revenue account	5,824
	9,767

5. Publicity

Section 5 of the Local Government Act 1986 requires the Authority to maintain a separate account of expenditure on a wide range of publicity activities.

This expenditure is included within service totals and is given below:

	1999/00 £000	2000/01 £000
Staff advertising	620	740
Other advertising	274	288
Public relations	144	188
Other publicity (including tourism)	495	654
	1,533	1,870

6. Agency work

The County Council carries out certain functions as agent for government departments. The principal functions are as follows:

- The County Council was formally Agent to the Department of Transport for the provision and maintenance of motorways and trunk roads. This agency agreement terminated from 1st April 1998. However, residual Highways Agency work was required under the contract services agreement, expenditure in 2000/01 totalled £135,000.
- Managing Agent to the Leicester Training and Enterprise Council (TEC) for Youth Training Schemes and Employment Training. Reimbursement is often linked to predetermined amounts per trainee. Expenditure incurred totalled approximately £1,043,000.

7. Local Authorities Goods and Services Act 1970

The Council provides services to other local authorities and public bodies under the Local Authorities (Goods and Services) Act 1970. The organisations to whom these activities are provided, together with the income generated, are listed below:

	1999/00 £000	2000/01 £000
Services to Leicestershire Police Authority	289	189
Services to Combined Fire Authority	105	117
Services to Probation Committee	113	110
Property Services to other bodies	206	312
	713	728

8. Leases

Finance lease rentals paid to lessors in the year totalled £0.162m. Lease rentals paid to lessors during the year in respect of operating leases totalled £1.427m, whilst the estimated outstanding obligations under operating lease agreements amount to £3.531m.

9. Pension Schemes

a) The County Council participates in two different pension schemes for employees in particular services. All the schemes provide members with defined benefits related to pay and service. The schemes are as follows:

- **Teachers and Lecturers**

This is an unfunded scheme administered by the Teachers Pensions Agency (TPA) on behalf of the Department for Education and Skills. The pension cost charged to the accounts is the contribution rate set by the TPA on the basis of a notional fund.

- **Other employees**

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

Note: In Leicestershire the Local Government Pension Scheme is administered by Leicestershire County Council and the Pension Fund accounts are included in this booklet on pages 38 to 45.

b) The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations. As a result, the County Council does not, in all cases, comply with the accounting requirements of SSAP 24, 'Accounting for Pension Costs', and the liabilities included in the balance sheet are understated in respect of pension costs. However, in accordance with standard accounting practice for local authorities, the pension costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed, where appropriate, by way of a note to the accounts.

10. Pensions -Revenue Costs

- **Teachers and Lecturers**

In 2000/01 the County Council paid £9.095m (1999/00 £8.294m) to the Teachers Pensions Agency in respect of teachers' pension costs, which represents 7.2% (1999/00 7.2%) of teachers' pensionable pay. In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2000/01 these amounted to £1.182m (1999/00 £1.287m), representing 0.76% (1999/00 1.06%) of pensionable pay.

- **Other employees**

The contribution rate for employers is determined by the funds actuary based upon a triennial actuarial valuation.

In 2000/01 the County Council paid employer's contributions of £9.242m (1999/00 £8.065m) into the Local Government Pension Fund, equivalent to 9.6% (9%) of pensionable pay. This sum was based upon the 1998 review.

In addition, the County Council is responsible for all pension payments relating to added years benefits it has awarded together with the related increases. In 2000/01 these amounted to £0.827m (1999/00 £0.816m), representing 0.86% (0.91%) of pensionable pay.

11. Discretionary Added Years

The capital cost of any discretionary increases in pensions payments under the Local Government Pension Scheme, e.g. discretionary added years agreed by the authority are disclosed below:

	2000/01 £000
In year	39
In earlier years	20,013

12. Officers Emoluments

The number of employees whose remuneration, excluding pension contributions was £40,000 or more in bands of £10,000 is detailed below, together with last year's comparative figures:

Remuneration Band	Number of Employees 1999/00	Number of Employees 2000/01
£40,000-£49,999	67	86
£50,000-£59,999	25	27
£60,000-£69,999	7	9
£70,000-£79,999	1	3
£80,000-£89,999	0	0
£90,000-£99,999	1	1

13. Members Allowances

Amounts were paid to members of the County Council and Combined Fire Authority as follows:

	1999/00 £000	2000/01 £000
Members Allowances	329	495

14. Related Party Transactions

From the information currently available, material transactions with related parties during the year are detailed below:

	1999/00 £000	2000/01 £000
Payments to companies in which members have a controlling interest	28	-

15. Specific Government Grants

The County Council receives specific Government Grants for the provision of particular services. This income is included within the net cost of services.

	2000/01 £000	2000/01 £000
Department for Education and Skills		
Mandatory Awards	4,648	
Standards Fund	10,965	
Early Years	3,190	18,803
Home Office		
Magistrates Courts		3,872
Department of Health		
Mental Illness	1,107	
Training Support	337	
Quality Protects	646	
Partnership Grant	1,988	
Asylum Seekers	653	
Carers Grant	433	5,164
Department for Transport, Local Government and Regions		
Rural Bus Services	560	
Supported Employment	605	1,165
Other		742
		29,746

Consolidated Balance Sheet as at 31 March 2001

31 March 2000 £000		Note	31 March 2001 £000	
	NET FIXED ASSETS			
402,059	Land and buildings	1-6	423,504	
72,754	Infrastructure		76,713	
3,362	Community assets		4,204	
12,088	Non-operational assets		12,230	
2,423	Vehicles, plant, furniture and equipment		2,106	
492,686				518,757
2,707	Deferred Charges	7		2,474
4,457	Deferred Premium	8		5,413
71,497	Long term debtors	10		68,275
571,347	Total Long Term Assets			594,919
	CURRENT ASSETS			
772	Stocks and work in progress	11	767	
37,762	Debtors	10	28,432	
5,270	Other current assets		3,024	
51,953	Short term investments	12	69,041	
1,603	Cash in hand		1,857	
97,360				103,121
	CURRENT LIABILITIES			
(150)	Borrowing repayable on demand or within 12 months		(150)	
(45,192)	Creditors	13	(54,700)	
(10,856)	Cash overdrawn		(8,236)	
(2,581)	Other current liabilities		(1,988)	
(58,779)				(65,074)
38,581	NET CURRENT ASSETS			38,047
609,928				632,966
	LONG TERM LIABILITIES			
(241,887)	Long term borrowing	14		(241,737)
(698)	Deferred liabilities			(646)
(37,753)	Grants and contributions deferred	15		(42,919)
(8,295)	Provisions	16		(8,756)
(10,096)	Capital Contributions unapplied	17		(12,926)
(298,729)				(306,984)
311,199	NET ASSETS			325,982
	REPRESENTED BY:			
220,537	Fixed asset restatement reserve	19		225,038
67,446	Capital financing reserve			78,845
107	Other Capital Reserves			125
6,591	Revenue reserves			6,419
7,115	County fund: earmarked sums		7,514	
9,403	County fund: uncommitted balance		8,041	15,555
311,199				325,982

Notes to the Consolidated Balance Sheet

1. Movement of fixed assets during the year

	Land And Buildings £000	Infra-Structure £000	Community Assets £000	Non-Operational Assets £000	Vehicles, Plant & Equipment £000	Total £000
Net Book value as at 31 March 2000	402,059	72,754	3,362	12,088	2,423	492,686
Additions	15,236	7,072	1,081	-	1,677	25,066
Disposals	(4,504)	-	-	-	(50)	(4,554)
Transfers between asset types	40	-	-	(40)	-	-
Impairment	-	-	-	-	-	-
Revaluations and restatements	19,878	(1,201)	(239)	182	(104)	18,516
Expenditure not increasing valuation	(8,491)	-	-	-	(971)	(9,462)
Book value as at 31 March 2001	424,218	78,625	4,204	12,230	2,975	522,252
Less: Depreciation this year	(662)	(1,912)	-	-	(869)	(3,443)
Less: Writing down leased assets	(52)	-	-	-	-	(52)
Net book value as at 31 March 2001	423,504	76,713	4,204	12,230	2,106	518,757

2. Foundation Schools

These schools remain vested in the Governing Bodies of the individual Foundation school, therefore these balances have not been included in the consolidated balance sheet. In this authority, there are four Foundation Schools with a fixed asset valuation of £9.154m as at 31 March 2001.

3. Financing of capital expenditure on fixed assets and deferred charges during the year

	£000
Total Capital Expenditure	25,205
Less Probation Committee	(48)
	25,157
Financed By:	
Credit Approvals	11,418
Usable Capital Receipts	4,354
Government Grants & Contributions from external bodies	5,461
Revenue Funding	3,348
Reserves and Provisions	576
	25,157

4. **Leased assets**

The County Council has acquired a variety of assets, principally industrial properties, vehicles, IT equipment and telephones, by means of finance leases. The capital value of assets acquired under such agreements, less accumulated depreciation, is as follows:

	Capital Value £000	Accumulated Depreciation £000	Net Value at 31 March 2001 £000
Land and buildings	1,291	646	645
Vehicles, plant and equipment	930	930	0
Total	2,221	1,576	645

5. **Capital commitments**

The County Council allocates and controls its available resources for capital expenditure via a rolling three year capital programme. The extent to which payments to contractors remain outstanding for schemes in the various annual programmes is as follows:

	2001/02 £000	2002/03 £000	2003/04 £000
2000/01 and earlier year schemes	10,269	2,972	50

Major contracts entered into during 2000/2001 and earlier, where significant payments remain to be made to contractors, include:

	£000
Education	
Broughton Astley, Thomas Estley High – Extension	223
Glenhills County Primary School – Replacement Annexe	139
Thurmaston Church Hill Junior School – Extension	141
Thurnby St. Lukes CE Primary School – Extension	797
Transport	
Ashby Bypass	5,212
Social Services	
Replacement Community Home in North Leicestershire	279
Offices	
Replacement Network Cabling in County Hall	586

6. Details of assets owned by the County Council

31 March 2000		31 March 2001
4,162 ha	Land This figure excludes highways land and County Farms	4,154 ha
	Number of properties held by services –	
	Education	
1	Nursery school	1
228	Primary schools	227
50	Secondary schools	50
7	Special schools	7
3	Outdoor pursuits centres	3
2	Boarding homes	2
1	Teachers centres	1
5	Free standing youth and community centres	5
7	Client and Technical Support offices and depots	7
1	Common playing fields	1
	Social Services	
2	Children's homes and hostels	2
1	Community home with education	1
14	Homes for the elderly	14
6	Homes for adults with learning difficulties	6
1	Homes for the recovering mentally ill	1
3	Day nurseries and family centres	3
6	Day centres for people with learning difficulties	6
3	Day centres for the physically handicapped	3
1	Transport unit	-
9	Local offices	8
	Transport, Roads & Planning	
4,019 km	Principal and other roads	4,040 km
8	Highways/DLO depots	8
	Waste Disposal	
14	Civic amenity sites (domestic) and transfer stations (domestic and trade)	14
	Other Properties	
1	County Hall	1
6	Administrative offices	6
1	Castle House	1
2	Staff houses	2
3,113 ha	County Farms	3,115 ha
98	School Caretakers' Houses	94
44	Properties acquired in advance of future developments and properties awaiting disposal	41
5	Training centres	3
	Community Assets	
17	Country Parks	17
10	Other Public Open Spaces	10
	Libraries and Information	
52	Libraries	52
	Museum and Arts	
3	Museums	3
1	Record Office	1
1	Storage Accommodation	1
-	Resources Centre	1
	Regulatory Services	
2	Offices for the Registration of Births, Deaths and Marriages	2
	Economic Development and Community Initiatives	
232	Industrial units	232
6	Magistrates Courts	6

7. *Deferred charges*

	£000
Balance at 31 March 2000	2,707
Expenditure	91
Amounts written off to capital financing reserve	(324)
Balance at 31 March 2001	2,474

8. *Deferred premium*

This represents the premiums payable upon the premature repayment of debt. This sum is charged to the revenue account over the lifetime of the replacement debt.

	£000
Balance at 31 March 2000	4,457
Premiums paid	1,089
Amounts charged to revenue account	(133)
Balance at 31 March 2001	5,413

9. *Related business, companies and consortia*

- i) The County Council is a member of the Eastern Shires Purchasing Organisation (ESPO) involved in the negotiation of contracts for supplies to its members and the provision of a central warehouse for the supply of items in common use. During 2000/2001 a surplus of £239,000 was reported on a turnover of £7.791m.
- ii) The County Council is a member of BLN, which is a Consortium that contracts with the Highways Agency for the maintenance of trunk roads in Leicestershire, Nottinghamshire and part of South Yorkshire.
- iii) The County Council is a member of PLAN (Parkman, Leicestershire and Nottinghamshire), a Consortium carrying out design and consultancy on trunk roads in parts of the East Midlands on behalf of the Highways Agency.

10. Debtors

	31 March 2000 £000	31 March 2001 £000
Long Term Debtors (amounts falling Due after one year)		
Accommodation charges at Elderly Persons Homes	831	785
Car loans to employees	343	398
Outstanding debt relating to transferred services (e.g. Unitary Authorities, HE establishments, Police etc.)	70,288	67,070
Other long term debtors	172	148
Less: Provision for bad debts	(137)	(126)
Total	71,497	68,275
Current Debtors		
Government departments:		
Customs and Excise	2,053	1,542
Other government departments	8,775	1,004
Sundry debtors	27,485	26,723
Less: Provision for bad debts	(551)	(837)
Total	37,762	28,432

11. Stocks and work in progress

	31 March 2000 £000	31 March 2001 £000
Stocks		
Highways and DLO stores	426	478
County Direct Services food	80	-
Client and Technical Support Service	64	60
Museums	83	82
Other items	68	75
Sub Total	721	695
Work in Progress		
DLO	51	72
Total	772	767

12. Short term investments

Surplus cash balances are invested in short term deposits with a range of banks and other financial institutions. Included within this amount is £0.920m which is invested on behalf of Eastern Shires Purchasing Organisation and £1.187m on behalf of the Combined Fire Authority.

13. Creditors

	31 March 2000 £000	31 March 2001 £000
Government departments:		
Inland Revenue	6,986	7,559
Other government departments	2,863	7,712
Sundry creditors	35,343	39,429
Total	45,192	54,700

14. Long term borrowing

	Total Outstanding at 31 March:	
	2000 £000	2001 £000
Lender		
Public Works Loan Board	238,537	238,537
Banks and building societies	3,350	3,200
Total	241,887	241,737
Analysis of maturity of these loans:		
Maturing -		
Between 1 and 2 years	150	150
Between 2 and 5 years	450	450
Between 5 and 10 years	6,442	600
More than 10 years	234,845	240,537
Total	241,887	241,737

15. Grants and contributions deferred

	2000/2001 £000	2000/2001 £000
Balance at 31 March 2000		37,753
Add grants and contributions received to finance capital expenditure	5,461	
Less: Release to Revenue Account	(295)	
Balance at 31 March 2001		42,919

16. Provisions - Movements during the year

	Balance at 31 March 00 £000	Income £000	Expend- iture £000	Balance at 31 March 01 £000
DLO future liabilities and losses	520	469	520	469
Leased cars	190	1,176	1,100	266
Landscape projects	197	12	-	209
Industrial properties	102	-	11	91
Insurance	4,967	1,485	1,525	4,927
Property maintenance	1,608	1,915	1,762	1,760
Schools maintenance	480	3,077	2,899	658
Other	231	430	286	376
Total	8,295	8,564	8,103	8,756

17. Capital contributions unapplied

	£000	£000
Balance at 31 March 2000		10,096
Grants and contributions received	3,074	
Transfer to grants deferred	(244)	
Balance at 31 March 2001		12,926

18. Memorandum Account - Provision for credit liabilities

Part IV of the Local Government and Housing Act 1989 requires authorities to set aside certain sums each year as a provision for redemption of outstanding debt. The financing of capital expenditure effectively avoids the need for new borrowing.

	£000	£000
Balance at 31 March 2000		-
Minimum Revenue Provision	9,766	
Financing of capital expenditure	(9,766)	
Balance at 31 March 2001		-

19. Reserves

See the 'Statement of Total Movements in Reserves' and notes thereto for further details on pages 32 to 34.

20. *Contingent Liabilities*

- i) Municipal Mutual Insurance Limited, the County Council's former insurers, ceased writing insurance business in September 1992. They have made a scheme of arrangements with creditors in the event of the company becoming insolvent. Claims are currently being paid in full and it is hoped that the Company's assets will enable all liabilities to be met. It should be noted that there is a contingent liability if the County Council is unable to recover all of the outstanding claims in ensuing years but the amount of any such liability is unquantifiable.
- ii) Independent Insurance Company Limited, the County Council's liability insurers for the period 1 November 1993 to 31 October 1998, went into provisional liquidation in June 2001. There is a contingent liability if the County Council is unable to recover all of the outstanding claims in ensuing years but the amount of any such liability is unquantifiable.
- iii) projects that have been awarded lottery funds if the assets provided are withdrawn from public use before the end of the agreed term.
- iv) a legal claim lodged with the County Council by a former employee, not covered by insurance remains outstanding.
- v) In order to finance potential claims in respect of uninsured losses arising prior to Local Government Reorganisation in 1997, a contingent liabilities reserve was created in 1996/97 from which claims against the County Council could be financed.

21. *Self insurance*

Provisions and reserves are operated to meet the self-insured deductibles for the following policies, however, stop loss insurance applies to fire and public/employers' liability policies.

	Deductible per Claim
	£
Fire	100,000
Motor – Theft	500
Motor – Accident damage	250
Public/Employers' liability	100,000
Fidelity guarantee	100,000

Apart from museums, the Authority has no general insurance cover for the theft of contents from buildings. Similarly the Authority has no insurance cover against storm damage, flood, burst pipes, malicious damage, impact, earthquake and accidental damage. Schools, however, have the option to join a group self insurance scheme to cover the above risks.

22. Trust funds (excluded from the balance sheet)

The County Council acts as trustee and/or administrator for approximately 40 prize funds, endowments, scholarships and bequests. The original bequests are invested in either the Council's trust fund pooling scheme or in a range of other direct external investments.

To the extent that income from these investments has not been utilised for prizes etc., the surplus funds are invested in short term deposits with various financial institutions.

Under regulations issued under the Charities Act 1993, trust fund accounts where annual income exceeds £10,000 require an independent examination

The main trust funds are as follows:

TRUST FUNDS	Balance at 31 March 2000 £000	Income £000	Expend- iture £000	Balance at 31 March 2001 £000
Ashby Upper School Mary Smith Bequest	45.5*	2.7	2.7	45.5
Barrow-on-Soar Humphrey Perkins Endowment	14.3	1.0	0.4	14.9
Longwill Bequest No. 2 Kibworth High School Endowment	19.7	1.5	-	21.2
Melton Schools Longwill Bequest No. 1	216.8	74.0	14.3	276.5
Loughborough Art and Technical Colleges Thomson Trust	14.4	1.6	1.2	14.8
Loughborough Technical School	14.9	1.1	-	16.0
Lutterworth Upper School Endowments	207.7	12.5	-	220.2
Nailstone Primary School Maynards Charity	9.5	1.0	-	10.5
Bradgate Park and Swithland Wood Charity	35.8*	2.0	8.5	29.3
Others	353.2*	528.9	561.9	320.2
	40.5	4.5	3.5	41.5
Total Trust Funds	972.3	630.8	592.5	1,010.6

* Not sole trustee. The authority administers the funds and is represented on the board of trustees

Statement of Total Movements in Reserves

	Capital Reserves				Revenue	Reserves	Total Reserves £000
	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts Reserve £000	Capital Reserve £000	General County Fund £000	Other Revenue Reserves £000	
Notes:	1	2	3	4	5	6	
Balance at 31 March 2000	220,537	67,446	-	107	16,518	6,591	311,199
Surplus/(Deficit) on revaluation of fixed assets	18,547						18,547
Effects of the disposal of fixed assets:	(4,584)						(4,584)
- Cost/Value of assets disposed of			4,353				4,353
- Proceeds of disposals							
	13,963	-	4,353	-	-	-	18,316
Expenditure not increasing valuation of assets	(9,462)						(9,462)
Financing of fixed assets		8,282	(4,353)				3,929
Other movements in reserves		3,117		18	(963)	(172)	2,000
Net Surplus/(Deficit) during the year	4,501	11,399	-	18	(963)	(172)	14,783
Balance at 31 March 2001	225,038	78,845	-	125	15,555	6,419	325,982

Notes to the Statement of Total Movements in Reserves

1. Fixed asset restatement reserve

	£000	£000
Balance at 31 March 2000		220,537
Expenditure not increasing valuation of assets	(9,462)	
Disposal of fixed assets	(4,584)	
Increase in valuation of assets	18,547	4,501
Balance at 31 March 2001		225,038

2. Capital financing reserve

	£000	£000
Balance at 31 March 2000		67,446
Capital financing:		
- usable receipts	4,353	
- revenue & reserves	3,929	
Minimum Revenue Provision (less depreciation provision)	5,824	
Depreciation on grant aided services (release of grant)	471	
Principal repayment under deferred purchase	150	
Less: Principal repayments of transferred debt	(3,328)	
Balance at 31 March 2001		78,845

3. Usable capital receipts reserve

	£000
Balance at 31 March 2000	-
Capital receipts received	4,353
less: Capital receipts used to finance capital expenditure	(4,353)
Balance at 31 March 2001	-

4. Movements in capital reserve during the year

	£000
Balance at 31 March 2000	107
Transfers from revenue	18
Balance at 31 March 2001	125

5. General County Fund

The balance of the fund as at 31 March 2001, £15.555m, contains the following earmarked sums:

	£000
Schools (LMS)	5,944
Other Education establishments with devolved budgets	659
Carry forward of underspendings across other services	631
Carry forward of resources for funding of Capital	280
Earmarked Reserves at 31 March 2001	7,514

Thus the uncommitted balance is restricted to **£8.041m**.

6. Movements in other revenue reserves during the year

	Balance at 31 March 2000 £000	Appropriations		Balance at 31 March 2001 £000
		From Revenue £000	to Revenue £000	
Insurance	2,361	202	(610)	1,953
Renewals of vehicles and Equipment	2,269	307	(81)	2,495
DLO / BLN	539	-	(235)	304
Contingent Liabilities	456	-	(76)	380
Industrial properties	496	342	-	838
Education Service Units	184	-	-	184
Museums Art Fund	60	20	(13)	67
Other	226	38	(66)	198
TOTAL	6,591	909	(1,081)	6,419

The net movement on revenue reserves does not equal the amount shown as 'Transfers to / from revenue reserves' in the consolidated revenue account due to the method of accounting for self-insurance.

Cash Flow Statement

1999/00 £000		2000/01		
		£000	£000	£000
	Revenue Activities			
	Cash outflows:			
298,730	Cash paid to and on behalf of employees	329,348		
212,583	Other operating costs	218,780		
511,313			548,128	
	Cash inflows:			
(126,035)	Precepts on district councils	(136,867)		
(132,527)	Non-domestic rate income	(149,629)		
(131,938)	Revenue support grant	(126,383)		
(42,736)	Other government grants	(71,949)		
(90,464)	Cash received for goods and services	(105,440)		
(2,572)	Other revenue cash income	(1,132)		
(526,272)			(591,400)	
(14,959)	Revenue activities cash flow			(43,272)
	Servicing of Finance			
	Cash outflows:			
20,001	Interest paid	17,667		
1,444	Premium paid	956		
559	Lease rentals	416		
22,004			19,039	
	Cash inflows:			
(11,997)	Interest received		(9,780)	
10,007				9,259
	Capital Activities			
	Cash outflows:			
22,687	Purchase of fixed assets	25,066		
131	Other capital cash payments	91		
22,818			25,157	
	Cash inflows:			
(4,009)	Sale of fixed assets	(4,354)		
(5,635)	Capital grants received	(4,970)		
(2,830)	Other capital contributions	(1,931)		
(12,474)			(11,255)	
10,344				13,902
5,392	Net cash outflow before Financing			(20,111)
	Management of Liquid Resources			
(2,820)	Net increase/(decrease) in short term investments			17,088
	Financing			
	Cash outflows:			
21,493	Repayments of amounts borrowed		8,476	
	Cash inflows:			
(20,900)	New loans raised		(8,326)	
593				150
(3,165)	(Increase) / Decrease in Cash			(2,873)

Notes to the Cash Flow Statement

1. Movement in cash

	Balance 31 March 2000 £000	Balance 31 March 2001 £000	Movement in the Year £000
Cash overdrawn	(10,856)	(8,236)	2,620
Cash with accounting officers	1,603	1,856	253
Net increase/ (decrease) in cash	(9,253)	(6,380)	2,873

2. Reconciliation of surplus in consolidated revenue account to revenue activities cash flow

	£000	£000
Deficit for the year		963
Non cash transactions -		
Movement on provisions	(461)	
Movement on reserves	155	
Internal capital financing and other non-cash items (including revenue funding of capital and MRP)	(10,845)	(11,151)
Items on an accruals basis -		
Change in creditors	(9,600)	
Change in debtors	(9,345)	
Change in long term debtors	(3,221)	
Change in other current assets	(2,246)	
Change in other current liabilities	592	
Change in stocks and work in progress	(5)	
		(23,825)
Items classified elsewhere in the cash flow servicing of finance		(9,259)
Net cash in flow from revenue activities		(43,272)

3. Liquid Resources

The amounts included in liquid resources are short term investments only.

Trading Accounts for the year ended 31 March 2001

Income and Expenditure 2000/01

	<i>Highways DLO £000</i>	<i>County Catering £000</i>	<i>Education Catering £000</i>	<i>TOTAL £000</i>
Income	22,593	915	1,116	24,624
Expenditure	22,547	912	1,244	24,703
(Surplus)/Deficit in 2000/01	(46)	(3)	128	79
(Surplus)/Deficit in 1999/00	(178)	29	(101)	(250)

1. Operations

During the year the authority operated three separate Accounts, which undertake trading activities of a material nature.

i) Highways DLO

The DLO is a business unit of the Department of Planning and Transportation and its principal activities cover the maintenance and improvement of trunk (via BLN consortium), principal and county roads, the maintenance and erection of street lighting and the operation and maintenance of vehicles and plant.

ii) County Catering (Leicestershire County Catering Service)

The DSO provides a catering service to County Hall and meals on wheels.

iii) Education Catering (County Direct Services)

The CDS, a part of the Education Department, was responsible for the provision of school meals and meals on wheels until 30 April 2000. From 1 May 2000 this service contract was awarded to a private contractor.

2. 2000/2001 Results

These trading accounts, operated as statutory Direct Service Organisations up to 31 December 1999. As such they were required to break even after the charge of depreciation and a 6% capital financing charge on all assets plus, where relevant, a finance charge of 6% on stock balances. However with the repeal of Compulsory Competitive Tendering from 1 January 2000, these trading accounts have now been drawn up in accordance with the Best Value accounting code of practice.

Pension Fund

1. Under Local Government Pension Scheme Regulations the County Council is required to maintain a Pension Fund for certain of its employees together with the majority of employees of District Councils and other bodies that were formerly under the control of Local Authorities, such as higher education establishments and the civilian employees of Leicestershire Police and Fire Authorities. Teachers, Firefighters and Police Officers all have their own schemes. In addition, certain other bodies are eligible to join if the County Council agrees, and a number of voluntary/charitable bodies and Loughborough University have obtained membership in this way. Membership of the scheme is optional for all employees, although a written election not to join must be made if employees wish to remain outside the scheme.

2. Actuarial Position:

Local Government Pension Funds, in common with other pension funds in both public and private sectors, have periodic valuations to assess the extent to which assets accumulated are adequate to meet future liabilities. To ensure that the fund remains financially sound to meet benefit payments, the actuary recommends the rate of employers' contributions on an individual employer basis for each employing body in the fund on a triennial basis.

The Council's actuary, Hymans Robertson and Co, completed the latest valuation, as at 31 March 1998. This review resulted in a requirement for the common contribution rate of employers contributions to increase from 130% to 185% of an employees contribution. This increase is being phased in over 2 or 3 years commencing in 1999/2000 and be completed in the 2001/02 financial year. This common rate for all employers is adjusted to reflect the individual circumstances of different employing bodies.

3. The average total employers rate during 2000/01 was approximately 172% (158% 1999/00) of the employees' rate. Thus for an employee paying 6% of earnings, the employer on average will pay 10.32% (9.48% 1999/00).

Fund Account for the Year Ended 31 March 2001

1999/00			2000/01	
£000		Notes	£000	£000
	Contributions and Benefits			
46,794	Contributions Receivable	3	52,640	
9,449	Transfers in	4	11,366	
56,243			64,006	
(41,228)	Benefits payable	5	(43,049)	
(6,058)	Leavers	6	(5,954)	
(923)	Administration Expenses	7	(742)	
(48,209)			(49,745)	
8,034	Net additions (withdrawals) from dealings with members			14,261
	Returns on investments			
35,956	Investment income	8	34,453	
89,574	Change in market value of investments	9	(68,814)	
(2,291)	Investment management expenses	11	(2,666)	
123,239	Net returns on investments			(37,027)
131,273	Net increase/(decrease) in the fund during the year			(22,766)
1,216,551	Net assets of the scheme At 1 April			1,347,824
1,347,824	At 31 March			1,325,058

Net Assets Statement for the year ended 31 March 2001

1999/00			2000/01
£000		Notes	£000
	Investments	10	
65,987	Fixed interest securities		73,580
653,701	Equities		643,474
145,244	Index-linked securities		134,698
351,763	Managed and unitised funds		328,317
67,255	Properties		76,455
67,707	Cash deposits and equivalents		67,159
1,351,657			1,323,683
(3,833)	Current Assets and Liabilities	13	1,375
1,347,824	Net Assets of the Fund at 31 March		1,325,058

Notes to the Accounts

1. Introduction

The accounts have been prepared in accordance with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" issued by the Pensions Research Accountants Group in July 1996.

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the scheme is dealt with in the Pension Fund annual report.

2. Accounting policies

a) Employers' Contributions

Employers' Contributions are accounted for on an accruals basis at the percentage rates recommended by the Actuary. The rates paid during both 2000/01 and 1999/00 were set as part of the 1998 Actuarial Valuation.

b) Investment Income

Investment income is accounted for on an ex-dividend basis for all fixed interest investments and UK equity investments. Property rents are accounted for on the date that they become payable. Overseas equity income is accounted for on an 'as received' basis.

c) Benefits

Benefits are accounted for as and when they are paid.

d) Death Grants, Transfer Values and Refunds of Contributions

- i) Transfer values and Refunds of Contributions are accounted for on a cash basis.
- ii) Death Grants are accrued as being payable on the date of death.

e) Valuation of Investments

The Valuation of Investments is carried out as follows:

- i) All UK investments traded within SETS (An automated trading system operated by the London Stock Exchange) are valued using the last SETS traded price. All other UK investments are valued on the basis of middle market prices,
- ii) Pooled investment funds are valued at mid point of the latest prices quoted by their respective managers prior to the year-end,
- iii) Overseas investments are valued on the basis appropriate to the market concerned, using the closing rates of exchange at the year-end,
- iv) Freehold and leasehold properties, other than the Fund's farm have been valued on an open market basis by Colliers Conrad Ritblat Erdman as at 31 March 2001,
- v) The Fund's farm property has been valued on an open market basis by the County Council's Director of Property as at 31 March 2001,

- vi) The Fund's last independent valuation of the property investments was carried out by Colliers Erdman Lewis as at 31 March 1999.

3. Contributions Receivable

	1999/2000 £000	2000/2001 £000
Employers		
Normal	28,119	32,584
Advanced payments for early retirements	588	730
Members		
Normal	17,750	18,922
Additional voluntary contributions	337	404
Total	46,794	52,640

4. Transfers In

	1999/2000 £000	2000/2001 £000
Individual transfers in from other schemes	9,449	11,366
Total	9,449	11,366

5. Benefits Payable

	1999/2000 £000	2000/2001 £000
Pensions	35,607	36,750
Lump sum retirement benefit	4,701	5,201
Lump sum death benefit	922	1,100
Benefits recharged	(2)	(2)
Total	41,228	43,049

6. Payments to and on account of leavers

	1999/2000 £000	2000/2001 £000
Refunds to members leaving scheme	185	343
Payments for members joining state scheme	28	106
Individual transfers to other schemes	5,845	5,505
Total	6,058	5,954

7. Administration Expenses

	1999/2000 £000	2000/2001 £000
Administration and processing	620	642
Legal and other professional fees	39	41
Computer system costs	264	59
Total	923	742

8. Investment Income

	1999/2000 £000	2000/2001 £000
Income from fixed interest securities	5,689	4,362
Dividends from equities	15,040	15,657
Income from index-linked securities	3,641	3,656
Income from managed or unitised funds	891	986
Net rents from properties	4,806	5,934
Interest on cash or cash equivalents	5,745	3,851
Net Currency Profit/(Loss)	36	(141)
Commissions from stocklending, underwriting and insurance	108	148
Total	35,956	34,453

9. Investments

	Value at 1/4/00	Net Investments	Change In Market Value	Value at 31/3/01
	£000	£000	£000	£000
Fixed interest securities	65,987	4,851	2,742	73,580
Equities	653,701	31,715	(41,942)	643,474
Index-linked securities	145,244	(13,258)	2,712	134,698
Managed and unitised funds	351,763	11,530	(34,976)	328,317
Properties	67,255	7,993	1,207	76,455
Cash & Cash Equivalents	67,707	(1,991)	1,443	67,159
	1,351,657	40,840	(68,814)	1,323,683

The change in the value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

10. Analysis of Investments

	1999/00 £000	2000/01 £000
Fixed interest securities		
UK public sector quoted	24,882	23,840
UK quoted	1,354	0
Overseas public sector	39,751	49,740
	65,987	73,580
Equities		
UK quoted	444,893	435,907
Overseas quoted	208,808	207,567
	653,701	643,474
Index Linked Securities		
UK quoted	118,277	119,541
Overseas quoted	26,967	15,157
	145,244	134,698
Unitised Funds		
Unit Trust – Other	351,763	328,317
Properties		
UK	67,255	76,455
Cash & Cash Equivalents		
Sterling Denominated	54,281	57,364
Foreign Currency	13,426	9,795
	67,707	67,159
Total Investments	1,351,657	1,323,683

11. Investment Management Expenses

	1999/2000 £000	2000/2001 £000
Administration, management and custody	2,266	2,632
Performance measurement services	11	17
Other advisory fees	14	17
Total	2,291	2,666

12. Property Investments

	31 March 2000 £000	31 March 2001 £000
Freehold	60,465	63,995
Long Leasehold (over 50 years unexpired)	-	1,735
Short Leasehold (under 50 years unexpired)	6,790	10,725
Total	67,255	76,455

13. Current Assets & Liabilities

	1999/2000 £000	2000/2001 £000
Contributions due from employers	2,440	2,591
Cash Balances	111	67
Net securities settlements outstanding	(7,058)	(2,642)
Tax recoverable	87	36
Income accrued	2,452	3,186
Other Debtors	60	59
Other Creditors	(1,925)	(1,922)
Total	(3,833)	1,375

14. Related Party Transactions

From the information currently available there were no material transactions with related parties in 2000/01.

15. Contingent Liabilities

There were no contingent liabilities at 31 March 2001.

Glossary of Terms

AGENCY

The provision of a service by an authority on behalf of another authority which is legally responsible for providing that service. The authority providing the service in the first instance is reimbursed by the responsible authority.

BEST VALUE

A duty placed on local authorities that came into force in April 2000 with the aim of continuous improvement in the effectiveness, efficiency, economy and quality of local services.

CAPITAL RECEIPTS

Income from the sale of capital assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

CAPITAL RESERVE

An internal reserve of the Council which is used to generate monies for financing capital expenditure thus avoiding the need to borrow externally.

COLLECTION FUND

The fund administered by each authority collecting Council Tax (district councils in shire areas). The County Council precepts on these funds to finance its net expenditure after taking into account other sources of income, e.g. Government Grants, National Non-Domestic Rate income and charges for services.

CORPORATE & DEMOCRATIC CORE

Concerns those activities and costs which provide the infrastructure which allows services to be provided, whether by the authority or not, and the information which is required for public accountability.

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.

DEBTORS

Amounts due to the Authority but unpaid at the end of the financial year.

DEFERRED CHARGES

An item in the Balance Sheet where there is no tangible asset, an example being:

Deferred revenue costs where a government department has given approval to capitalise and spread the costs over a number of years.

DISTRICT AUDITOR

An officer of the Audit Commission, a body appointed to provide an independent examination of the accounts of a local authority.

EMOLUMENTS

All sums paid to an employee, including expenses and allowances, chargeable to UK income tax and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employers or employees are excluded.

FINANCIAL REPORTING STANDARD (FRS)

A statement of common accounting practice, devised by the Accounting Standards Board (itself a division of the Financial Reporting Council), which is applicable to the majority of large organisations, both public and private sector.

GENERAL COUNTY FUND

The main revenue fund of the County Council. Precept income, National Non-Domestic Rate income and government grants are paid into the fund, from which the cost of providing services is met.

INFRASTRUCTURE

The network of roads, bridges, sewers, lighting etc. which is a pre-condition to development and prosperity.

LEASING

A method of financing the acquisition of assets, notably equipment, vehicles, plant, etc.

There are two forms of lease:

- (i) A finance lease involves payment by the lessee (the user) of the full cost of the asset together with a return on the finance provided by the lessor, usually payable over the anticipated life of the asset.
- (ii) An operating lease involves the payment of a rental by a lessee for a period which is normally substantially less than the useful economic life of the asset.

LONG TERM BORROWING

Loans raised to finance capital spending which have still to be repaid.

NON-OPERATIONAL ASSETS

Assets held by the Authority but not directly used for the provision of services, e.g. assets surplus to requirements, commercial properties, assets under construction.

PRECEPTS

The income which the County Council requires from the collection funds of the district councils.

PROVISION

An amount set aside for any liabilities or losses of uncertain timing or amount that have been incurred.

PUBLIC WORKS LOAN BOARD (PWLB)

A government body from which local authorities may raise long term loans, usually at advantageous interest rates.

REVENUE SUPPORT GRANT (RSG)

Grant paid by the Government in respect of general local authority expenditure.

RECHARGE

The transfer of costs from one service account to another.

RESERVE

An amount set aside for purposes falling outside the definition of a provision.

REVENUE FUNDING OF CAPITAL

The financing of capital expenditure by a direct contribution from revenue.

REVENUE

Expenditure that the County Council incurs on the day to day running costs of its services including salaries and wages, running expenses of premises and vehicles as well as the annual payment of capital charges. The expenditure is financed from charges for services, government grants and income from Council Tax and National Non-Domestic Rates.

SERVICE LEVEL AGREEMENT (SLA)

An agreement between users and providers of support services which specifies the service to be provided and the charge to be made.

SPECIFIC GRANTS

Grants paid by the Government for a particular service, e.g. Probation, Magistrates Courts.

STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)

A statement of common accounting practice, devised by the Accounting Standards Board (itself a division of the Financial Reporting Council), which is applicable to the majority of large organisations, both public and private sector. SSAP's are being progressively replaced by Financial Reporting Standards.

SSAP 24

An accounting standard that requires an entity to recognise the cost of providing pensions on a systematic and rational basis over the period of an employees service.

TRUST FUNDS

Funds administered by the County Council for such purposes as charities, prizes and specific projects.

UNAPPORTIONABLE CENTRAL OVERHEADS

Comprises costs associated with a surplus on the Local Government Pension Fund and the costs of pension enhancements under the Local Government Pension Scheme.