

Consolidated Balance Sheet as at 31 March 2004

31 March 2003 £000		Note	31 March 2004 £000	
	NET FIXED ASSETS			
490,038	Land and buildings	1-7	522,427	
107,318	Infrastructure		124,079	
7,255	Community assets		8,838	
4,238	Non-operational assets		8,583	
2,168	Vehicles, plant, furniture and equipment		2,148	
611,017				666,075
1,710	Deferred charges	8		1,324
4,877	Deferred premium	9		6,516
54,699	Long term debtors	11		52,267
672,303	Total Long Term Assets			726,182
	CURRENT ASSETS			
1,214	Stocks and work in progress	12	726	
31,857	Debtors	11	30,647	
3,865	Other current assets		3,826	
88,315	Short term investments	13	86,041	
2,043	Cash in hand		2,183	
127,294				123,423
	CURRENT LIABILITIES			
(12,150)	Borrowing repayable on demand or within 12 months		(10,150)	
(57,689)	Creditors	14	(59,647)	
(18,057)	Cash overdrawn		(7,942)	
(2,786)	Other current liabilities		(7,347)	
(90,682)				(85,086)
36,612	Net Current Assets			38,337
708,915				764,519
	LONG TERM LIABILITIES			
(244,471)	Long term borrowing	15	(254,080)	
(542)	Deferred liabilities		(491)	
(24,848)	Grants and contributions deferred	16	(29,372)	
(8,122)	Provisions	17	(6,575)	
(13,823)	Capital contributions unapplied	18	(16,677)	
(187,292)	Defined benefit pension scheme	24	(120,043)	
(479,098)				(427,238)
229,817	Net Assets			337,281
	REPRESENTED BY:			
265,067	Fixed asset restatement reserve	20		286,800
123,613	Capital financing reserve			129,429
(187,292)	Pension reserve			(120,043)
535	Capital receipts unapplied			3,869
142	Other capital reserves			142
7,948	Revenue reserves			9,485
14,102	County fund: Earmarked sums		20,252	
5,702	Uncommitted balance		7,347	27,599
229,817				337,281

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 2003	490,038	107,318	7,255	4,238	2,168	611,017
Additions	16,653	19,731	1,583	4,303	2,900	45,170
Disposals	(3,069)	0	0	0	(45)	(3,114)
Transfers between asset types	(764)	0	0	764	0	0
Impairment	0	0	0	0	0	0
Revaluations and restatements	37,654	0	0	(722)	(43)	36,889
Expenditure not increasing value	(9,876)	0	0	0	(2,166)	(12,042)
Book value as at 31 March 2004	530,636	127,049	8,838	8,583	2,814	677,920
Less: Depreciation this year	(8,157)	(2,970)	0	0	(666)	(11,793)
Less: Writing down leased assets	(52)	0	0	0	0	(52)
Net book value as at 31 March 2004	522,427	124,079	8,838	8,583	2,148	666,075

2. 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 basis for valuation is set out in the statement of accounting policies on pages 12 and 13. These values differ from note 1 above as these represent the gross values of the Fixed Assets as at the last revaluation whereas Note 1 includes depreciation.

	Land And Buildings £000	Infra-Structure £000	Community Assets £000	Non-Operational Assets £000	Vehicles, Plant & Equipment £000	Total £000
Valued at historical cost	-	118,804	7,255	-	2,183	128,242
Valued at current value as at:						
1 st April 2003	273,653	-	-	1,034	-	274,687
1 st April 2002	104,318	-	-	1,163	-	105,481
1 st April 2001	60,190	-	-	304	-	60,494
1 st April 2000	73,378	-	-	1,212	-	74,590
1 st April 1999	19,061	-	-	579	-	19,640
Total	530,600	118,804	7,255	4,292	2,183	663,134

3. Foundation, church and other schools

Foundation schools remain vested in the Governing Bodies of the individual Foundation School, therefore these assets have not been included in the consolidated balance sheet. In this authority, there are four Foundation Schools with a fixed asset valuation of £14.760m as at 31 March 2004.

Church and other schools, which are not owned by the authority have not been included in the balance sheet, and therefore no capital charges will have been applied to the accounts.

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

	£000
Total Capital Expenditure	45,762
Financed By:	
Credit Approvals	30,415
Usable Capital Receipts	2,264
Government Grants & Contributions from external bodies	11,567
Revenue Funding	752
Reserves	764
	45,762

5. *Leased assets*

The County Council has acquired a variety of assets, principally industrial properties, vehicles, IT equipment and telephones in the past, 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 2004 £000
Land and buildings	1,291	800	491

6. *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:

	2004/05 £000	2005/06 and later £000
2003/04 and earlier year schemes	13,546	1,410

Major contracts entered into during 2003/04 and earlier, where significant payments remain to be made to contractors, include:

	£000
Schools	
Market Bosworth High – Replacement Kitchen	140
Melton New Special School	1,429
Braunstone Ravenhurst Primary – Additional Accommodation	579
Braunstone Millfield Primary – Additional Accommodation	324
Braunstone Kingsway Primary – Additional Accommodation	433
Oadby Manor High – Replacement Temporary Classrooms	1,237
Kirby Muxloe Primary – Additional Accommodation	474
Leicester Forest East Primary – Replacement Temporary Accommodation	474
Roads	
Rearsby Bypass	5,900
Community Services	
Bosworth Battlefield Buttery	460

7. Details of assets owned by the County Council

31 March 2003		31 March 2004
4,705 ha	Land This figure excludes highways land	4621 ha
	Number of properties held by services –	
	Education	
1	Nursery school	1
226	Primary schools	226
50	Secondary schools (excl 4 foundation schools)	50
7	Special schools	7
3	Outdoor pursuits centres	3
1	Teachers centres	1
5	Free standing youth and community centres	5
6	Client and Technical Support offices and depots	6
1	Common playing fields	1
	Social Services	
2	Children's homes and hostels	3
1	Community home with education	0
14	Homes for the elderly	10
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
4	Local offices	4
1	Training Centres	1
	Highways & Transport	
4057 km	Principal and other roads	4261 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
4	Administrative offices	4
1	Castle House	1
90	County Farms	84
78	School Caretakers' Houses	74
56	Properties acquired in advance of future developments and properties awaiting disposal	61
230	Industrial units	229
	Community Assets	
22	Country Parks	18
	Libraries and Information	
52	Libraries	52
	Heritage Services	
3	Museums	3
1	Record Office	1
1	Resources Centre	1
	Regulatory Services	
2	Offices for the Registration of Births, Deaths and Marriages	2
6	Magistrates Courts	6

8. *Deferred charges*

This balance represents the capitalised costs of redundancies and early retirements arising from Local Government Reorganisation in 1997.

	£000
Balance at 31 March 2003	1,710
Net Expenditure	592
Amounts written off to capital financing reserve	(978)
Balance at 31 March 2004	1,324

9. *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 2003	4,877
Premiums paid	1,831
Amounts charged to revenue account	(192)
Balance at 31 March 2004	6,516

10. *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 2003/04 a net surplus of £0.8m (2002/03 £1.1m) was reported on income, net of cost of sales, of £10.4m (2002/03 £9.8m).
- ii) The County Council is a constituent member of Leicester, Leicestershire and Rutland Combined Fire Authority. During 2003/4 the turnover was £25.2m (2002/3 £23.5m).

11. Debtors

	31 March 2003 £000	31 March 2004 £000
Long Term Debtors (amounts falling Due after one year)		
Accommodation charges at Elderly Persons Homes	1,016	939
Car loans to employees	181	190
Outstanding debt relating to transferred services (e.g. Unitary Authority, Higher Education establishments, Police)	53,684	51,271
Other long term debtors	121	115
Less: Provision for bad debts	(303)	(248)
Total	54,699	52,267
Current Debtors		
Government departments:		
Customs and Excise	3,335	3,964
Other government departments	1,679	1,199
Sundry debtors	28,115	27,090
Less: Provision for bad debts	(1,272)	(1,606)
Total	31,857	30,647

12. Stocks and work in progress

	31 March 2003 £000	31 March 2004 £000
Stocks		
Highways and DLO stores	790	498
Client and Technical Support Service	49	65
Museums	54	49
Other items	73	74
Sub Total	966	686
Work in Progress		
DLO	248	40
Total	1,214	726

13. 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 £3.981m which is invested on behalf of Eastern Shires Purchasing Organisation and £0.371m on behalf of the Combined Fire Authority.

14. Creditors

	31 March 2003 £000	31 March 2004 £000
Government departments:		
Inland Revenue	4,918	5,075
Other government departments	8,309	9,023
Sundry creditors	44,462	45,549
Total	57,689	59,647

15. Long term borrowing

	Total Outstanding at 31 March:	
	2003 £000	2004 £000
Lender		
Public Works Loan Board	241,571	221,330
Banks and building societies	2,900	32,750
Total	244,471	254,080
Analysis of maturity of these loans:		
Maturing -		
Between 1 and 2 years	150	150
Between 2 and 5 years	450	10,450
Between 5 and 10 years	300	150
More than 10 years	243,571	243,330
Total	244,471	254,080

16. Grants and contributions deferred

	£000	£000
Balance at 31 March 2003		24,848
Grants and contributions received to finance capital expenditure	11,567	
Write off to Capital Finance Reserve	(6,548)	
Release to Revenue Account	(495)	
Balance at 31 March 2004		29,372

17. Provisions - Movements during the year

	Balance at 31 March 03 £000	Income £000	Expend- iture £000	Balance at 31 March 04 £000
Leased cars	232	1,244	(1,015)	461
Landscape projects	219	8	(1)	226
Insurance	5,278	1,712	(2,918)	4,072
Magistrates Courts Restructuring	512	15	(46)	481
Social Services Mental Health Refunds	500	50	(159)	391
Historic Buildings	552	545	(502)	595
Other	829	485	(965)	349
Total	8,122	4,059	(5,606)	6,575

18. Capital contributions unapplied

	£000	£000
Balance at 31 March 2003		13,823
Income received to finance future expenditure	2,854	
Balance at 31 March 2004		16,677

19. 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 2003		896
Minimum Revenue Provision	10,403	
Financing of capital expenditure	(11,299)	
Balance at 31 March 2004		-

20. Reserves

See the 'Statement of Total Movements in Reserves' and notes thereto for further details on pages 40 to 43.

21. **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, repayment of grant may be necessary.
- iv) 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.

22. **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	500,000
Public/Employers' liability	150,000
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, floods, 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.

23. 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.

Trustees are nominated by Leicestershire County Council, Leicester City Council and the National Trust to the Bradgate Park and Swithland Wood charity. This is the largest Trust the County Council is involved with.

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 2003 £000	Income £000	Expend- iture £000	Balance at 31 March 2004 £000
Ashby Upper School Mary Smith Bequest *	45.5	5.5	2.3	48.7
Barrow-on-Soar Humphrey Perkins Endowment	15.2	0.8	0.1	15.9
Longwill Bequest No. 2	23.8	1.3	-	25.1
Kibworth High School Endowment	264.0	17.6	91.6	190.0
Melton Schools Longwill Bequest No. 1	11.8	1.3	1.6	11.5
Loughborough Art and Technical Colleges :				
Thomson Trust	17.8	0.9	-	18.7
Loughborough Technical School	239.5	8.9	-	248.4
Lutterworth Upper School Endowments	9.9	0.9	-	10.8
Nailstone Primary School Maynards Charity *	21.5	0.8	4.4	17.9
Bradgate Park and Swithland Wood Charity *	511.7	640.5	650	502.2
Others	38.6	3.5	2.1	40.0
Total Trust Funds	1,199.3	682	752.1	1,129.2

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

24. Pension Assets and Liabilities

The underlying assets and liabilities of the County Council at 31st March are as follows:

	31 March 2003 £000	31 March 2004 £000
Share of assets in County Council Fund	405,879	511,670
Estimated liabilities in County Council Fund		
Funded Benefits	(555,146)	(592,700)
Unfunded Benefits	(38,025)	(39,013)
Net pensions liability	(187,292)	(120,043)

The liability shows the underlying commitment that the authority has in the long run to pay retirement benefits. This liability of £120m has a substantial impact on the net worth of the authority as recorded in the balance sheet. Statutory arrangements, for funding the deficit will result in the deficit being made good by increased contributions by the employer over the remaining working life of employees as assessed by the actuary. It should be noted, however that the net liability is particularly sensitive to fluctuations in the stock market.

The FRS17 figures above incorporate staff of the Eastern Shires Purchasing Organisation (ESPO) whose staff are employed by Leicestershire County Council.

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

	Long-term rate of return expected	31 March 2003 £000	Long-term rate of return expected	31 March 2004 £000
Equity investments	8.0%	276,781	7.7%	362,050
Bonds	4.8%	73,511	5.1%	90,770
Property	6.0%	43,038	6.5%	47,690
Cash	4.0%	12,549	4.0%	11,160
		405,879		511,670

Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as of 31st March 2001 and updated for the following two years, by Hymans Robertson the independent actuaries to the County Fund. The main assumptions used in the calculations are:

	31 March 2003	31 March 2004
Rate of inflation	2.5%	2.9%
Rate of increases in salaries	4.0%	4.4%
Rate of increase in pensions	2.5%	2.9%
Rate for discounting scheme liabilities	6.1%	6.5%

The movement in the pension deficit for the year to 31 March 2004 is as follows:

	£000
Net surplus (deficit) at beginning of year	(187,292)
<u>Movement in year</u>	
Current service costs	(17,370)
Contributions	16,396
Past service costs	(3,037)
Impact of settlements and curtailments	(200)
Finance income	(5,190)
Actuarial gain / loss	76,650
Net deficit at end of year	(120,043)