

# Consolidated Balance Sheet as at 31 March 2006

31 March 2005 £000		Note	31 March 2006 £000	
194	<b>FIXED ASSETS</b> Intangible Assets	1-7		798
	<b>Tangible Assets</b>			
549,349	Land and buildings		596,899	
3,144	Vehicles, plant & equipment		3,609	
141,587	Infrastructure		155,856	
10,170	Community assets		9,966	
704,250				766,330
	<b>Non-Operational Assets</b>			
3,083	Investment properties		3,301	
3,175	Assets under construction		5,704	
1,950	Surplus assets, held for disposal		3,016	
8,208				12,021
25,000	Long Term investments	13		40,000
50,275	Long term debtors	11		59,138
<b>787,927</b>	<b>Total Long Term Assets</b>			<b>878,287</b>
	<b>CURRENT ASSETS</b>			
0	Intangible current assets		3,738	
688	Stocks and work in progress	12	777	
31,009	Debtors	11	38,032	
3,413	Other current assets		10,299	
81,004	Short term investments	13	106,995	
5,563	Cash in hand	6	0	
121,677				159,841
	<b>CURRENT LIABILITIES</b>			
(10,150)	Borrowing repayable on demand or within 12 months		(650)	
(63,773)	Creditors	14	(80,188)	
(4,699)	Cash overdrawn	6	(1,549)	
(10,715)	Receipts in advance		(12,304)	
(89,337)				(94,691)
32,340	<b>Net Current Assets</b>			65,150
<b>820,267</b>				<b>943,437</b>
	<b>LONG TERM LIABILITIES</b>			
(280,111)	Long term borrowing	16	(361,729)	
(439)	Deferred liabilities		(387)	
(10,549)	Provisions	18	(12,532)	
(203,460)	Defined benefit pension scheme	24	(209,700)	
(494,559)				(584,348)
<b>325,708</b>	<b>Net Assets</b>			<b>359,089</b>

31 March 2005 £000		Note	31 March 2006 £000	
	<b>REPRESENTED BY:</b>			
284,577	Fixed asset restatement account			297,208
147,675	Capital financing account			161,743
43,504	Grants and contributions deferred	17		52,195
9,572	Capital contributions unapplied	19		7,660
(203,460)	Pension reserve			(209,700)
4,512	Capital receipts unapplied			2,358
142	Other capital reserves			142
12,062	Revenue reserves	20		19,041
27,489	County fund: Earmarked sums	20	26,930	
6,273	Uncommitted balance	20	7,425	34,355
(6,638)	Deferred premium	9		(5,913)
<b>325,708</b>				<b>359,089</b>

# Notes to the Consolidated Balance Sheet

## 1. Movement of fixed assets during the year

	Intangible Assets £000	Land and Buildings £000	Vehicles Plant & Equipment £000	Infra- structure £000	Community Assets £000	Non- Operational Assets £000	Total £000
Net Book value as at 31 March 2005	194	549,349	3,144	141,587	10,170	8,208	712,652
Transfer of Magistrates Courts Assets to HMCS	0	(12,537)	(26)	0	0	0	(12,563)
Revaluations and restatements		54,190	80	0	(812)	550	54,008
Additions	643	49,386	5,223	18,257	584	5,704	79,797
Disposals	0	(1,563)	(3)	0	0	0	(1,566)
Transfers between asset categories	0	2,417	0	0	24	(2,441)	0
Impairment	0	(518)	0	0	0	0	(518)
Expenditure not increasing value	0	(32,967)	(3,912)	0	0	0	(36,879)
<b>Book value as at 31 March 2006</b>	<b>837</b>	<b>607,757</b>	<b>4,506</b>	<b>159,844</b>	<b>9,966</b>	<b>12,021</b>	<b>794,931</b>
Less: Depreciation this year	(39)	(10,806)	(897)	(3,988)	0	0	(15,730)
Less: Writing down leased assets	0	(52)	0	0	0	0	(52)
<b>Net book value as at 31 March 2006</b>	<b>798</b>	<b>596,899</b>	<b>3,609</b>	<b>155,856</b>	<b>9,966</b>	<b>12,021</b>	<b>779,149</b>

The table below breaks down the non-operational assets.

	Non-Operational Assets			Total £000
	Investment Properties £000	Assets Under Construction £000	Assets held for Disposal £000	
Net Book value as at 31 March 2005	3,083	3,175	1,950	8,208
Revaluations and restatements	236	0	314	550
Additions	0	5,704	0	5,704
Disposals	0	0	0	0
Transfers between asset categories	(18)	(3,175)	752	(2,441)
Impairment	0	0	0	0
Expenditure not increasing value	0	0	0	0
<b>Net book value as at 31 March 2006</b>	<b>3,301</b>	<b>5,704</b>	<b>3,016</b>	<b>12,021</b>

## 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 in note 4. 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	Vehicles, Plant & Equipment £000	Non- Operational Assets £000	Total £000
<b>Valued at historical cost</b>	0	159,506	10,205	3,218	0	172,929
<b>Valued at current value in:</b>						
Current Year	364,727	0	0	0	3,394	368,121
Previous Years	244,856	0	0	0	2,925	247,781
<b>Total</b>	<b>609,583</b>	<b>159,506</b>	<b>10,205</b>	<b>3,218</b>	<b>6,319</b>	<b>788,831</b>

### 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 £15.140m as at 31<sup>st</sup> March 2006 (2004/5 £14.220m).

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. *Deferred charges*

	<b>2004/05 £000</b>	<b>2005/06 £000</b>
Balance at 31 March	1,324	0
Gross Expenditure	545	9,463*
Income received	0	(574)
Amount charged to Revenue Account	(545)	(8,889)
Amount written off to Capital Financing Account	(1,324)	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

\* includes capital expenditure of £7.97m on the replacement of a foundation school.

### 5. *Financing of capital expenditure on fixed assets and deferred charges during the year*

	<b>2004/05 £000</b>	<b>2005/06 £000</b>
Opening Capital Financing Requirement	273,541	286,227
Total Capital Expenditure	62,301	88,686
Financed by:		
Usable Capital Receipts	(5,568)	(5,967)
Government Grants & Contributions from external bodies	(31,555)	(28,140)
Reserves	(666)	(345)
Revenue Funding	(346)	(1,187)
Closing Capital Financing Requirement (excluding transferred debt)	297,707	339,274
Increase in underlying need to borrow:		
Supported by government financial assistance	23,738	47,517
Unsupported by government financial assistance	428	5,530
<b>Increase in Capital Financing Requirement</b>	<b>24,166</b>	<b>53,047</b>

**6. Cash**

	<b>31 March 2005 £000</b>	<b>31 March 2006 £000</b>
Net Cash balance at year end: School & Imprest Accounts Main bank accounts	5,563 (4,699)	5,223 (6,772)
<b>Cash in Hand / (Cash Overdrawn)</b>	<b>864</b>	<b>(1,549)</b>

Although the balance sheet shows an overdrawn position this is not reflected at the bank due to un-presented cheques and intra account transfers.

**7. 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 expenditure will be incurred in future years for schemes in the various annual programmes is as follows:

	<b>2006/07 £000</b>	<b>2007/08 and later £000</b>
2005/06 and earlier year schemes	23,385	11,968

Major contracts entered into during 2005/06 and earlier, where significant payments remain to be made to contractors, include:

	<b>£000</b>
<b>Schools</b>	
Coalville Castle Rock High – Replacement	1,590
Wigston Bushloe High – Replacement	3,089
Oadby Gartree High - Replacement	12,357
Shepshed High - Replacement	10,055
Loughborough Cobden – Sure Start Nursery	798
Hinckley New Special School	1,900
Coalville Warren Hills – Sure Start Nursery	360
Great Dalby Primary - Extension	118
<b>Community Services</b>	
Bosworth Battlefield Visitor Centre	484

8. **Details of assets owned by the County Council**

	31 March 2005	31 March 2006
<b>Land</b>		
This figure excludes highways land	4,619 ha	4,612 ha
<b>Number of properties held by services –</b>		
<b>Education</b>		
Nursery school	1	1
Primary schools	226	226
Secondary schools (excl 4 foundation schools)	50	50
Special schools	6	6
Outdoor pursuits centres	3	3
Teachers centres	1	1
Free standing youth and community centres	5	5
Client and Technical Support offices and depots	7	8
Common playing fields	1	1
<b>Social Services</b>		
Children's homes and hostels	3	3
Homes for the elderly	10	10
Homes for adults with learning difficulties	6	6
Homes for the recovering mentally ill	1	1
Day nurseries and family centres	3	3
Day centres for people with learning difficulties	7	5
Day centres for the physically handicapped	2	2
Local offices	5	4
<b>Highways &amp; Transport</b>		
Principal and other roads	4,279 km	4,294 km
Highways/DLO depots	8	8
<b>Waste Disposal</b>		
Household refuse & recycling sites and transfer stations (domestic and trade)	14	14
<b>Other Properties</b>		
County Hall	1	1
Administrative offices	4	5
Castle House	1	1
County Farms	82	85
School Caretakers' Houses	67	62
Properties acquired in advance of future developments and properties awaiting disposal	66	72
Industrial units	228	228
Travellers sites	2	2
<b>Community Assets</b>		
Country Parks	18	18
<b>Libraries and Information</b>		
Libraries	52	52
<b>Heritage Services</b>		
Museums	3	3
Record Office	1	1
Resources Centre	1	1
<b>Regulatory Services</b>		
Offices for the Registration of Births, Deaths and Marriages	2	2
<b>Magistrates Courts</b>	6	0

## 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.

	<b>2004/05 £000</b>	<b>2005/06 £000</b>
Balance at 31 March	6,516	6,638
Premiums paid	333	0
Income received from third parties	0	(479)
Amounts charged to revenue account	(211)	(246)
<b>Balance at 31 March</b>	<b>6,638</b>	<b>5,913</b>

## 10. *Related business, companies and consortia*

- a) 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 2005/06 a net surplus of £0.4m (2004/05 £0.7m) was reported on income, net of cost of sales, of £13.2m (2004/05 £11.1m). Turnover between LCC and ESPO totalled £60.5m (2004/5 £49.1m) in respect of stores issues, direct orders and period contracts.

The County Council has entered into a borrowing arrangement on behalf of the constituent members of the consortium to finance the provision of a new warehouse and integrated offices costing £12.5m in 2005/6. The County Council in effect owns approximately one seventh of ESPO assets and liabilities, however these are not included the County Council's balance sheet.

- b) The County Council is a constituent member of Leicester, Leicestershire and Rutland Combined Fire Authority. During 2005/06 the estimated turnover is £30.3m (2004/5 actual turnover £28.9m).

## 11. *Debtors*

	<b>31 March 2005 £000</b>	<b>31 March 2006 £000</b>
<b><i>Long Term Debtors (amounts falling due after one year)</i></b>		
Accommodation charges at Elderly Persons Homes	1,229	2,068
Car loans to employees	119	87
Outstanding debt relating to transferred services (e.g. Unitary Authority, Higher Education establishments, Police, ESPO)	48,963	57,174
Other long term debtors	112	67
Less: Provision for bad debts	(148)	(258)
<b>Total</b>	<b>50,275</b>	<b>59,138</b>



	31 March 2005 £000	31 March 2006 £000
<b>Current Debtors</b>		
Government departments:		
Customs and Excise	3,595	3,535
Other government departments	1,205	790
Sundry debtors	26,886	34,475
Less: Provision for bad debts	(677)	(768)
<b>Total</b>	<b>31,009</b>	<b>38,032</b>

## 12. Stocks and work in progress

	31 March 2005 £000	31 March 2006 £000
<b>Stocks</b>		
Highways	462	440
Client and Technical Support Service	75	90
Museums	37	24
Catering	54	52
Other items	31	55
Sub Total	659	661
<b>Work in Progress</b>		
Highways	29	116
<b>Total</b>	<b>688</b>	<b>777</b>

## 13. Investments

Surplus cash balances are invested in short term deposits with a range of banks and other financial institutions. Included within this amount is £3.884m (2004/05 £2.714m) which is invested on behalf of ESPO and £1.53m (2004/05 £1.37m) on behalf of residents in care homes.

## 14. Creditors

	31 March 2005 £000	31 March 2006 £000
Government departments:		
Inland Revenue	5,597	5,557
Other government departments	9,663	11,771
Sundry creditors	48,513	62,860
<b>Total</b>	<b>63,773</b>	<b>80,188</b>

**15. Leased assets**

The council has a liability to make payments for the following leases during 2006/07:

	<b>Finance Leases £000</b>	<b>Operating Leases £000</b>
<b>Leases which expire:</b>		
Within 1 year	0	266
2 to 5 years	0	1,882
Over 5 years	52	43
<b>Total</b>	<b>52</b>	<b>2,191</b>

As at 31 March 2006, the County Council has a total commitment to meet finance lease payments of £0.387m (2004/05 £0.439m), and operating lease rental payments of £4.179m (2004/05 £4.471m).

**16. Long term borrowing**

	<b>Total Outstanding at 31 March</b>	
	<b>2005 £000</b>	<b>2006 £000</b>
<b>Lender</b>		
Public Works Loan Board	217,511	289,279
Banks and building societies	62,600	72,450
<b>Total</b>	<b>280,111</b>	<b>361,729</b>
<b>Analysis of maturity of these loans:</b>		
Maturing -		
Between 1 and 2 years	150	650
Between 2 and 5 years	10,450	800
Between 5 and 10 years	0	22,000
Between 10 and 15 years	2,000	4,500
More than 15 years	267,511	333,779
<b>Total</b>	<b>280,111</b>	<b>361,729</b>

**17. Grants and contributions deferred**

	<b>2004/05 £000</b>	<b>2005/06 £000</b>
Balance at 31 March	29,372	43,504
Transfer of Magistrates Courts assets to HMCS	0	(1,627)
Grants and contributions received to finance capital expenditure	23,428	25,697
Transfer from Capital Contributions unapplied	8,127	2,443
Write off to Capital Financing Account – income received on assets not increasing value	(16,868)	(16,472)
Release to Revenue Account	(555)	(775)
Income relating to expenditure on Deferred Charges	0	(575)
<b>Balance at 31 March</b>	<b>43,504</b>	<b>52,195</b>

**18. Provisions - Movements during the year**

	<b>Balance at 31 March 2005 £000</b>	<b>Dis- continued Service £000</b>	<b>Income £000</b>	<b>Expend- iture £000</b>	<b>Balance at 31 March 2006 £000</b>
Employment Tribunal	4,500	0	0	0	4,500
Insurance	3,717	0	1,786	(2,348)	3,155
Landfill Allowances	0	0	2,992	0	2,992
RSG Amending Reports	1,200	0	(527)	0	673
Leased Car	452	0	1,341	(1,360)	433
Education Department Restructuring Provision	0	0	360	0	360
Social Services Mental Health Refunds	58	0	200	(9)	249
Magistrates Courts Restructuring	453	(453)	0	0	0
Other	169	0	294	(293)	170
<b>Total</b>	<b>10,549</b>	<b>(453)</b>	<b>6,446</b>	<b>(4,010)</b>	<b>12,532</b>

***Employment Tribunal***

In December 2004 an Employment Tribunal held that the County Council had failed to consult Unison under the Trade Union and Labour Relations (Consolidation) Act 1992. The Employment Tribunal made a protective award against the County Council in respect of those groups of staff who were either downgraded or were previously in receipt of bonus or enhancements.

The County Council was partially successful in an appeal to the Employment Appeal Tribunal, however the authority has subsequently appealed against the original judgement, to the Court of Appeal, where a hearing took place in May 2006. Judgement is awaited.

A provision of £4.5m has been made to meet the estimated costs of this case. There is, however, uncertainty around the basis of calculating the protective award. The provision is based on a 'worst case' interpretation of the legislation. The award would be considerably less under the alternative interpretation.

**Insurance**

The insurance policies held by the County Council require a significant level of self insurance, the level of this being recommended by independent advisers. The monies set aside for self insurance are split between a provision representing outstanding, unsettled claims at 31 March 2006 and a reserve to meet future claims. The provision is expected to be used within the next seven years.

**Landfill Allowances**

See accounting policies note 19 for details of the Landfill Allowance Trading Scheme (LATS).

**RSG Amending Report**

The government has indicated that a reduction will be made to the council's 2004/05 and 2005/06 R.S.G, in 2006/07 arising from amendments to the population of some major cities and other data corrections.

**Leased Cars**

Sum to match costs to the benefits that departments receive from the leasing arrangement as actual payments are geared towards the last year of the agreement.

**Education Department Restructuring**

Provides for the costs of departmental restructuring scheduled for 2006/07.

**Social Services Mental Health: Refunds**

Provides for refunds to people with mental health difficulties, who have been charged for residential and nursing care, for which a legal judgement has been made to repay the levy charged.

**19. Capital contributions unapplied**

	<b>2004/05 £000</b>	<b>2005/06 £000</b>
Balance at 31 March	16,677	9,572
Grants and Contributions received	675	174
Interest	347	358
Transfer to Grants Deferred	(8,127)	(2,444)
<b>Balance at 31 March</b>	<b>9,572</b>	<b>7,660</b>

## 20. Reserves

### General County Fund

The balance of the fund as at 31 March 2006, £34.355m (2004/05 £33.762m), contains the following earmarked sums:

	2004/05 £000	2005/06 £000
Delegated Funding for Schools	21,053	20,574
Other Education establishments with devolved budgets	(106)	(444)
Carry forward of underspendings across other services	6,410	6,668
Carry forward of resources for funding of Capital	132	132
<b>Earmarked Reserves at 31 March</b>	<b>27,489</b>	<b>26,930</b>

Thus, the uncommitted balance is restricted to £7.425m (2004/05 £6.273m).

### Movements in other revenue reserves during the year

	Balance at 31 March 2005 £000	Appropriations		Balance at 31 March 2006 £000
		From Revenue £000	To Revenue / Capital £000	
Insurance	4,682	1,330	(5)	6,007
Renewals of vehicles and equipment	3,365	2,104	(512)	4,957
Local Area Agreement	0	1,650	0	1,650
Industrial properties	1,065	325	0	1,390
Central Maintenance Fund	962	0	(57)	905
Shire Grants	748	12	(82)	678
Corporate Severance	0	500	0	500
Concessionary Travel	0	500	0	500
Organisational Change	500	342	(447)	395
Resources - Change Management	0	300	0	300
Job Evaluation Appeals	250	0	0	250
Other	490	505	(232)	763
<b>Sub Total</b>	<b>12,062</b>	<b>7,568</b>	<b>(1,335)</b>	<b>18,295</b>
<b>Non Cash</b> Waste Disposal – Landfill Allowances	0	746	0	746
<b>TOTAL</b>	<b>12,062</b>	<b>8,314</b>	<b>(1,335)</b>	<b>19,041</b>

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 and the financing of capital expenditure.

### ***Renewal of Vehicles and Equipment***

Resources for the funding of replacement vehicles and equipment.

### ***Local Area Agreement***

Finance to achieve targets within the local area agreement. £1.4m relates to the achievement of 'stretched targets' and this will be repaid to the County Council from anticipated reward grant from meeting these targets. £250,000 is the contribution to the achievement of 'non reward' targets.

### ***Industrial Properties***

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

### ***Property – Central Maintenance Fund***

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.

### ***Shire Grants***

Grants awarded to statutory and voluntary organisations that remain to be claimed by the recipients.

### ***Corporate Severance***

Finance to fund potential restructuring costs if the authority withdraws certain lower priority discretionary services as a result of projected budgetary pressures.

### ***Concessionary Travel***

To support the introduction of county-wide free concessionary travel subject to financial contributions from district councils.

### ***Organisational Change & Resources Change Management***

A programme consisting initially of 4 strands to improve services by delivering efficiency savings, improve public access to information and services, implement the creation of new departments for Children's and Adult Services whilst supporting the development of the workforces to deliver quality services.

### ***Landfill Allowances***

See note 19 on page 20

A notional surplus within the revenue account of £746,000 derived from unused allowances has been transferred to this non cash backed reserve.

## 21. **Contingent Liabilities**

- a) 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: a) unable to recover all of the outstanding claims in ensuing years, b) if a clawback arrangement has to be implemented.
- b) 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. Claims to date, for this period have been financed from the Council's insurance reserve, however, further claims may arise in the future.
- c) 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.

## 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.

	<b>Deductible per Claim</b>
	<b>£</b>
Fire	500,000
Public/Employers' liability	150,000
Fidelity guarantee	100,000
Motor	500

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 20 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, and due to the timing of the production of Leicestershire County Council's Statement of Accounts, the figures shown below are compiled on an estimated basis. Therefore the opening balance has been revised from £512,000 to £526,600 to reflect the actual balance as at 31<sup>st</sup> March 2005.

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:

<b>TRUST FUNDS</b>	<b>Balance at 31 March 2005 £000</b>	<b>Income £000</b>	<b>Expend- iture £000</b>	<b>Balance at 31 March 2006 £000</b>
Ashby Upper School Mary Smith Bequest *	48.7	2.6	2.5	48.8
Barrow-on-Soar Humphrey Perkins Endowment	16.7	0.9	0.2	17.5
Longwill Bequest No. 2	26.6	1.6	0	28.1
Kibworth High School Endowment	172.7	22.3	10.1	184.9
Melton Schools - Longwill Bequest No.1	12.4	1.3	0.4	13.3
Loughborough Art and Technical Colleges :				
Thomson Trust	19.7	1.2	0	20.9
Loughborough Technical School **	259.8	12.2	0	272.0
Lutterworth Upper School Endowments	9.6	0.9	1.0	9.5
Nailstone Primary School Maynards Charity *	18.0	0.8	0	18.8
Bradgate Park & Swithland Wood Charity *	526.6	664.4	674.0	517.0
Others	41.6	3.8	2.1	43.3
<b>Total Trust Funds</b>	<b>1,152.4</b>	<b>712.0</b>	<b>690.3</b>	<b>1174.1</b>

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

\*\* Management and custodianship of a new trust to be created will transfer to Loughborough College in the future.



## 24. Pension Assets and Liabilities

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

	31 March 2005 £000	31 March 2006 £000
Share of assets in County Council Fund	567,694	695,000
Estimated liabilities in County Council Fund		
Funded Benefits	(735,184)	(865,600)
Unfunded Benefits	(35,970)	(39,100)
Net pensions liability	(203,460)	(209,700)

The liability shows the underlying commitment that the authority has in the long run to pay retirement benefits. This liability of £209.7m 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.

The net liability as at 31 March 2005 included £4.76m in respect of employees of the Magistrates Courts Service. These liabilities have now been excluded from the net liability as at 31 March 2006.

The FRS17 figures above incorporate staff of the Eastern Shires Purchasing Organisation (ESPO) whose staff are employed by Leicestershire County Council but whose costs are excluded from these accounts.

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 2005 £000	Long-term rate of return expected	31 March 2006 £000
Equity investments	7.7%	408,162	7.4%	509,500
Bonds	4.8%	87,455	4.6%	104,700
Property	5.7%	56,186	5.5%	60,100
Cash	4.8%	15,891	4.6%	20,700
		567,694		695,000

Liabilities of the fund have been based on the following assumptions::

	31 March 2005	31 March 2006
Rate of inflation	2.9%	3.1%
Rate of increases in salaries	4.4%	4.6%
Rate of increase in pensions	2.9%	3.1%
Rate for discounting scheme liabilities	5.4%	4.9%

The movement in the pension deficit for the year to 31 March 2006 is as follows:

	31 March 2005 £000	31 March 2006 £000
Net (deficit) at beginning of year	(112,563)	(203,460)
Adjustment to opening balance	(1,267)	
Magistrates Courts Pension deficit transferred to HM Court Service		4,760
<b><i>Movement in year</i></b>		
Current service costs	(19,650)	(25,100)
Contributions	18,596	21,302
Past service costs	(100)	(300)
Impact of settlements and curtailments	(500)	(200)
Finance income	1,520	(2,100)
Actuarial loss	(89,496)	(4,602)
Net deficit at end of year	(203,460)	(209,700)

## 25. 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.