

Consolidated Balance Sheet as at 31 March 2003

31 March 2002 £000		Note	31 March 2003 £000	
	NET FIXED ASSETS			
454,902	Land and buildings	1-7	490,038	
93,691	Infrastructure		107,318	
6,563	Community assets		7,255	
3,861	Non-operational assets		4,238	
2,094	Vehicles, plant, furniture and equipment		2,168	
561,111				611,017
2,097	Deferred charges	8		1,710
5,240	Deferred premium	9		4,877
65,150	Long term debtors	11		54,699
633,598	Total Long Term Assets			672,303
	CURRENT ASSETS			
1,044	Stocks and work in progress	12	1,214	
35,882	Debtors	11	31,857	
3,210	Other current assets		3,865	
63,398	Short term investments	13	88,315	
1,434	Cash in hand		2,043	
104,968				127,294
	CURRENT LIABILITIES			
(150)	Borrowing repayable on demand or within 12 months		(12,150)	
(51,381)	Creditors	14	(56,894)	
(11,239)	Cash overdrawn		(18,057)	
(2,703)	Other current liabilities		(2,786)	
(65,473)				(89,887)
39,495	NET CURRENT ASSETS			37,407
673,093				709,710
	LONG TERM LIABILITIES			
(252,787)	Long term borrowing	15	(244,471)	
(594)	Deferred liabilities		(542)	
(19,107)	Grants and contributions deferred	16	(24,848)	
(11,071)	Provisions	17	(10,316)	
(10,256)	Capital Contributions unapplied	18	(13,823)	
(293,815)				(294,000)
379,278	NET ASSETS			415,710
	REPRESENTED BY:			
239,534	Fixed asset restatement reserve	20		265,067
117,069	Capital financing reserve			123,613
467	Capital receipts unapplied			535
142	Other capital reserves			142
6,739	Revenue reserves			6,549
9,147	County fund: earmarked sums		14,102	
6,180	uncommitted balance		5,702	19,804
379,278				415,710

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 2002	454,902	93,691	6,563	3,861	2,094	561,111
Additions	20,586	16,193	692	0	1,745	39,216
Disposals	(1,921)	0	0	0	(11)	(1,932)
Transfers between asset types	(84)	0	0	84	0	0
Impairment	(3,994)	0	0	0	0	(3,994)
Revaluations and restatements	40,186	0	0	293	42	40,521
Expenditure not increasing valuation	(12,021)	0	0	0	(1,035)	(13,056)
Book value as at 31 March 2003	497,654	109,884	7,255	4,238	2,835	621,866
Less: Depreciation this year	(7,564)	(2,566)	0	0	(667)	(10,797)
Less: Writing down leased assets	(52)	0	0	0	0	(52)
Net book value as at 31 March 2003	490,038	107,318	7,255	4,238	2,168	611,017

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 since the last valuation.

	Land And Buildings £000	Infra-Structure £000	Community Assets £000	Non-Operational Assets £000	Vehicles, Plant & Equipment £000	Total £000
Valued at historical cost	-	102,611	6,563	-	2,008	111,182
Valued at current value as at:						
1 st April 2002	263,412	-	-	1,262	-	264,674
1 st April 2001	66,986	-	-	966	-	67,952
1 st April 2000	121,087	-	-	1,496	-	122,583
1 st April 1999	39,356	-	-	519	-	39,875
1 st April 1998	-	-	-	-	-	-
Total	490,841	102,611	6,563	4,243	2,008	606,266

3. Foundation Schools

These 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 £7.598m as at 31 March 2003.

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

	£000
Capital Expenditure	39,199
Credit Cover for Property Leases	51
Total Capital Expenditure	39,250
Financed By:	
Credit Approvals	20,216
Usable Capital Receipts	3,279
Government Grants & Contributions from external bodies	12,233
Revenue Funding	2,292
Reserves	1,230
	39,250

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 2003 £000
Land and buildings	1,291	749	542

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:

	2003/04 £000	2004/05 and later £000
2002/03 and earlier year schemes	12,484	1,622

Major contracts entered into during 2002/03 and earlier, where significant payments remain to be made to contractors, include:

	£000
Schools	
Countesthorpe Greenfield Primary – Replacement Temporary Classrooms	861
Ibstock Community College – Additional Classrooms	773
Desford Bosworth Community College – New Science Laboratories	632
Birstall Riverside Primary – Replacement Temporary Accommodation	545
Markfield South Charnwood High – Replacement Design Horsa	438
Ashby Willesley Primary – Replacement Temporary Classrooms	386
Broughton Astley Orchard Primary – Replacement Temporary Accommodation	253
Ashby Grammar – Science Accommodation & Replacement of Temporary Classrooms	191
Braunstone Winstanley Community College – New Swimming Pool & Changing Room Facilities	124
Roads	
Epinal Way, Loughborough	2,276

7. Details of assets owned by the County Council

31 March 2002		31 March 2003
4,713 ha	Land This figure excludes highways land	4,705 ha
	Number of properties held by services –	
	Education	
1	Nursery school	1
227	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	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
4	Local offices	4
1	Training Centres	1
	Transport, Roads & Planning	
4057 km	Principal and other roads	4057 km
8	Highways/DLO depots	9
	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
1	Staff houses	0
90	County Farms	90
93	School Caretakers' Houses	78
56	Properties acquired in advance of future developments and properties awaiting disposal	56
	Community Assets	
12	Country Parks	12
10	Other Public Open Spaces	10
	Libraries and Information	
52	Libraries	52
	Museum and Arts	
3	Museums	3
1	Record Office	1
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	230
6	Magistrates Courts	6

8. *Deferred charges*

	£000
Balance at 31 March 2002	2,097
Net Expenditure	(17)
Amounts written off to capital financing reserve	(370)
Balance at 31 March 2003	1,710

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 2002	5,240
Premiums paid	0
Amounts charged to revenue account	(168)
Income from Other Bodies	(195)
Balance at 31 March 2003	4,877

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 2002/03 a net surplus of £1.1m (2001/02 £521,000) was reported on income, net of cost of sales, of £9.8m (2001/02 £8.7m).
- ii) The County Council has been 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. This contract was terminated at the end of June 2002.
- iii) The County Council has been 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. This contract also terminated at the end of June 2002.
- iv) The County Council is a constituent member of Leicester, Leicestershire and Rutland Combined Fire Authority. During 2002/3 the turnover was £23.5m (2001/2 £22.3m).

11. Debtors

	31 March 2002 £000	31 March 2003 £000
Long Term Debtors (amounts falling due after one year)		
Accommodation charges at Elderly Persons Homes	840	1,016
Car loans to employees	284	181
Outstanding debt relating to transferred services (e.g. Unitary Authority, Higher Education establishments, Police)	64,139	53,684
Other long term debtors	113	121
Less: Provision for bad debts	(226)	(303)
Total	65,150	54,699
Current Debtors		
Government departments:		
Customs and Excise	2,136	3,335
Other government departments	1,969	1,679
Sundry debtors	32,853	28,115
Less: Provision for bad debts	(1,076)	(1,272)
Total	35,882	31,857

12. Stocks and work in progress

	31 March 2002 £000	31 March 2003 £000
Stocks		
Highways and DLO stores	566	790
Client and Technical Support Service	49	0
Museums	77	54
Other items	77	122
Sub Total	769	966
Work in Progress		
DLO	275	248
Total	1,044	1,214

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 £3.628m which is invested on behalf of Eastern Shires Purchasing Organisation and £1.855m on behalf of the Combined Fire Authority.

14. Creditors

	31 March 2002 £000	31 March 2003 £000
Government departments:		
Inland Revenue	7,582	4,918
Other government departments	3,989	8,309
Sundry creditors	39,810	43,667
Total	51,381	56,894

15. Long term borrowing

	Total Outstanding at 31 March:	
	2002 £000	2003 £000
Lender		
Public Works Loan Board	249,737	241,571
Banks and building societies	3,050	2,900
Total	252,787	244,471
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	600	300
More than 10 years	251,587	243,571
Total	252,787	244,471

16. Grants and contributions deferred

	£000	£000
Balance at 31 March 2002		19,107
Grants and contributions received to finance capital expenditure	11,966	
Provision for Credit Liability Grant Commutation	1,092	
Write off to Capital Finance Reserve	(6,929)	
Release to Revenue Account	(388)	
Balance at 31 March 2003		24,848

17. Provisions - Movements during the year

	Balance at 31 March 02 £000	Income £000	Expend- iture £000	Balance at 31 March 03 £000
DLO future liabilities and losses	564	74	0	638
Leased cars	279	1,037	1,084	232
Landscape projects	213	8	2	219
Insurance	5,076	2,302	2,100	5,278
Property maintenance	2,055	1,751	2,407	1,399
Schools maintenance	846	2,983	3,034	795
Magistrates Courts restructuring	765	18	271	512
Social Services Mental Health Refunds	500	0	0	500
Historic Buildings	433	531	412	552
Other	340	333	482	191
Total	11,071	9,037	9,792	10,316

The authority reached an out of court settlement of £673,000 with the legal representatives of a motor cyclist over a claim which occurred during the period when insurance cover was provided by Independent Insurance who subsequently went into liquidation. This value is included in the Insurance Provision balance as at 31st March 2003 and was funded from the Insurance Reserve. Payment will be made in 2003/4.

18. Capital contributions unapplied

	£000	£000
Balance at 31 March 2002		10,256
Net Transfer to grants deferred	3,567	
Balance at 31 March 2003		13,823

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 2002		-
Minimum Revenue Provision	10,093	
Grant commutation	1,092	
Financing of capital expenditure	(10,289)	
Balance at 31 March 2003		896

20. Reserves

See the 'Statement of Total Movements in Reserves' and notes thereto for further details on pages 36 to 38.

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	100,000
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, 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 2002 £000	Income £000	Expend- iture £000	Balance at 31 March 2003 £000
Ashby Upper School Mary Smith Bequest *	45.6	2.6	2.7	45.5
Barrow-on-Soar Humphrey Perkins Endowment	14.6	0.8	0.2	15.2
Longwill Bequest No. 2	22.5	1.3	-	23.8
Kibworth High School Endowment	264.7	26.2	26.9	264.0
Melton Schools Longwill Bequest No. 1	12.4	1.4	2.0	11.8
Loughborough Art and Technical Colleges :				
Thomson Trust	16.9	0.9	-	17.8
Loughborough Technical School	230.5	9.0	-	239.5
Lutterworth Upper School Endowments	13.2	1.0	4.3	9.9
Nailstone Primary School Maynards Charity *	26.1	1.0	5.6	21.5
Bradgate Park and Swithland Wood Charity *	396.2	731.6	616.1	511.7
Others	43.1	17.7	22.2	38.6
Total Trust Funds	1,085.8	793.5	680.0	1,199.3

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

24. Pension Assets and Liabilities

In accordance with Financial Reporting Standard No 17 – Retirement Benefits, the County Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. The Council participates in two formal schemes, the Local Government Superannuation Scheme, which is administered by the County Council's Pension Fund and the Teacher's Scheme. The Council is not required to record information related to the Teacher's Scheme as the liability for payment of pension's rest ultimately with the Department for Education and Skills. In addition the Council has liabilities for discretionary pension payments outside the main schemes.

The Council's assets and liabilities amounted to:

	31 March 2002 £000	31 March 2003 £000
Share of assets in County Council Fund	511,010	405,879
Estimated liabilities in County Council Fund	(524,217)	(555,146)
Net assets / (liabilities) in County Council Fund	(13,207)	(149,267)
Estimated liabilities for discretionary pensions	(21,616)	(22,792)
Net pensions assets / (liabilities)	(34,823)	(172,059)

The Net pension liability is particularly sensitive to fluctuations in the stock market. Since March 2003 asset values have recovered somewhat since this low point.

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

	Long-term rate of return expected	31 March 2002 £000	Long-term rate of return expected	31 March 2003 £000
Equity investments	7.5%	370,080	8.0%	276,781
Bonds	5.5%	91,630	4.8%	73,511
Property	6.0%	31,195	6.0%	43,038
Cash	4.0%	18,105	4.0%	12,549
		511,010		405,879

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 2002	31 March 2003
Rate of inflation	2.8%	2.5%
Rate of increases in salaries	4.3%	4.0%
Rate of increase in pensions	2.8%	2.5%
Rate for discounting scheme liabilities	6.4%	6.1%

The movement in the pension deficit for the year to 31 March 2003 is as follows:

	£000
Net surplus (deficit) at beginning of year	(13,162)
<u>Movement in year</u>	
Current service costs	(15,228)
Contributions	12,096
Past service costs	(300)
Impact of settlements and curtailments	(530)
Finance income	1,791
Actuarial gain / loss	(133,934)
Net deficit at end of year	(149,267)

The actuarial gain /loss can be further analysed as follows:

	£000	%
Actual return less expected return on pension scheme assets	(133,666)	(32.9%)
Experience gains and losses on pension liabilities	(268)	0.0%
Changes in assumptions underlying the present value of pension liabilities	0	0.0%
	(133,934)	