



BOURNEMOUTH STATEMENT OF ACCOUNTS

2002/2003

EXPLANATORY FOREWORD

1 Introduction

The Statement of Accounts for 2002/03 has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom : A Statement of Recommended Practice (SORP) (the 2002 Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

This lays down the proper accounting practices for Local Authorities. Any departures from this standard are referred to in the

The Statement of Accounts for the Authority consist of :-

The Consolidated Revenue Account
 The Housing Revenue Account
 The Collection Fund
 The Consolidated Balance Sheet
 The Statement of Total Movements in Reserves
 The Cash Flow Statement
 The Group Accounts
 The Statement on the System of Internal Financial Control
 The Statement of Responsibilities for the Statement of Accounts

In addition to the above, the Statement of Accounting Policies explains the basis of the figures in the accounts. Notes are also provided with each Statement to assist the reader in understanding the Statements.

2 Revenue Budget Comparison 2002/2003

This Statement reports the actual expenditure and income of the services for which the Authority is responsible. It demonstrates how the net cost has been financed from general Government Grants and from Local Taxpayers. It brings together expenditure and income relating to all of the Authority's functions.

A summary of the Consolidated Revenue Account for 2002/03 is shown below in comparison with the revised budget. This shows what actually happened in the year compared with what was planned.

	Actual	Revised Budget	Difference
	£ 000's	£ 000's	£ 000's
Net Cost of Services	174,638	173,269	1,369
Other Operating Income and Expenditure	(25,428)	(21,506)	(3,922)
Net Operating Expenditure	149,210	151,763	(2,553)
Appropriations	(5,903)	(8,144)	2,241
Amount to be met from Government Grant and Local Taxpayers	143,307	143,619	(312)
Government Grant	(96,158)	(96,158)	-
Local Taxpayers	(50,085)	(50,085)	-
(Surplus) for the Year	(2,936)	(2,624)	(312)
Balance Brought Forward (Surplus)	(1,706)	(1,706)	-
Balance Carried Forward (Surplus)	(4,642)	(4,330)	(312)

Whilst the preceding statement embraces transactions on the Housing Revenue Account, the overall net surplus compared with budget arises on General Fund Services only.

3 The Housing Revenue Account

The Housing Revenue Account reflects the statutory obligation to account separately for the Authority's social housing provision. It shows the major elements of housing revenue expenditure and how these are met by rents, subsidy and other income.

The transactions of the Housing Revenue Account are consolidated with the General Fund in the Consolidated Revenue Account. The surplus on the Housing Revenue Account is however removed from the Consolidated Revenue Account by way of a transfer to Housing Revenue Account balance and thus not included in the balance on the General Fund.

4 The Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The Account shows the transactions of the Authority in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to the Dorset Police Authority (by way of the precept) and to this Authority's General Fund.

5 The Consolidated Balance Sheet

The Consolidated Balance Sheet shows the financial position of the Authority at 31 March 2003. It shows the balances and reserves at the Authority's disposal and its long-term indebtedness, and the fixed and net current assets employed in its operations together with summarised information on the fixed assets held.

The Consolidated Balance Sheet includes all assets and liabilities of all activities of the Authority excluding trust funds and

6 The Statement of Total Movements in Reserves

The Statement of Total Movements in Reserves brings together all the recognised gains and losses of the Authority during the period and identifies whether or not they are recognised in the Consolidated Revenue Account. The statement separates the movements between revenue and capital resources.

7 The Cash Flow Statement

This consolidated statement summarises all of the inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes.

8 The Group Accounts

These statements show the overall financial position and results of the Local Authority Group consisting of the Authority and Bournemouth Transport Limited, in which the Authority has a 100% shareholding. The Statements consist of a Group Revenue Account and a Group Balance Sheet.

9 Statement on the System of Internal Financial Control

This Statement sets out the framework within which financial control is managed and reviewed and the main components of the system.

10 The Statement of Responsibilities for the Statement of Accounts

This Statement sets out the respective responsibilities of the Authority and Head of Financial Services for the accounts.

EXPLANATORY FOREWORD

11 Current Borrowing and Asset Utilisation

The Authority reduced its overall borrowings in 2002/03 by £4,317,000 through the early repayment of Public Works Loans Board debt. This is part of a longer term debt rescheduling exercise, with the objective of reducing the overall cost of borrowing. There have been a small number of asset disposals during the year.

Given historically low long term funding interest rates, the Council's policy is to maintain a stable longer term portfolio by drawing longer term fixed rate funding from the Public Works Loan Board. The Council's strategy is to maintain a balanced maturity portfolio such that, debt repayable in any one year does not exceed a disproportionate amount.

12 Capital Expenditure

Capital Expenditure in the year totalled £ 20,550,714. The major schemes during the year were :-

	£
Housing :-	
Renovation Grants	882,783
Advances to Housing Associations	4,023,522
Education :-	
Stourfield Junior	340,267
Summerbee Junior School	2,088,247
Kings High School	440,859
Portchester School	704,851
Other :-	
Littledown Centre	402,185
E-Government Strategy	400,159
Groynes Stage 26	621,263
10 St Pauls Lane	573,004
Bathroom & Kitchen Refurbishments	595,514

The major sources of finance utilised were Revenue, Capital Grants and Contributions, Capital Receipts, Funds, Borrowing and the Major Repairs Reserve.

13 Financial Reporting Standard (FRS) 17 - Accounting for Retirement Benefits

The Authority has an obligation to fund retirement benefits of its staff. Funds are managed on behalf of the Council by Dorset County Council, and many of the investments are stock market related and as such subject to fluctuations. The funds are subject to triennial review. The Council has made additional fund contributions during 2002/03, with further additional contributions planned in future years to address the funding shortfall. Due to the volatility of the stock market the position is reviewed at least annually as part of the budget process.

14 Summary of Revenue and Capital Investment Plans for 2003/2004

The revenue Budget for 2003/2004 was set against a disappointing Government Grant settlement. The Government has changed the system for allocating grant to Local Authorities for 2003/2004 with significant changes made to the methodology, the treatment of specific trends and increased Teachers Pensions liabilities. As a result of these changes Bournemouth suffered grant losses of approximately £5 million. The grant loss would have been greater except for the grant protection of £3 million.

This left the Council with the option of reducing services or increasing significantly the level of Council Tax. In the event the Council came to a compromise that provided for an increase in the Schools budget as requested by Central Government of £4.8 million, other corporate pressures of £5 million, other services pressures of £2.4 million and inflationary increases of £4 million balances with a Council Tax increase of 14.8%.

The Capital Budget for 2003/2004 is approximately £22 million, with the Council taking the opportunity to bid for additional resources where this is appropriate and in accordance with the Council's corporate priorities. A large proportion of the capital programme supports Education, Highways and Social Housing Initiatives. The remaining expenditure is largely on the maintenance of existing assets. Funding for the Capital Programme is estimated to be from Borrowing (£9 million), Sale of Assets (£1 million), Grants (£10 million) and Council Resources (£2 million).

14 Summary of Revenue and Capital Investment Plans for 2003/20004 (Continued)

During 2003/2004 the Council will be preparing for the introduction of the Prudential Code, which is the proposed regime for the management of Local Authority capital programmes. Subject to the enactment of legislation this is expected to be implemented from 1 April 2004.

THE STATEMENT OF ACCOUNTING POLICIES

1 General

The general principles adopted in the compilation and presentation of these accounts are those recommended by CIPFA in the code of practice on Local Authority Accounting in the United Kingdom: The Statement of Recommended Practice (SORP) (2002 edition). The accounts reflect the requirements of the Best Value Accounting Code of Practice (BVACOP).

2 Reserves and Provisions

A Provision is a charge to the Consolidated Revenue Account above the Net Cost of Service line which is monies set aside for known liabilities but which cannot yet be determined precisely.

Provisions are classified in accordance with Financial Reporting Standard 12.

A Reserve is created by an appropriation from the Consolidated Revenue Account representing a possible future liability. The money is returned to the Revenue Account when the expenditure is incurred, and the actual expenditure recorded against the

The Cost of Services shown in the Consolidated Revenue Account reflects the actual expenditure incurred in the year. The contributions to the Reserves or amounts returned to the Revenue Account are dealt with as appropriations below the Cost of

3 Fixed Assets

Fixed assets are recorded in the Balance Sheet at either Current or Historical Cost. The Values of the Assets are shown net of depreciation which is calculated on a straight line basis over the expected life of the asset.

For an explanation of the methods of valuation used see note 1 to the Consolidated Balance

4 Basis of Charges to Revenue for Fixed Assets

Capital Financing Charges

In accordance with the Capital Accounting requirements Services are charged a Capital Financing Charge at a rate set annually by the CIPFA/LASAAC Joint Committee. The Capital Financing Charge is based on the capital value of the asset shown in the Balance Sheet multiplied by the rate set.

	2002/2003	2001/2002
	%	%
Rate Applied	6.00	6.00

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life on a straight line basis. Following consultation with the directorates the following lives have been applied:-

Buildings	5 - 50 years
Highways Infrastructure	20 years
Coast Protection Infrastructure	25 years
Plant and Equipment	1 - 20 years
Vehicles	5 - 10 years

Following the introduction of Resource accounting for the Housing Revenue Account depreciation has been charged on Council Dwellings. This has resulted in a charge to the HRA for Council Dwellings of £2,921,268. The Major Repairs Allowance has been used as a proxy for depreciation.

Impact on Revenue Account

The Services are charged with Capital Charges (Depreciation and Capital Financing Charges). The Asset Management Revenue Account (AMRA) replaces the Capital Financing Charges with the actual external interest paid by the Authority, leaving depreciation and external interest to be recognised as part of Net Operating Expenditure. Appropriations are made to and from the Capital Financing Reserve to replace depreciation with the Minimum Revenue Provision (MRP) and to debit the Revenue Account with any Capital Expenditure to be met from revenue

5 Deferred Charges

Deferred charges are items of a capital nature for which no fixed asset, as such, exists. This includes such items as feasibility studies, grants, and survey work on coast protection. Capital expenditure relating to Foundation and Voluntary Aided Schools, which are not included in the Council's fixed assets, is also classified as a deferred charge.

Revenue expenditure relating to Local Government Reorganisation which was capitalised is being amortised to revenue over 7 years starting 4 years after the expenditure was incurred. The 2002/03 accounts include an amount of £603,297.

6 Capital Receipts

Capital Receipts arise from the sale of Fixed Assets. These proceeds are now fully available to finance new Capital Expenditure other than housing where there is a requirement to 'set-aside' 75% of the receipt for debt repayment.

7 Grants

Capital grants received by the Authority are credited to a deferred capital grants account. The Service accounts are charged with depreciation based on the full value of the asset, no matter how financed. However, to reflect the fact that grant was received, the deferred capital grants account is credited back to revenue, via the Asset Management Revenue Account, in line with the depreciation charge. Capital Grants that related to Deferred Charges written off in the year are credited to the Service accounts and treated as revenue grants.

Revenue grants are accounted for within the revenue account on an accruals basis.

8 Debtors and Creditors

The revenue and capital transactions of the Authority are recorded on an income and expenditure basis. That is, all sums due to or from the Authority in the year of account are included irrespective of whether the cash has actually been received or paid.

Provisions for bad debts have been created to cover the potential losses in recovery of income. These have been netted off the debtors figure shown in the Consolidated Balance Sheet. An analysis of these provisions is shown in the notes to the Consolidated Balance Sheet.

9 Stocks and Work in Progress

The Code of Practice requires stocks to be shown at actual cost or net realisable value, if lower. Whilst the valuation of the various small stores of the Authority comply, in that they are valued at cost price, the main Southcote Road Depot Store is valued at last price paid. Care is taken to write out any obsolescent stock. This together with the fact that the stocks held are not significant, means that the effect of the different treatment is not considered material.

Work in progress on uncompleted works is valued at the lower of cost (including an allocation of overheads) or net realisable

10 Support Services Recharges

Support Services Recharges are allocated to services on the following basis:-

Cost	Basis of Allocation
Central Directorates unless otherwise shown:-	
Personnel	Time Allocation Sheets
Administrative Buildings	Time/Number of full time employees
Information Management	Area Occupied
Insurance	Estimated Usage
Payroll	Admin Charge added to Premiumns
	Pay-Slip Basis
 Technical Services	
Technical Business Units	Time Allocation Sheets

THE STATEMENT OF ACCOUNTING POLICIES

11 Provision for Pensions

Upon appointment the employees of the Authority become members of either the Local Government Pension Scheme (LGPS) administered by Dorset County Council or the Teacher's Pension Scheme (TPS) administered nationally by Capita Business Services Ltd.. They may, at any time, elect to 'opt out' of these Schemes.

The Schemes are funded by contributions from both the employee and the employer. Costs have been determined in accordance with Government regulations. As a result, the Authority does not 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

Employer's contribution in respect of current employees are included in employment costs charged to fund deficit has been charged to Unapportionable Central Overheads.

The LGPS costs have been assessed in accordance with the advice of the Pension Funds' actuary, the last valuation being March 2001, effective from April 2002 until March 2005.

12 Investments

The main investment, currently, is in Bournemouth Transport Ltd., a wholly owned company set up from the previous Transport Undertaking in accordance with the provisions of the Transport Act 1985. The shareholding in Bournemouth Transport Ltd. is held in the accounts at the amount determined when the company was first established in 1986/87.

13 Short Term Investments

Short Term Investments are valued in the accounts at cost. They consist of surplus cash balances that are lent to approved

14 Operating Leases

Rentals payable under operating leases are charged to revenue on a straight line basis over the term of the lease.

15 Change in Accounting Practice

The major change is the second stage of the introduction of FRS17 relating to accounting for Pensions. This means that for 2002/2003 there is an extended note to the Consolidated Balance Sheet showing not only the Authority's share of the Assets of the Pension fund and its liabilities for future payments, but also movements on the surplus or deficit over the financial year and the history of various gains and losses.

16 Ex Grant Maintained Schools

The Schools Standards and Framework Act changed the status of Grant Maintained Schools to schools maintained by the Local Education Authority in 1999/2000. The current assets and liabilities of those schools transferred to the authority and are shown in the Balance sheet. The fixed assets and long term liabilities remain vested with the Governing Bodies and are thus not shown in the Consolidated Balance Sheet. Two of the schools returned to being Voluntary Aided, the other four became Foundation Schools with an approximate fixed asset valuation of some £30.5m.

17 Borrow to Invest Scheme

This scheme works on the principle that the Authority has a consistent level of Earmarked Reserves at any one time. The scheme allows Directorates to put forward schemes which although costing the Authority in the short term lead to long term savings. The amounts are appropriated from Reserves in the year that the scheme is implemented. The Directorates then repay the "borrowing" from its savings over a maximum of 4 years.

THE CONSOLIDATED REVENUE ACCOUNT

Service / Division	Expenditure	Income	Net	Net
	2002/2003	2002/2003	2002/2003	2001/2002
	£	£	£	£
Central Services to the Public	11,076,997	9,109,778	1,967,219	1,868,290
Court Services	1,039,231	381,296	657,935	641,196
Cultural, Environmental and Planning	63,184,911	31,881,022	31,303,889	31,508,952
Education	90,565,619	19,493,752	71,071,867	69,360,333
Highways, Roads and Transport	19,378,684	8,253,702	11,124,982	11,342,933
Housing	69,868,921	56,418,360	13,450,561	13,275,469
Social Services	61,594,711	22,558,158	39,036,553	39,648,864
Corporate and Democratic Core	3,097,063	41,049	3,056,014	2,903,271
Unapportionable Central Overheads	2,968,751	-	2,968,751	2,437,168
NET COST OF SERVICES	322,774,888	148,137,117	174,637,771	172,986,476
Other Operating Income and Expenditure :-				
Levies :-				
Fire Authority			4,378,657	4,103,700
Environment Agency			942,749	797,287
Dividends			(177,778)	(208,719)
Asset Management Revenue Account			(29,096,736)	(27,601,191)
Interest and Investment Income			(1,629,594)	(1,540,624)
Premium on Debt Redemption			154,649	154,702
NET OPERATING EXPENDITURE			149,209,719	148,691,631
Appropriations :-				
Surplus / (Deficit) transferred to / (from) HRA Balances			358,955	1,142,209
Net Contributions to / (from) Reserves			1,145,438	(716,680)
Contribution from Reserves for Capital Finance			(2,445,550)	(2,214,359)
Application of Reserves to Capital Finance			2,445,550	2,214,359
Revenue Contributions to Capital			963,232	238,973
Reconciling Amount for Provision for Loan Repayment			(5,060,402)	(4,930,476)
Transfers to / (from) Major Repairs Reserve			(13,327)	(16,402)
Deferred Charges Written Off			(3,296,546)	(3,970,313)
AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS			143,307,069	140,438,942
Demand from the Collection Fund			(50,307,686)	(43,648,325)
Contribution from the Collection Fund			222,543	222,388
Revenue Support Grant			(45,891,997)	(50,969,598)
Contribution from the Non-Domestic Rate Pool			(50,265,865)	(45,711,988)
(SURPLUS) / DEFICIT FOR THE YEAR			(2,935,936)	331,419
Balance Brought Forward 1 April			(1,706,562)	(2,037,981)
(Surplus) / Deficit for the year			(2,935,936)	331,419
Balance Carried Forward 31 March			(4,642,498)	(1,706,562)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 Asset Management Revenue Account

The SORP requires that Capital Charges be levied on all of the Council's Assets and these charges are included in all of the service accounts. However, while the aim of these charges is to give a fairer picture of the true cost of services, it is not intended that they should affect the level of local taxation. Consequently, the Council maintains the Asset Management Revenue Account (AMRA) centrally to hold the income from these charges with the surplus being returned to the Consolidated Revenue Account. Thus the AMRA replaces the Capital Financing Charges with the actual external interest, leaving depreciation and external interest to be recognised as part of Net Operating Expenditure.

Income	2002/2003 £	2001/2002 £
Capital Charges for use of Assets	42,442,602	41,415,278
Capital Grants Released	287,300	219,715
Deferred Charges Written Off - HRA	-	62,921
	<u>42,729,902</u>	<u>41,697,914</u>
Less :-		
External Interest Payable	2,620,361	2,551,885
Interest Payable under Finance Leases	-	-
Depreciation	<u>11,012,805</u>	<u>11,544,838</u>
Consolidated Revenue Account	<u><u>29,096,736</u></u>	<u><u>27,601,191</u></u>

2 Operating Leases

The Authority uses vehicles, equipment, computer equipment, surveillance equipment and bottle banks acquired under the terms of operating leases.

	2002/2003 £	2001/2002 £
Amounts paid in the year	<u>745,259</u>	<u>752,421</u>

The future cash payments required under these leases are :-

	£
2003/2004	<u>649,042</u>
2004/2005	514,294
2005/2006 onwards	889,857

3 Demand from the Collection Fund

The demand from the Collection Fund reflects the Budget requirement for that year from Council Taxpayers. The contribution from the Collection Fund relates to previous year's surpluses or deficits from Council Taxpayers.

4 Net Contributions to / (from) Reserves

The make up of the appropriations to the Consolidated Revenue Account, excluding Capital Finance, to / (from) Reserves is as

	2002/2003 £	2001/2002 £
School's Balances	<u>(1,133,272)</u>	<u>872,635</u>
Other Reserves	607,751	156,630
Renewal Funds	3,590	(14,238)
Repairs and Improvements	(111,250)	181,283
Capital Fund	2,095,681	(580,382)
Insurance & Contingent Liabilities	18,510	115,234
Borrow to Invest Scheme	<u>(335,572)</u>	<u>(1,447,842)</u>
Total Appropriations to / (from) Reserves	<u><u>1,145,438</u></u>	<u><u>(716,680)</u></u>

5 Trading Operations

The Authority operates the following significant trading operations within the overall General Fund

Pavilion, BIC, Pier Theatre and Winter Gardens

The four venues operate under a unified management structure. The Pavilion complex incorporates a theatre and ballroom; the BIC constitutes a multi purpose centre for conferences, exhibitions and entertainments. The Pier Theatre operates in the main summer season only. Whilst the Authority operates all venues on a commercial basis it does require facilities to be provided consistent with Bournemouth's position as an 'all year round resort'.

	<u>2002/2003</u> £'000	<u>2001/2002</u> £'000
Income	11,226	10,321
Expenditure	<u>(14,350)</u>	<u>(13,513)</u>
Net surplus / (deficit)	<u><u>(3,124)</u></u>	<u><u>(3,192)</u></u>

Amusement Centres

Two centres at Bournemouth Pier and Boscombe (Neptune) provide gaming an amusement machines and are operated in order to maximise income reducing the support costs of Seafront Services

	<u>£'000</u>	<u>£'000</u>
Income	942	1,090
Expenditure	<u>(481)</u>	<u>(442)</u>
Net surplus / (deficit)	<u><u>461</u></u>	<u><u>648</u></u>

Trade Refuse

The Council collects and disposes of trade and commercial waste on behalf of businesses throughout the borough. The operation should generate income in order to contribute to the Authority's total waste management costs.

	<u>£'000</u>	<u>£'000</u>
Income	1,002	905
Expenditure	<u>(854)</u>	<u>(788)</u>
Net surplus / (deficit)	<u><u>148</u></u>	<u><u>117</u></u>

Golf Course Management

Two 18 hole golf courses are provided, one of which also offers bar and buffet facilities. These services are operated to maximise income and reduce the support costs of providing leisure park facilities.

	<u>£'000</u>	<u>£'000</u>
Income	635	659
Expenditure	<u>(762)</u>	<u>(951)</u>
Net surplus / (deficit)	<u><u>(127)</u></u>	<u><u>(192)</u></u>

Catering Contracts

The Council operates three venues:- a 200 seater self service café, a fast food takeaway and club/bar. As well as providing food and beverages to the public the café and bar are also offered for corporate and private events. All three maximise income to reduce the support costs of Seafront Services.

	<u>£'000</u>	<u>£'000</u>
Income	1,071	1,166
Expenditure	<u>(1,209)</u>	<u>(1,232)</u>
Net surplus / (deficit)	<u><u>(138)</u></u>	<u><u>(66)</u></u>

Littledown Centre

The facility offers a variety of sports/recreation activities ranging from gym workout, exercise classes, swimming and spa facilities. The service seeks to maximise income to reduce the support costs of providing leisure facilities.

	<u>£'000</u>	<u>£'000</u>
Income	3,787	3,480
Expenditure	<u>(4,188)</u>	<u>(4,659)</u>
Net surplus / (deficit)	<u><u>(401)</u></u>	<u><u>(1,179)</u></u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

6 Section 137 Expenditure

Section 137 of the Local Government Act 1972 empowers the Authority, subject to various conditions and limits, to incur expenditure which in its opinion is in the interest of and will bring direct benefit to the area or any part of it, or all or some of its inhabitants. Under this section the Authority is required to account separately for any such expenditure.

The amount the Authority was allowed to spend in 2002/2003 was £618,640 calculated by taking the mid 2001 population of 162,800 and multiplying by the allowed amount of £3.80 per head.

The actual amount spent in 2002/2003 was £505,477 which was made up of grants to various organisations.

7 Publicity Expenditure

Set out below, in accordance with the requirements of Section 5(1) of the Local Government Act 1986, is the Authority's spending on Publicity.

	2002/2003	2001/2002
	£	£
Tourism and Publicity	65,769	198,850
Bournemouth Guide	434,201	344,500
Bournemouth Journal	51,699	47,641
Other Advertising and Publicity	739,605	712,323
General Staff Advertising	598,734	588,527
Total	1,889,708	1,891,841

Other advertising includes that associated with shows at the Pavilion, BIC and Pier Theatre and various other facilities and services that the Authority provides.

8 Income derived from Other Bodies

The Authority provides goods and services to other bodies as laid out below :-

	2002/2003	2001/2002
	£	£
Social Services :-		
Residential Homes and Day Care - Other Local Authorities	768,969	803,539
Health Authorities Contributions	440,317	257,220
Education :-		
Special Education Recoupment - Teaching out of Borough Children	1,797,560	962,295
Education - Courses Workshops etc.	24,715	66,975
Other :-		
Probation / Magistrates / Coroners	556,706	578,130
Dorset Interactive Centre	51,086	42,450
Miscellaneous Income from other Bodies	85,400	80,670
	3,724,753	2,791,279

9 Pensions

The note below contains details of the employer's contributions charged to the Consolidated Revenue Account. The Accounting Code of Practice calls for the implementation of FRS17, Retirement Benefits, by 2003/2004 with a staged implementation which started in 2001/02.

Further details, including the staged FRS17 disclosure note on pensions liabilities, can be found in note 19 to the Consolidated Balance Sheet.

LOCAL GOVERNMENT PENSION SCHEME

Membership of the Local Government Pension Scheme is automatic upon appointment for all employees except casual employees who may elect to join. Employees may opt out of the Scheme if they wish. The Scheme is administered by Dorset County Council. The employees pay a contribution by way of a fixed percentage of their pay. The Authority is required to make sufficient contributions to ensure that there is no shortfall in the Fund as assessed by the Fund's actuary.

The Pension Fund is required by the Government to achieve a 100% level of funding. The employer's contribution is determined on a triennial valuation. The last review was carried out in March 2001 to take effect from April 2002.

9 Pensions (Continued)

LOCAL GOVERNMENT PENSION SCHEME (Continued)

	2002/2003	2001/2002
	£	£
Employer's Contribution	6,708,934	5,545,965
Percentage of Pensionable Pay	13.21%	11.51%
Pension Payments relating to Added Years together with related increases	772,274	728,602
Percentage of Pensionable Pay	1.52%	1.49%
Amount required for the year if contributions in accordance with SSAP 24	6,708,934	5,545,965
Percentage of Pensionable Pay	13.21%	11.51%

It is intended that the above level of contributions allow for the Pension Fund to be fully funded by the year 2008.

	2002/2003	2001/2002
	£	£
Capital Cost of any discretionary increases in pension payments :-		
In year	695,600	735,949
In earlier years for which payments are still being made	13,900,932	12,833,338

For further information the Annual Report of the Dorset County Council Pension Fund is available from the County Treasurer, Dorset County Council, County Hall, Dorchester, Dorset.

TEACHERS PENSION SCHEME

Membership of the Teachers' Pension Scheme is automatic upon appointment for all full time members of the teaching profession except part timers and supply teachers who may elect to join. Teachers may opt out of the Scheme if they wish. The scheme is administered by Capita Business Services Ltd. Teachers pay a contribution by way of a fixed percentage of their pay. The Authority is required to make sufficient contributions to ensure that there is no shortfall in the Fund as assessed by the Fund's

	2002/2003	2001/2002
	£	£
Employer's Contribution	2,798,442	2,363,535
Percentage of Pensionable Pay	8.35%	7.40%
Pension Payments relating to Added Years together with related increases	456,591	441,182
Percentage of Pensionable Pay	1.36%	1.38%
Capital Cost of any discretionary increases in pension payments :-		
In year	118,494	54,240
In earlier years for which payments are still being made	8,218,644	7,941,281

10 Minimum Revenue Provision (M.R.P.) - Reconciling Amount for Provision for Loan Repayment

The Authority is required by Statute to set aside a minimum revenue provision for the redemption of external debt. The method of calculating the provision for both the Authority's General Fund services and the Housing Revenue Account is defined by Statute. The provision has been charged to the Service Revenue account as part of the depreciation element of the capital financing

	2002/2003	2001/2002
	£	£
Reconciling Amount for Provision of Loan Repayment	(5,060,402)	(4,930,476)
Depreciation for the year	11,012,805	11,544,838
Capital Grants transferred to Revenue	(1,296,869)	(2,179,664)
Transfer from Major Repairs Reserve	(13,327)	(16,402)
Major Repairs Allowance	(2,921,268)	(2,872,043)
	<u>1,720,939</u>	<u>1,546,253</u>
General Fund	1,357,600	1,131,855
Housing Revenue Account	363,339	414,398
Total M.R.P.	<u>1,720,939</u>	<u>1,546,253</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

11 Lotteries

One instant lottery was operated during 2002/2003. This involved sales of 16,559 tickets

	<u>2002/2003</u>	<u>2001/2002</u>
	£	£
Income from Sales	8,279	31,173
Less: Expenses and Prizes Paid	<u>8,279</u>	<u>21,455</u>
Surplus on Operations	-	9,718
 Add - Interest on Balances	 223	 2,309
- Underspending Returned	5,722	22,809
 Available for Application	 <u><u>5,945</u></u>	 <u><u>34,836</u></u>

No amounts available for application were applied to schemes during 2002/2003.

12 Officer's Emoluments

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £10,000 were :-

Remuneration Band	<u>2002/2003</u>	<u>2001/2002</u>
	No. of Employees	No. of Employees
£50,000 - £59,999	23	19
£60,000 - £69,999	3	4
£70,000 - £79,999	3	3
£80,000 - £89,999	4	1
£90,000 - £99,999	-	2
£100,000 - £109,999	1	-
Bands £110,000 - £149,999	-	-
£150,000 - £159,999	-	1

13 Members' Allowances

In accordance with the Local Authorities (Members' Allowances) Regulations 1991 the Authority publishes each year details of the total amount of basic allowance, attendance allowance and special responsibility allowance paid to Members of Bournemouth Borough Council.

	<u>2002/2003</u>	<u>2001/2002</u>
	£	£
Total Allowances Paid	538,506	337,020

14 Related Party Transactions

Related Parties of a Local Authority include :-

Central Government - details of transactions with Central Government are given throughout the Statement of Accounts.

Other Local Authorities and Bodies - details of income derived from these bodies is given in note 8 of the Consolidated Revenue Account.

Companies - The Authority has a 100% shareholding in Bournemouth Transport Ltd.. Details are shown in note 11 of the Consolidated Balance Sheet and in the Group Accounts Section.

Pension Funds - details of transactions with the Pension Funds are given in note 9 of the Consolidated Revenue Account.

Members and Chief Officers - payments to companies and organisations that have been declared in the register of interests amount to £10,240,135. The major declarations are as Members of the Dorset Fire Authority (£4,013,980) and Dorset Police Authority (£1,069,905), and a Director of Dorset Trust (£1,130,649).

15 Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Charging Account 2002/2003	Chargeable £	Non Chargeable £	Total Building Regulations £
Expenditure :-			
Employee Expenses	350,894	85,155	436,049
Transport	12,542	3,044	15,586
Supplies and Services	27,872	6,764	34,636
Central and Support Service Charges	137,813	27,775	165,588
Total Expenditure	529,121	122,738	651,859
Income :-			
Building Regulation Charges :-			
Deposit of Plan Fees	166,700	-	166,700
Inspection Fees	287,292	-	287,292
Building Notice Fees	88,242	-	88,242
Total Income	542,234	-	542,234
Surplus / (Deficit) for Year	13,113	(122,738)	(109,625)
Surplus / (Deficit) for 2001/2002	91,085	(86,431)	4,654

16 Private Finance Initiative - (PFI)

A PFI arrangement was entered into in 2000/2001 to provide a new Central Library and associated IT services. The service and payments started on 1 March 2001. In 2002/2003 the Authority made payments in the form of a unitary charge of £1,682,124. The expected charge for 2003/2004 is £1,710,000 and £1,737,000 in 2004/2005.

Total payments over 30 years amount to £66million. The net present value of the PFI arrangement over the contract period is estimated to £31.6 million. This will be partly funded by specific Government grant. The contract expires in 2031/32.

THE HOUSING REVENUE ACCOUNT

	Note	2002/2003	2001/2002
		£	£
INCOME			
Gross Rent from Dwellings		13,428,905	13,319,062
Gross Rent from Other Property		173,431	169,926
Charges for Services and Facilities		372,710	347,650
Housing Revenue Account Subsidy	11	6,012,801	6,283,607
Housing Benefit from General Fund		43,339	46,385
Total Income		20,031,186	20,166,630
EXPENDITURE			
Supervision and Management		2,856,383	2,764,051
Repair and Maintenance	4	2,980,386	2,784,865
Rent, Rates and Local Taxes		19,855	23,278
Rent Rebate Payments		8,751,651	8,723,372
Provision for Doubtful Debts		(1,030)	55,530
Capital Financing Charges			
- Asset Rental	7	12,283,854	12,263,912
- Depreciation	2	2,934,595	2,888,445
Amortisation of Deferred Charges	9	55,671	62,921
Debt Management Expense		41,049	40,586
Total Expenditure		29,922,414	29,606,960
Net Cost of Services		9,891,228	9,440,330
Asset Management Revenue Account		(11,385,460)	(11,141,678)
Premium on Debt Redemption		88,581	88,634
Investment Income		(210,877)	(166,464)
Net Operating Income		(1,616,528)	(1,779,178)
Appropriations			
Revenue Contribution to Capital Expenditure		963,232	238,973
Minimum Revenue Provision		363,339	414,398
Transfer from Major Repairs Reserve	3	(13,327)	(16,402)
Deferred Charges Written Off		(55,671)	-
(Surplus)/Deficit for the year		(358,955)	(1,142,209)
Balance Brought Forward 1 April (Surplus)		(2,547,465)	(1,405,256)
Balance Carried forward 31 March (Surplus)		(2,906,420)	(2,547,465)

The Government introduced Resource Accounting to the Housing Revenue Account on 1 April 2001. The move to Resource Accounting involved the inclusion within the HRA of new debits and credits together with a new layout of the HRA. The most important change has been the inclusion within the HRA service account of a Capital Financing Charge based on 6% return on the revised HRA asset value together with the inclusion of a charge for depreciation. These charges within the service accounts are adjusted within the operating account to show the overriding statutory debits and credits and the actual income from the

The HRA accounts are split into three elements;

Net Cost of Service	Contains the main items of income and expenditure relating directly to the business of running the HRA.
Net Operating Expenditure	Contains the adjusting transfers to correct the statutory charge
Appropriations	Contains transfers to other Funds and Capital Financing

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Housing Stock

The Authority was responsible for managing the following housing stock :-

		31 March 2003 No.	31 March 2002 No.
Houses	- 2 Bed	705	727
	- 3 Bed	1,115	1,147
	- 4 Bed	88	94
Flats	- 1 Bed	2,128	2,135
	- 2 Bed	795	803
	- 3 Bed	22	21
Bungalows	- 1 Bed	283	279
	- 2 Bed	112	112
	- 3 Bed	31	31
		5,279	5,349

2 Balance Sheet Value of HRA Assets

Operational Assets

	Council Houses £	Other Land and Buildings £	Total £
At Cost / Revaluation :-			
Balance Sheet value at 1 April 2002	202,679,902	2,489,500	205,169,402
Additions	3,470,628	27,407	3,498,035
Disposals	(3,066,327)	(92,264)	(3,158,591)
Revaluations	34,516,139	307,659	34,823,798
Balance Sheet Value at 31 March 2003 :-	237,600,342	2,732,302	240,332,644
Depreciation B/Fwd	(2,872,043)	(16,402)	(2,888,445)
Depreciation for year	(2,921,268)	(13,327)	(2,934,595)
Total Depreciation	(5,793,311)	(29,729)	(5,823,040)
Net Book Value at 31 March 2003	231,807,031	2,702,573	234,509,604

The Balance Sheet value is based on existing use value as Social Housing. The Government also requires a Housing Authority to value its stock as if it was not tenanted and could be sold with vacant possession. This form of valuation is higher than for existing Social use. For Bournemouth the vacant possession value of dwellings on 1 April 2002 was £425,836,865. The difference between these two methods of valuation for dwellings within the HRA shows the economic cost to the Government of providing Council Housing at less than market rent.

3 Major Repairs Reserve

This was a new Reserve in 2001/2002. It receives a transfer from the Capital Financing Reserve equivalent to the total Depreciation charged to the HRA. A transfer is put back to the HRA to reduce this amount back to the value of the Major Repairs Allowance. The net sum is then available to finance HRA Capital Expenditure.

	2002/2003 £	2001/2002 £
Balance Brought Forward 1 April	716,117	-
HRA Depreciation from Capital Financing Reserve	2,934,595	2,888,445
Excess Depreciation to HRA	(13,327)	(16,402)
Financing of HRA Capital Expenditure - Council Housing	(2,642,299)	(2,155,926)
Balance Carried Forward 31 March	995,086	716,117

NOTES TO THE HOUSING REVENUE ACCOUNT

4 Housing Repairs

	2002/2003	2001/2002
	£	£
Responsive Repairs	1,953,166	1,986,247
Programmed Repairs	527,220	298,618
Support Costs	500,000	500,000
Charge to Housing Revenue Account	<u>2,980,386</u>	<u>2,784,865</u>

The Authority does not maintain a separate Housing Repair Account.

5 Financing of Capital Expenditure - 2002/2003

	2002/2003	2001/2002
	£	£
Capital Expenditure :-		
Council Housing	3,470,628	3,105,764
Other Land and Buildings	27,407	306,428
Deferred Charges - Tenants' Incentive Scheme	55,436	63,156
Total Capital Expenditure	<u>3,553,471</u>	<u>3,475,348</u>
Justification / Financing :-		
Borrowing Approvals	-	800,669
Revenue Contributions	963,232	238,973
Capital Receipts	173,920	-
Government Grants	-	8,224
Funds	-	-
Major Repairs Reserve	2,642,299	2,155,926
Creditors (Net)	(225,980)	271,556
Total Financing	<u>3,553,471</u>	<u>3,475,348</u>

6 Capital Receipts

	2002/2003	2001/2002
	£	£
Usable Capital Receipts Brought Forward 1 April	1,748,978	790,339
Capital receipts in year :-		
- Sale of Council Houses	4,652,606	3,794,022
- Discounts Repaid	70,434	28,744
- Rent to Mortgage	66,753	-
- Equity Purchase	187,500	-
- Housing Advances Repaid	58,253	59,958
- Other	4,000	1,575
Reserved	(3,704,229)	(2,925,660)
Applied to finance Capital Expenditure		
- HRA	(173,920)	-
- Housing Non-HRA	(891,302)	-
Balance Carried Forward 31 March	<u>2,019,073</u>	<u>1,748,978</u>

7 Cost of Capital Charge

Capital charges in 2002/03 have been calculated in accordance with Resource Accounting. Initial asset charges have been calculated on the basis of 6% of the opening HRA valuation of £205,169,402. Along with a prior year adjustment of £31,110 this has created a revenue charge within the Net Cost of Service of £12,283,854. An adjustment of £11,385,460 was drawn from the Asset Management Revenue Account to reduce this charge to the Statutory Debit Charge of £929,269.

In addition to these asset charges £55,671 of deferred charges were written off within the Net Cost of Service and adjusted for within the Appropriations section of the HRA.

Depreciation of £2,921,268 for Council Dwellings and £13,327 for other assets was charged within the Net Cost of Service. This has been adjusted by a transfer from the Major Repair Allowance to ensure that the MRA transfer from the HRA equals the subsidy payment of £2,921,268.

The Statutory Debit for the Minimum Revenue Provision of £363,339 is included within the total HRA surplus.

8 Impairment Charges

There were no Impairment Charges for 2002/2003.

9 Deferred Charges

Deferred Charges amounting to £55,671

10 Rent Arrears

	31 March 2003	31 March 2002
	<u>£</u>	<u>£</u>
Cumulative Gross Arrears	414,167	462,671
Provision for Uncollected Debts	191,898	235,505

11 Housing Revenue Account Subsidy

The Authority is required by the Government to maintain a notional Housing Revenue Account in order that the Authority's entitlement to Housing Subsidy can be calculated.

	2002/2003	2001/2002
	<u>£</u>	<u>£</u>
Expenditure on Notional Account	9,697,514	9,707,020
Income on Notional Account	12,585,060	12,251,180
Surplus on Notional Account	2,887,546	2,544,160
Housing Benefit Grant due	8,930,540	8,827,767
Housing Subsidy Grant due	6,042,994	6,283,607
Previous Year Adjustment	(30,193)	-
Housing Subsidy Grant Paid	<u><u>6,012,801</u></u>	<u><u>6,283,607</u></u>

THE COLLECTION FUND

	Note	2002/2003 £	2001/2002 £
INCOME			
Income from Council Tax		50,123,847	43,289,368
Transfers from General Fund :- - Council Tax Benefit		7,260,918	6,461,566
Sub-Total - Council Tax	1	<u>57,384,765</u>	<u>49,750,934</u>
Income Collectable from Business Ratepayers (NNDR)	2	42,327,314	40,934,325
Contributions :-			
- Towards Estimated Collection Fund Deficit		222,543	222,388
- NDR Pool Account		66,009	-
- Compensation for Council Tax Benefit Subsidy Limitation		-	69,598
Total Income		<u>100,000,631</u>	<u>90,977,245</u>
EXPENDITURE			
Precepts and Demands	3	56,341,396	49,006,084
Business Rate :-			
- Payment to National Pool		42,061,462	40,662,923
- Costs of Collection		265,852	271,402
Bad and Doubtful Debts :-			
Council Tax :-			
- Write Offs		240,108	177,385
- Provisions		192,277	158,193
Contributions :-			
- Towards Estimated Collection Fund Suplus		-	-
Total Expenditure		<u>99,101,095</u>	<u>90,275,987</u>
Movement in Fund Balance (Surplus)/Deficit		(899,536)	(701,258)
Balance Brought Forward 1 April		487,734	1,188,992
Balance Carried Forward 31 March		<u>(411,802)</u>	<u>487,734</u>

NOTES TO THE COLLECTION FUND

1 Income from Council Tax

The Council Tax is calculated and charged on domestic properties. For the purposes of identifying liability and determining the level of Tax, properties are placed in one of eight Valuation Bands by the Inland Revenue. After accounting for discounts, exemptions etc. these are then converted to a Band D equivalent which is known as the Tax Base. The Tax Base for 2002/2003 on which the tax was set was :-

Valuation Band	No. of Properties	Proportion to Band D	No. of Band D Equivalent Properties
A	10,067	6 / 9	6,711
B	12,180	7 / 9	9,473
C	18,047	8 / 9	16,042
D	12,029	9 / 9	12,029
E	6,335	11 / 9	7,743
F	2,924	13 / 9	4,223
G	1,312	15 / 9	2,187
H	77	18 / 9	154
Total	62,971		58,562

The estimated yield for the year was £56,368,853 with the actual yield being £57,384,765.

The rise in income over 2001/2002 resulted from a small increase in the number of Band D equivalent properties and an increase in the level of the tax.

2 Income from Business Ratepayers

The total Rateable Value at 31 March 2003 was £106,723,308. The Multiplier (rate in the £) for 2002/03 as set by Government was 43.7p. The difference between the actual yield (£42,327,314) and that derived from the Rateable Value and Multiplier (£46,638,085) is due to:-

	2002/2003 £
Reductions in liability as a result of successful appeals	2,481,104
Reliefs	403,614
Reductions for Empty Properties	1,438,766
Write Offs	284,177
Provision for doubtful debts	(296,890)
	4,310,771

3 Precepts and Demands

The following Precepts and Demands were met by the Collection Fund :-

	2002/2003 £	2001/2002 £
Bournemouth Borough Council	50,307,686	43,648,325
Dorset Police Authority	6,033,710	5,357,759
Total	56,341,396	49,006,084

THE CONSOLIDATED BALANCE SHEET

	Note	2002/2003 £	2002/2003 £	2001/2002 £
FIXED ASSETS				
Operational Assets				
- Council Dwellings		234,509,604		202,280,957
- Other Land and Buildings		255,370,207		229,263,091
- Vehicles Plant and Equipment		2,830,573		2,848,370
- Infrastructure		55,724,292		55,657,110
- Community Assets		2,574,831		3,669,005
Non-operational Assets				
- Investment Properties		5,827,138		6,092,442
	1		556,836,645	499,810,975
Deferred Charges	2		3,414,197	3,900,427
Long Term Investments	11		2,522,199	2,522,199
Long Term Debtors	3		1,908,932	2,145,892
Debenture Loan			560,000	560,000
TOTAL LONG TERM ASSETS			565,241,973	508,939,493
CURRENT ASSETS :-				
Stocks and Work in Progress		1,029,928		969,909
Stocks and Stores		(0)		-
Debtors		22,382,940		18,385,641
Short Term Investments		25,550,000		19,750,000
Other Balances		23,097		14,782
Cash and Bank		5,050,637		4,137,515
		54,036,602		43,257,847
LESS CURRENT LIABILITIES :-				
Creditors		29,990,211		24,629,584
Temporary Borrowing		1,294,288		1,113,681
Other Balances		5,907		6,602
Bank Overdraft		5,023,215		3,301,081
		36,313,621		29,050,948
NET CURRENT ASSETS			17,722,981	14,206,899
TOTAL ASSETS LESS CURRENT LIABILITIES			582,964,954	523,146,392
Long Term Borrowing	10	35,829,310		40,235,058
Deferred Capital Receipts		1,010,418		1,097,992
Deferred Credits		1,479,000		1,479,000
Provisions	13	4,353,781		3,171,114
			42,672,509	45,983,164
TOTAL ASSETS LESS LIABILITIES			540,292,445	477,163,228
Fixed Asset Restatement Reserve			443,437,203	389,105,604
Capital Financing Reserve			53,647,019	54,989,174
Unapplied Capital Grants and Contributions			2,282,549	3,164,146
Capital Grants and Contributions Deferred			15,016,492	9,332,540
Capital Receipts Applicable			4,219,232	2,044,033
Major Repairs Reserve			995,086	716,117
Transport Realisation Account			3,072,000	3,072,000
Earmarked Reserves	12		9,662,144	10,973,321
Balances				
- General Fund	12		4,642,498	1,706,562
- Housing Revenue Account	12		2,906,420	2,547,465
- Collection Fund			411,802	(487,734)
TOTAL EQUITY			540,292,445	477,163,228

Judith A Martin CPFA

Acting Head of Financial Services

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Fixed Assets

The valuations have been carried out using the Authority's Planning and Development Services who hold the F.R.I.C.S. FRS 11 - Impairment of Fixed Assets and Goodwill requires a charge to revenue to be made where there has been a clear consumption of economic benefit from an asset. Only those assets that were subject to revaluation during the year were assessed for impairment. The remaining assets will be reviewed as and when the remaining revaluations are undertaken, however, any material impairment would be recorded in the year it arose eg loss of a building through fire.

At Cost / Revaluation	Balance 1 April 2002 £	Additions £	Disposals £	Revaluations £	Balance 31 March 2003 £
Operational Assets					
- Council Dwellings	205,169,402	3,498,035	(3,158,591)	34,823,797	240,332,643
- Other Land & Buildings	237,240,727	5,879,760	(1,400,000)	22,796,067	264,516,554
- Vehicles Plant and Equipment	6,456,953	546,168	(691,955)	-	6,311,166
- Infrastructure	73,849,259	3,607,591	-	214,146	77,670,996
- Community Assets	3,860,140	175,322	-	(1,177,040)	2,858,422
Non-Operational Assets					
- Investment Property	6,167,254	-	-	(271,998)	5,895,256
	<u>532,743,735</u>	<u>13,706,876</u>	<u>(5,250,546)</u>	<u>56,384,972</u>	<u>597,585,037</u>

Depreciation	Balance 1 April 2002 £	Charges For Year £	Disposals £	Revaluations £	Balance 31 March 2003 £
Operational Assets					
- Council Dwellings	(2,888,445)	(2,934,595)	-	-	(5,823,040)
- Other Land & Buildings	(7,977,636)	(3,611,513)	44,000	2,398,802	(9,146,347)
- Vehicles Plant and Equipment	(3,608,583)	(568,429)	696,420	-	(3,480,592)
- Infrastructure	(18,192,149)	(3,754,556)	-	-	(21,946,705)
- Community Assets	(191,135)	(112,845)	-	20,389	(283,591)
Non-Operational Assets					
- Investment Property	(74,812)	(30,868)	-	37,562	(68,118)
	<u>(32,932,760)</u>	<u>(11,012,806)</u>	<u>740,420</u>	<u>2,456,753</u>	<u>(40,748,393)</u>

Net Book Value

These are the values that the assets are shown at in the Balance Sheet and are the original cost of the Asset or following revaluation and netted down by any depreciation charged.

	Balance 31 March 2003	Balance 1 April 2002
Operational Assets		
- Council Dwellings	234,509,603	202,280,957
- Other Land & Buildings	255,370,207	229,263,091
- Vehicles Plant and Equipment	2,830,574	2,848,370
- Infrastructure	55,724,291	55,657,110
- Community Assets	2,574,831	3,669,005
Non-Operational Assets		
- Investment Property	5,827,138	6,092,442
Total Net Book Value	<u>556,836,644</u>	<u>499,810,975</u>

Valuation History

The different classifications of asset are valued on a different bases as follows:-

Classification	Basis of Valuation	Depreciation
- Council Dwellings	Valued annually as Social Housing	Equals Major Repairs Allowance
- Other Land & Buildings	Net Current Replacement Cost/Net Recoverable Amount	Straight Line
- Vehicles Plant and Equipment	Historical Cost	Straight Line
- Infrastructure	Historical Cost	Straight Line
- Community Assets	Historical Cost	Straight Line
- Investment Property	Open Market Value	Straight Line

NOTES TO THE CONSOLIDATED BALANCE SHEET
1 Fixed Assets (Continued)
Valuation History

Other Land & Buildings and Investment Properties are valued on a 5 year rolling basis. The proportion of the total value of these assets valued over previous financial years is as follows:-

	Other Land & Buildings		Investment Property	
	Valuation £'000	Depreciation £'000	Valuation £'000	Depreciation £'000
Historic	1,138	(96)	-	-
97/98	900	(43)	-	-
98/99	18,788	(1,032)	17	-
99/00	50,656	(2,578)	102	-
00/01	22,442	(1,969)	2,090	(57)
01/02	65,934	(2,230)	2,808	(7)
02/03	104,659	(1,198)	878	(4)
	<u>264,517</u>	<u>(9,146)</u>	<u>5,895</u>	<u>(68)</u>

2 Deferred Charges

Movements in deferred charges during the year were as follows :-

	Balance 1 April 2002 £	Expenditure £	Discharged £	Balance 31 March 2003 £
Housing Advances	21,240	-	7,250	13,990
Renovation Grants	134,791	747,992	882,783	-
HRA	235	55,436	55,671	-
Coast Protection	213,245	303,473	303,473	213,245
General Fund Items	6,496	1,703,415	1,444,072	265,839
Local Government Reorganisation	3,524,420	-	603,297	2,921,123
	<u>3,900,427</u>	<u>2,810,316</u>	<u>3,296,546</u>	<u>3,414,197</u>

3 Long Term Debtors and Prepayments

Movements in long term debtors during the year were as follows :-

	Balance 1 April 2002 £	Additions £	Reductions £	Balance 31 March 2003 £
Police and Probation Loans	739,459	-	27,657	711,802
Housing	358,533	-	65,503	293,030
Social Housing Grant	-	4,023,522	4,023,522	-
AFC Bournemouth Loan	250,000	-	-	250,000
Shelley Lodge	-	10,000	-	10,000
Debt Redemption Premia Prepayment	797,900	-	153,800	644,100
	<u>2,145,892</u>	<u>4,033,522</u>	<u>4,270,482</u>	<u>1,908,932</u>

4 Financing of Capital Expenditure - 2002/2003

	2002/2003 £	2001/2002 £
Expenditure :-		
- Fixed Assets	13,706,876	15,411,821
- Deferred Charges	2,810,316	3,672,955
- Deferred Debtors	4,033,522	1,980,142
Total Capital Expenditure	<u>20,550,714</u>	<u>21,064,918</u>
Justification / Financing :-		
Borrowing Approvals	7,822,720	7,039,918
Revenue Contributions	963,232	238,973
Capital Receipts	1,578,512	699,771
Capital Grants and Contributions	5,608,293	7,905,668
Funds	2,445,550	2,214,359
Major Repairs Reserve	2,642,299	2,155,926
Creditors (Net)	(509,892)	810,303
Total Finance	<u>20,550,714</u>	<u>21,064,918</u>

5 Assets Owned at 31 March 2003

The analysis below gives an indication of the actual assets that are held by the Authority :-

OPERATIONAL ASSETS**Council Dwellings :-**

Houses	1,908
Flats	2,945
Bungalows	426
Total Council Dwellings	5,279

Other Land and Buildings :-

Sports Pavilions	30
Public Conveniences	58
Beach Catering Outlets	41
Depots and Related Offices	4
Car Parks	49
Cemeteries - (East, Kinson, North and Wimborne Road)	4
Crematorium - (within grounds of North Cemetery)	1
Swimming Pools - (Kinson and Stokewood Road)	2
Littledown Recreation Centre	1
Tourist Information Centre Westover Road	1
Bournemouth International Centre	1
The Pavilion	1
The Winter Gardens	1
Bournemouth Pier (including Theatre, Shops and Leisure Centre)	1
Boscombe Pier (including Shops)	1
Administrative Buildings - (being the Town Hall and Annexe)	2
Social Services Local Offices	8
Schools :- Primary	16
- Secondary	6
- Special	2
Libraries	12
Bournemouth Centre for Community Arts	1
Hengistbury Head Outdoor Education Centre	1
Social Services Local Offices	8
Youth Centres	8
Day Centres for Older People	5
Other Day Centres	8
Residential Homes	6
Dorset Enterprises Workshop for People with Learning Disability	1
Borough Farms	7
Athletic Centre at Kings Park	
Russell-Cotes Art Gallery and Museum	

Vehicles Plant and Equipment :-

The Authority operates a number of vehicles varying from small vans to refuse collection vehicles. These have been acquired using a variety of financing methods.

In addition the Authority operates various items of IT equipment.

Infrastructure :-

Local Authority Maintained Roads	524 Kms
Promenades	8.5 Kms
Natural Beaches	3.7 Kms
Pedestrianised areas	
Cliff Lifts	3
Beach Hut Sites	1,289
Beach Bungalows	657

Community Assets :-

Approximately 2,000 acres of parks, gardens, open spaces and allotments.

NON-OPERATIONAL ASSETS**Investment Property :-**

Consists of a number of properties currently rented to commercial operators e.g. Valentino's Restaurant

NOTES TO THE CONSOLIDATED BALANCE SHEET

6 Significant Commitments under Capital Contracts

Major commitments under Capital Contracts at 31 March 2003 were as follows :-

	£
Social Services IT Infrastructure	272,000
Kings High - Science Block	1,300,000
Stourfield Junior - Classroom Extension	547,000

7 Provision for Bad Debts

Provisions have been allowed for bad debts and are netted off against the debtors figure shown in the Consolidated Balance

	31 March 2003	31 March 2002
	£	£
Collection Fund	1,945,442	1,740,452
Benefit Overpayments	1,823,684	1,823,684
Cost of Collection	2,059	13,250
Housing Revenue Account	191,898	235,505
General Fund	185,140	169,873
Provision carried forward	4,148,222	3,982,764

8 Provision for Credit Liabilities (PCL)

The Authority is required to maintain a record of the sums set aside under the Local Government and Housing Act 1989. These amounts are set aside as provision to repay external loans, to meet the cost of credit arrangements and for other specific capital purposes.

	2002/2003	2001/2002
	£	£
Amount brought forward 1 April	-	14,367,701
Additions to PCL		
Minimum Revenue Provision	1,720,939	1,546,253
Other amounts set aside	4,023,522	1,730,142
Reserved capital receipts	3,704,229	2,925,660
Use / Application of PCL		
Applied instead of Basic Credit Approval usage	(4,023,522)	(1,730,142)
Repayment of External Loans	(5,425,168)	(18,839,614)
Provision carried forward 31 March	-	-

9 Analysis of Net Assets Employed

	31 March 2003	31 March 2002
	£	£
General Fund	312,654,743	287,483,467
Housing Revenue Account	227,637,702	189,679,761
	540,292,445	477,163,228

10 Analysis of Borrowings

	Range of Interest Rates Payable	Outstanding 31 March 2003	Outstanding 31 March 2002
	%	£	£
Source of Loan :-			
Public Works Loan Board		35,829,310	40,235,058
Market Loans		-	-
		35,829,310	40,235,058

An Analysis of Loans by Maturity is :-

1 - 2 years	9.56	1,104,172	1,005,748
2 - 5 years	9.38	325,138	1,429,310
5 - 10 years	6.02	7,000,000	2,000,000
over 10 years	5.70	27,400,000	35,800,000
		35,829,310	40,235,058

11 Investments

The Investments consist of :-

	31 March 2003	31 March 2002
	£	£
Bournemouth Transport Ltd.	2,512,000	2,512,000
Other Investments	10,199	10,199
	<u>2,522,199</u>	<u>2,522,199</u>

BOURNEMOUTH TRANSPORT LTD.

Bournemouth Transport Ltd. is a wholly owned company set up from the previous Transport Undertaking in accordance with the provisions of the Transport Act 1985. Its main business is the running of local bus and coach operations known as Yellow Buses and Yellow Coaches.

The information set out below gives a brief summary of the Profit and Loss Account and the Balance Sheet of the Company. Full copies of the accounts are obtainable from the Company Secretary, Mallard Road, Bournemouth. The accounts for 2002/2003 have been audited by Nexia Audit Ltd who issued an unqualified opinion.

Profit and Loss Account :-

	2002/2003	2001/2002
	£'000s	£'000s
Turnover	12,690	13,487
Operating and Other Expenditure	<u>12,145</u>	<u>12,985</u>
Net Profit before Tax	545	502
	<u>162</u>	<u>363</u>

Balance Sheet :-

	31 March 2003	31 March 2002
	£'000s	£'000s
Fixed Assets	8,492	8,677
Current Assets	2,637	3,337
Less Current Liabilities	<u>(2,140)</u>	<u>(3,257)</u>
Net Current Assets	497	80
Total Assets less current liabilities	8,989	8,757
Long Term Creditors	(2,343)	(2,395)
Provision for Liabilities	(352)	(80)
	<u>6,294</u>	<u>6,282</u>

Represented by :-

Share Capital Ordinary	2,150	2,150
Preference Shares	362	362
Profit and Loss Account	3,782	3,770
	<u>6,294</u>	<u>6,282</u>

Dividends

	2002/2003	2001/2002
	£	£
Cumulative Arrears brought forward	-	-
Dividend due	150,000	200,000
Dividend received	<u>(150,000)</u>	<u>(200,000)</u>
Cumulative Arrears carried forward	<u>-</u>	<u>-</u>

Indebtedness of Bournemouth Transport Ltd. to the Authority

	31 March 2003	31 March 2002
	£	£
Debenture Loan	560,000	560,000

NOTES TO THE CONSOLIDATED BALANCE SHEET

12 Reserves

The movements on Reserves during the year were :-

	Balance 31 March 2002	Surplus / (Deficit) in Year	Transfers In / (Out)	Balance 31 March 2003
	£	£	£	£
Other Reserves	1,643,464	-	657,946	2,301,410
School's Balances - see note below	5,170,930	-	(1,133,272)	4,037,658
Renewal Funds	276,783	-	3,590	280,373
Repairs and Improvements	1,253,409	-	(111,250)	1,142,159
Capital Fund	1,486,821	-	(258,833)	1,227,988
Insurance & Contingent Liabilities	2,589,756	-	18,510	2,608,266
	12,421,163	-	(823,309)	11,597,854
	(1,447,842)	-	(487,868)	(1,935,710)
Borrow to Invest Scheme	10,973,321	-	(1,311,177)	9,662,144
Net Earmarked Reserves	716,117	-	278,969	995,086
Major Repairs Reserve	1,706,562	2,935,936	-	4,642,498
General Fund	2,547,465	358,955	-	2,906,420
Housing Revenue Account	15,943,465	3,294,891	(1,032,208)	18,206,148

The School's Balances are held under the Fair Funding Scheme for Schools and can only be used for that purpose.

13 Provisions

The movements on Provisions during the year were :-

	31 March 2002	In / (Out)	Balance 31 March 2003
	£	£	£
Insurance Provisions	3,171,114	1,182,667	4,353,781

14 Amounts Administered on behalf of Third Parties

TRUST FUNDS

The Authority acts as sole trustee for a number of legacies left by former inhabitants of the Borough. The funds are used to help the elderly residents of the Borough or to be paid to an approved voluntary agency. In addition the Authority acts as sole trustee for criminal injury awards to children in their care which are held in trust until they come of age.

The transactions for the funds are summarised below :-

	2002/2003	2001/2002
	£	£
Balance at 1 April brought forward	204,148	204,971
Trusts Transferred	-	116
Income	8,385	10,031
Less Expenditure	2,613	10,970
Balance at 31 March carried forward	209,920	204,148

The Trust fund balances are invested in Shares, Government Stocks and with the Authority. The funds do not represent assets of the Council and are not included in the Consolidated Balance Sheet.

REGISTERED CHARITIES

The Authority is the sole trustee for a number of registered charities relating to property given to the Authority. The expenditure and income associated with these charities is included within the Statement of Accounts. As the property associated with these charities is held in perpetuity it is held at nil value and thus not included in the value of assets shown in the Consolidated Balance Sheet. The largest of these charities is the Russell-Cotes Art Gallery and Museum.

In accordance with the requirements of the Charities Act 1993, and where appropriate, accounts are extracted from the Authority's Accounts and submitted annually to the Charity Commissioners.

The Council, as Sole Trustee of the Charities, has control of the assets. The concept of substance over form requires that the transactions are accounted for in the financial statements with regard to their economic substance and financial reality rather than just their legal form. For that reason the transactions of the Charities are recorded within the Authority's Statement of Accounts.

15 Amounts lodged in Bank Accounts

Certain sums, not included in the Authority's Accounts, are held in bank accounts under the Authority's control. The Balances held are as below :-

	Balance 31 March 2003	Balance 31 March 2002
	<u>£</u>	<u>£</u>
Performance Bonds	16,266	13,095
Criminal Injury Compensation Payments	57,375	15,881
Developers Contributions	-	652,380
Other	124,781	51,309
	<u>198,422</u>	<u>732,665</u>

Developers Contributions are now recorded fully within the Council's Balance Sheet.

16 Insurance

Since April 1992, the Council's insurance strategy has been primarily to be self insured, with claims falling within self insured limits being funded from the Insurance Fund. As an indication, the current insurance arrangements require the Insurance Fund to meet any Liability, Fidelity Guarantee, and Professional Indemnity claims under £30,900 and Material Damage claims under £25,000 except losses involving storm/wet perils where the excess is £50,000. To limit the exposure for each year, stop-loss cover is arranged annually and the current stop is £1,050,000. The Fund and provisions are financed by contributions from all

On 30 September 1992 the Authority's insurers at the time, Municipal Mutual Insurance, ceased accepting new business. The Authority has a number of outstanding claims with MMI and arrangements are in place to enable an orderly settlement of the sums due. The estimated value of claims submitted to MMI as at 31 March 2003 was £517,283.

17 Bank Overdraft

The figure shown in the Balance Sheet includes unrepresented cheques at 31 March 2003.

The actual bank balance includes the Council's main account and the accounts held by schools. The pooled total is managed on a daily basis and kept within a tolerance of £50,000, subject to an economic treasury arrangement being available.

18 The Euro

The Council has due regard to advice issued by the Government Office on the preparation for the Euro and gives due consideration to this issue in considering replacement systems and equipment and future budget provision will be informed by

19 Net Pensions Liability**LOCAL GOVERNMENT PENSION SCHEME**

All employees, excluding school teachers, can be admitted to the Local Government Pension Scheme. This is administered by Dorset County Council and is a defined benefit scheme.

The latest actuarial valuation was completed as at 31 March 2001 and updated to 31 March 2003 by a qualified independent

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The liabilities have been valued by Punter Southall Co., an independent firm of actuaries.

The employer's contributions to be made to the scheme for future years' are; 245% (2003/4) and 270% (2004/5) of members' contributions.

NOTES TO THE CONSOLIDATED BALANCE SHEET

19 Net Pensions Liability (Continued)

LOCAL GOVERNMENT PENSION SCHEME (Continued)

The main financial assumptions adopted as at 31 March were :-	2002/2003	2001/2002
Retail Price inflation	2.50%	2.50%
Increase in Salaries	4.30%	4.30%
Increases in Pensions and Deferred Pensions	2.50%	2.50%
Discount Rate	6.00%	6.10%

Assets and Liabilities

The assets in the Fund and the expected rate of return were:-

	31 March 2003		31 March 2002	
	Fair Value £ '000	Expected Return %	Fair Value £ '000	Expected Return %
Equities	422,816	7.50	596,196	7.50
Gilts	135,879	4.50	80,799	5.25
Other Bonds and property	63,298	5.50	101,668	6.00
Cash	72,051	3.75	61,294	4.50
	<u>694,044</u>		<u>839,957</u>	

Of these amounts the following represents Bournemouth Borough Council's share of the assets.

Equities	93,715	7.50	135,476	7.50
Gilts	32,560	4.50	18,151	5.25
Other Bonds and property	12,663	5.50	23,080	6.00
Cash	14,277	3.75	7,293	4.50
	<u>153,215</u>		<u>184,000</u>	

There is no provision for unitising the assets of a Fund under the Local Government Pension Scheme. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

	2002/2003 £ '000	2001/2002 £ '000
The fair value of the above assets related to this Authority was	153,215	184,000
The value placed on the liabilities related to this Authority was	259,152	243,000
Consequently as at 31 March the deficiency relating to this Authority was	<u>105,937</u>	<u>59,000</u>

Movements in Surplus/(Deficit) during the Year

	2002/2003 £ '000	2001/2002 £ '000
Net Pensions Liability as at 1 April 2002		59,000
Movements in Year		
Current Service Cost	6,529	
Contributions	(6,699)	
Past Service Cost	737	
Other finance Income	1,741	
Actuarial (gain)/loss	44,629	
Net Pensions Liability as at 31 March 2003.		<u>105,937</u>

Analysis of the Amount Credited to Other Finance Income

	31 March 2003 £ '000
Expected return on pension scheme assets	(12,881)
Interest on pension scheme liabilities	14,622
Net return	<u>1,741</u>

19 Net Pensions Liability (Continued)**Statement of Amount Recognised in Statement of Total Recognised Gains and Losses**

	31 March 2003
	<u>£ '000</u>
Actual return less expected return on pension scheme assets	45,259
Experience gains and losses arising on scheme liabilities	(630)
Changes in assumptions underlying the present value of liabilities	-
	<u>44,629</u>

History of Experience Gains and Losses

	2002/2003
	<u>£ '000</u>
Differences between the expected and actual return on assets	(45,259)
Percentage of scheme Assets	(29.54%)
Experience gains and losses on scheme liabilities	630
Percentage of the present value of the scheme liabilities	0.24%
Total amount recognised in statement of total recognized gains and losses	(44,629)
Percentage of the present value of the scheme liabilities	(17.22%)

TEACHERS PENSION SCHEME

The Teachers Pension Scheme is administered by Capita Business Services Ltd. Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Education Authorities (LEAs). LEAs are responsible for payments relating to added years awarded by them and pensions increases thereon on a pay as you go

No Actuarial information relating to this liability has been obtained, the best approximation as to the liability is the Capital Cost which has been calculated at £8,337,138. No provision exists in the accounts for this liability.

20 Capital Grants and Contributions

Sums are received from the Government and Developers towards the cost of certain capital schemes. When these amounts are received they are put to the Unapplied Capital Grants and Contributions Account. As the amounts are used to finance capital schemes they are transferred to the Capital Grants and Contributions Deferred Account. The balance on this account represents the value of external contributions that have been used to finance capital expenditure. The balance is written back to the Asset Management Revenue Account in line with the depreciation that is charged for the year. See Notes 1 and 3 to the Statement of Total Movements in Reserves for the transactions on these accounts in the year.

21 Deferred Credits

This figure represents Government Grant that has been received in connection with the Library PFI in advance of when amounts are due to be paid to the provider. The amount will be written back to revenue in line with the actual payments made.

22 Private Finance Initiative - (PFI)

It has been established that the Library provided under the PFI arrangement is the asset of the operator rather than the Authority. For that reason it is not included in the Consolidated Balance Sheet.

THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

	2002/2003 £	2002/2003 £	2001/2002 £
Surplus / (Deficit) for the year			
- General Fund	2,935,936		(331,419)
- HRA	358,955		1,142,209
Add back movements on Specific Revenue Reserves	(1,311,178)		(2,931,039)
Total Increase / (Decrease) in Revenue Resources		1,983,714	(2,120,249)
Increase / (Decrease) in Usable Capital Receipts	2,175,199		1,220,835
Increase / (Decrease) in Unapplied Capital Grants and Contributions	(881,597)		3,006,445
Total Increase / (Decrease) in Realised Capital Resources (Note 1)		1,293,602	4,227,280
Gains / (Losses) on Revaluation of Fixed Assets	58,841,725		46,854,944
Impairment Losses on Fixed Assets due to general changes in prices	-		-
Total Increase / (Decrease) in unrealised Value of Fixed Assets (Note 2)		58,841,725	46,854,944
Value of Assets sold, disposed of or decommissioned (Note 2)		(4,510,126)	(3,370,277)
Capital Receipts set aside	9,306,262		5,355,572
Revenue Resources set aside	(1,664,248)		(2,477,144)
Capital Grants Deferred	4,312,146		5,726,004
Total Increase / (Decrease) in amounts set aside to finance Capital Investment (Note 3)		11,954,161	8,604,432
Deferred Charges Written Off	(3,296,546)		(4,033,234)
Long Term Debtors	(4,023,522)		(1,730,142)
Transfer from Major Repairs Reserve to HRA	(13,327)		(16,402)
(Note 3)		(7,333,395)	(5,779,778)
Total Recognised Gains and Losses		<u>62,229,681</u>	<u>48,416,353</u>

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

1 Movements in Realised Capital Resources

	Usable Capital Receipts	Unapplied Capital Grants
	£	£
Amounts receivable in 2002/2003	7,777,233	4,726,696
Amounts Applied to finance new Capital Investment and applied instead of BCA Usage in 2002/2003	(5,602,034)	(5,608,293)
	2,175,199	(881,597)
Total Increase / (Decrease) in Realised Capital Resources in 2002/2003		
Balance Brought Forward 1 April 2002	2,044,033	3,164,146
Balance Carried Forward 31 March 2003	4,219,232	2,282,549

Capital receipts arise from the sale of Fixed Assets. The proceeds are able to be used to fund new Capital Expenditure. There is a requirement to "set aside" 75% of Housing Capital receipts but all other Capital Receipts are available to fund new Capital Expenditure. The Usable Capital Receipts shown above are the amounts net of "set aside" and show the amount of usable receipts received in the year and those that have been used to finance new Capital Expenditure. The Balance at the end of the year represents the Capital Receipts the are available to fund new Capital Ependiture in future years.

Capital Grants and Other Contributions are received in general from Government to finance specific Capital Schemes. They are held prior to being spent as unapplied Capital Grants. When the expenditure is incurred and needs to be financed the amounts are transferred to Government Grants Deferred. The balance at the year end represents amounts that have been received that will be applied in future to finance Capital Expenditure. The majority of the balance relates to Education Grants that have been received in advance of the expenditure being incurred.

2 Fixed Asset Restatement Reserve

	£
Movements in unrealised value of Fixed Assets	
Gains / (Losses) on revaluation of Fixed Assets in 2002/2003	58,841,725
Impairment Losses on Fixed Assets due to general changes in prices in 2002/2003	-
	58,841,725
Total Increase / (Decrease) in unrealised Capital Resources in 2002/2003	
Value of Assets sold, disposed of or decommissioned	
Amounts written off Fixed Asset balances for disposal in 2002/2003	(4,510,126)
Total movement on Reserve in 2002/2003	54,331,599
Balance Brought Forward 1 April 2002	389,105,604
Balance Carried Forward 31 March 2003	443,437,203

The Authority's Assets are subject to revaluation on a 5 year rolling programme to ensure they are held in the Authority's Accounts at current value. When the revaluations are made the Fixed Asset Restatement Reserve is used to reflect any increase or decrease in the value of the Assets with the Fixed Asset accounts being amended to reflect the change in value. This account is also used when Assets are disposed, teh the Asset Account and the Fixed Asset Restatement Reserve being reduced accordingly to reflect the fat that the Authority no longer has the Asset.

This reserve is not available to finance expenditure and merely represents the change in the value to the assets in the balance sheet since they were initially financed.

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

3 Movements in amounts set aside to finance capital investment	Capital Financing Reserve	Major Repairs Reserve	Capital Grants Deferred	Total
	£	£	£	£
Capital Receipts set aside in 2002/2003 :-				
- Reserved Receipts	3,704,229	-	-	3,704,229
- Usable Capital Receipts Applied	5,602,034	-	-	5,602,034
Capital Receipts set aside in 2002/2003	9,306,262	-	-	9,306,262
Revenue resources set aside in 2002/2003 :-				
- Capital Expenditure Financed from Revenue	3,396,155	-	-	3,396,155
- Reconciling amount for provisions for Loan repayment	(5,060,402)	-	-	(5,060,402)
Revenue Resources set aside in 2002/2003	(1,664,248)	-	-	(1,664,248)
Grants Applied to Capital in 2002/2003	-	-	5,608,293	5,608,293
Credited to Revenue in 2002/2003	-	-	(1,296,147)	(1,296,147)
Capital Grants Deferred	-	-	4,312,146	4,312,146
Deferred Charges Written Off	(3,296,546)	-	-	(3,296,546)
Deferred Debtors	(4,023,522)	-	-	(4,023,522)
Transfer Major Repairs Reserve to HRA	-	(13,327)	-	(13,327)
Internal Transfers :-				
Major Repairs Reserve Transfer Financing of Capital from Major Repairs Reserve	(2,934,595)	2,934,595	-	-
Grants transferred to Capital Financing Reserve	2,642,299	(2,642,299)	-	-
	(1,371,806)	-	1,371,806	-
Total movement on reserve in 2002/2003	(1,342,156)	278,969	5,683,952	4,620,766
Balance Brought Forward 1 April 2002 :-	54,989,174	716,117	9,332,540	65,037,831
Balance Carried Forward 31 March 2003 :-	<u>53,647,018</u>	<u>995,086</u>	<u>15,016,492</u>	<u>69,658,597</u>

The Capital Financing Reserve does not represent funds that are available to finance expenditure. The balance on it arises from various Capital Accounting transactions:-

- Reserved Capital Receipts
- Capital expenditure financed from Revenue, Capital Receipts, Major Repairs Reserve and any Grant for assets that will not be depreciated
- The amount required to reduce the depreciation charge in the Consolidated Revenue Account to the Minimum Revenue Provision
- The amount required to compensate the Consolidated Revenue Account for any Deferred Charges written off
- The amount for any receipts relating to deferred debtors where the actual repayment has been treated as a Capital Receipt
- The amount required to be transferred to the Major Repairs Reserve

The Major Repairs Reserve has the amount equivalent to the total depreciation charge to the HRA transferred to it. This is then reduced by a transfer back to the HRA in order to limit the charge to the amount of the Major Repairs allowance. This sum is then available to finance HRA Capital Expenditure.

Government Grants Deferred represent the amount of Government Grant that has been used to finance Capital expenditure. The balance is written back to Revenue in line with how the asset is depreciated. Any grants which are not going to be depreciated to Revenue are transferred to the Capital Financing Reserve.

CASH FLOW STATEMENT

REVENUE ACTIVITIES	Note	2002/2003 £	2002/2003 £	2001/2002 £
Cash Outflows :-				
Cash paid to Employees		120,278,330		116,603,148
Other Operating Costs		111,571,500		106,668,280
Housing Benefit paid out		35,289,247		30,469,074
Disbursements from the Collection Fund :-				
Dorset Police Authority		6,033,710		5,357,759
Non Domestic Rate Pool		40,636,489		41,185,552
		<u>40,636,489</u>	313,809,276	<u>300,283,813</u>
Cash Inflows :-				
Rents (after Rebates)		8,159,789		8,250,979
Council Tax Income		49,603,025		42,749,324
Non-Domestic Rate Income		42,436,715		41,101,623
Receipts from NNDR Pool		50,265,865		45,711,988
Revenue Support Grant		45,891,997		50,969,598
DSS Grants for Rebates		37,004,090		31,932,544
Other Government Grants		32,601,021		25,623,317
Cash Received for Goods & Services		52,656,241		47,628,619
Other Revenue Cash Payments/Income		9,814,391		5,564,630
		<u>9,814,391</u>	328,433,134	<u>299,532,622</u>
Net Revenue Activities	1		<u>14,623,858</u>	<u>(751,191)</u>
SERVICING OF FINANCE				
Cash Outflows :-				
Interest Paid (inc redemption premia)		2,587,113		2,544,271
			2,587,113	2,544,271
Cash Inflows :-				
Interest Received		1,988,141		2,212,719
			1,988,141	2,212,719
Net Servicing of Finance			<u>(598,972)</u>	<u>(331,552)</u>
CAPITAL ACTIVITIES				
Cash Outflows :-				
Purchase of Fixed Assets		14,216,768		14,601,518
Other Capital Cash Payments :-				
Deferred Charges (including advances to Housing Associations)		6,843,837		5,653,097
			21,060,605	20,254,615
Cash Inflows :-				
Capital Receipts		11,481,460		6,576,407
Capital Grants Received		4,770,388		10,966,226
		<u>4,770,388</u>	16,251,848	<u>17,542,633</u>
Net Capital Activities			<u>(4,808,757)</u>	<u>(2,711,982)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			<u>9,216,129</u>	<u>(3,794,725)</u>
MANAGEMENT OF LIQUID RESOURCES				
Net (Increase) / Decrease in Short Term Deposits	2		5,800,000	150,000
FINANCING				
Cash Outflows :-				
Repayments of Amounts Borrowed		121,888,885		175,702,617
			121,888,885	175,702,617
Cash Inflows :-				
New Loans Raised		10,085,273		5,000,000
New Short Term Borrowing		107,578,471		172,886,570
		<u>107,578,471</u>	117,663,744	<u>177,886,570</u>
Net Financing			<u>(4,225,141)</u>	<u>2,183,953</u>
INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS			<u>(809,012)</u>	<u>(1,460,772)</u>

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation of Surplus /(Deficit) to Net Cash Flow

	2002/2003	2001/2002
	<u>£</u>	<u>£</u>
General Fund	2,935,936	(331,419)
HRA	358,955	1,142,209
Collection Fund	<u>899,536</u>	<u>701,259</u>
Surplus / (Deficit) for the year	4,194,427	1,512,049
Non Cash Transactions :-		
Minimum Revenue Provision	1,720,939	1,546,253
Provisions set aside	1,182,667	538,957
Contributions to/(from) Reserves	(1,300,112)	(2,931,038)
Revenue Contributions to Capital including Reserves	3,408,782	2,453,332
Net-Off Between Accounts	4,105,008	5,190,185
Items on an Accrual Basis :-		
(Increase) / Decrease in Work in Progress	(60,019)	(54,562)
(Increase) / Decrease in Debtors	(4,343,031)	(3,252,600)
Increase / (Decrease) in Creditors	5,931,104	(6,260,602)
Increase / (Decrease) in Deferred Credits	-	1,479,000
(Increase) / Decrease in Other Balances	(9,010)	77,220
Items classified in another classification in the Cash Flow Statement:-		
Add Interest Paid	2,775,010	2,706,587
Less Interest/Investment Income	(1,972,338)	(1,796,022)
Capital Grants Received (re Deferred Charges written off treated as revenue)	(1,009,569)	(1,959,950)
Net Cash Flow from Revenue Activities	<u><u>14,623,858</u></u>	<u><u>(751,191)</u></u>

2 Reconciliation of Net Cash Flow to movement in Net Debt

	2002/2003	2001/2002
	<u>£</u>	<u>£</u>
Increase in Cash in the Year	(809,012)	(1,460,772)
Increase in Liquid Resources	5,800,000	(150,000)
Cash Flow from increase in Debt	<u>4,225,141</u>	<u>(2,183,953)</u>
Movement in Net Debt in the Year	9,216,129	(3,794,725)
Net Debt 1 April	(20,762,306)	(16,967,581)
Net Debt 31 March	<u><u>(11,546,177)</u></u>	<u><u>(20,762,306)</u></u>

Management of Liquid Resources and Financing

	Balance	Balance	Movement
	1 April 2002	31 March 2003	in Year
	<u>£</u>	<u>£</u>	<u>£</u>
Liquid Resources :-			
Short Term Investments	19,750,000	25,550,000	<u><u>(5,800,000)</u></u>
Financing :-			
Temporary Borrowing	(1,113,681)	(1,294,288)	180,607
Long Term Borrowing	(40,235,058)	(35,829,310)	(4,405,748)
			<u><u>(4,225,141)</u></u>

3 Liquid Resources

Liquid Resources consist of the surplus cash that the Authority has on a day to day basis. This cash is lent out to other Local Authorities and Financial Institutions in accordance with the Authority's Treasury Management Policy Statement.

4 Analysis of Grants

	2002/2003	2001/2002
	£	£
	<u> </u>	<u> </u>
Revenue Support Grant	45,891,997	50,969,598
Contribution from NNDR Pool	50,265,865	45,711,988
DSS Grants for Rebates	37,004,090	31,932,544
Education	11,255,473	12,854,362
Social Services	11,972,140	6,058,707
Housing Revenue Account Subsidy	5,834,030	6,119,599
Allowance for Collection of NNDR	265,852	271,402
Other Miscellaneous	3,273,527	319,247
Capital Grants	4,770,388	10,966,226
	<u>170,533,362</u>	<u>165,203,673</u>

THE GROUP ACCOUNTS

1 Introduction to the Group Accounts

The Authority has a 100% shareholding in Bournemouth Transport Ltd., a company set up from the previous Transport Undertaking in accordance with the provisions of the Transport Act 1985. Its main business is the running of local bus and coach operations known as Yellow Buses and Yellow Coaches.

The summarised group financial statements show the consolidated financial position of the Authority and its interest in Bournemouth Transport Ltd. The main effect of this consolidation has been to increase revenue reserves by £3.8 million, representing the Authority's share of accumulated net profits in the company.

The Group Revenue Account has been produced by removing the dividend from the company and showing the Authority's share of the surplus of Bournemouth Transport for 2002/2003.

The Group Balance Sheet has been produced by eliminating all inter group indebtedness and consolidating the balance sheets. All major categories that have been affected are shown in the summarised Balance Sheet.

The Bus Company Depot is held in their accounts at historic rather than current cost.

2 Group Revenue Account

	2002/2003 £'000s	2001/2002 £'000s
NET COST OF SERVICES	174,638	172,986
Levies	5,321	4,901
Asset Management Revenue Account	(29,097)	(27,601)
Interest and Investment Income	(1,657)	(1,549)
Premium on Debt Redemption	155	155
Share of Surplus of Subsidiaries	(162)	(363)
NET OPERATING EXPENDITURE	149,198	148,529
Surplus / (Deficit) transferred to / (from) HRA Balances	359	1,142
Net Contributions to / (from) Reserves	1,145	(717)
Contribution from Reserves for Capital	(2,446)	(2,214)
Application of Reserves to Capital Finance	2,446	2,214
Revenue Contributions to Capital	963	239
Depreciation Adjustment	(5,060)	(4,930)
Transfers to / (from) Major Repairs Reserve	(13)	(16)
Deferred Charges Written Off	(3,297)	(3,970)
AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS	143,295	140,276
Demand from the Collection Fund	(50,308)	(43,648)
Contribution from the Collection Fund	223	222
Revenue Support Grant	(45,892)	(50,970)
Contribution from the National Non-Domestic Rate Pool	(50,266)	(45,712)
(SURPLUS) / DEFICIT FOR THE YEAR	(2,948)	168
Balance Brought Forward 1 April	(5,478)	(5,594)
Prior Year Adjustment	-	(52)
(Surplus) / Deficit for the year	(2,948)	168
Balance Carried Forward 31 March	(8,426)	(5,478)

The comparatives for 2001/2002 have been amended due to a prior year adjustment to the bus company's accounts.

3 Group Balance Sheet

	2002/2003 £'000s	2001/2002 £'000s
Long Term Assets :-		
Fixed Assets excluding Investments	570,652	514,534
Investments	10	10
Total Long Term Assets	<u>570,662</u>	<u>514,544</u>
Current Assets :-		
Stocks & Work in Progress	1,178	1,123
Debtors	23,054	19,239
Temporary Lending	25,550	19,750
Other Balances	23	15
Cash at Bank and in Hand	6,719	6,269
	<u>56,524</u>	<u>46,395</u>
Less Current Liabilities :-		
Creditors	31,981	27,687
Temporary Borrowing	1,294	1,114
Other Balances	6	6
Cash at Bank and in Hand	5,023	3,301
	<u>38,304</u>	<u>32,107</u>
Net Current Assets	18,220	14,288
Total Assets Less Current Liabilities	<u><u>588,882</u></u>	<u><u>528,832</u></u>
Long Term Liabilities and Provisions :-		
Long Term Borrowing	37,612	42,070
Deferred Capital Receipts	1,010	1,098
Deferred Credits	1,479	1,479
Provisions / Long Term Creditors	4,706	3,251
Capital Reserves	522,670	462,424
Revenue Reserves	21,405	18,510
Total Equity	<u><u>588,882</u></u>	<u><u>528,832</u></u>

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the statement of accounts for Bournemouth Borough Council. I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the

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

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the

- comprehensive budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecasts;
- clearly-defined capital expenditure guidelines; and
- as appropriate, formal project management disciplines;

Internal Audit operates to the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the UK. The work and reporting arrangements for Internal Audit are governed by the Council's Internal Audit Charter.

A Strategic Internal Audit Plan exists to cover identified risk areas within Council Services. This is based around a five year rolling programme which is continuously reviewed in respect of changes in perceived risk and new / redundant activities.

Quarterly reports are presented by the Chief Internal Auditor to the Quality Services and Value for Money Scrutiny and Review Panel. These reports summarise work carried out, identify significant issues and include a formal Internal Audit Opinion on the adequacy and effectiveness of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the Council;
- the work of the internal auditors as described above; and
- the external auditors in their annual audit letter and other reports.

No significant weaknesses in systems of internal control have been identified during 2002/03. The Council's Financial Framework, Statement of Assurance Matrix and Codes of Conduct recognise the importance of internal controls and are reviewed and updated to reflect any changing needs within the organisation which are identified.

As a dynamic, learning organisation the Council is constantly looking for opportunities to improve and reinforce internal control from both in house experiences and the lessons learned by other organisations. In this way corrective action is taken as

Judith A Martin CPFA
Acting Head of Financial Services

Dated 18 August 2003

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1 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 Head of Financial Services;

to manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.

to approve the Statement of Accounts.

2 Head of Financial Services' Responsibilities

The Head of Financial Services is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Head of Financial Services has :-

selected suitable accounting policies and then applied them consistently;

made judgements and estimates that were reasonable and prudent;

complied with the Code of Practice.

The Head of Financial Services has also :-

kept proper accounting records which were up to date;

taken reasonable steps for the prevention and detection of fraud and other irregularities.

3 Head of Financial Services' Certificate

I hereby certify that the Statement of Accounts for the year ended 31 March 2003 required by the Accounts and Audit Regulations 2003 are set out on pages 1-40.

I further certify that the Statement of Accounts presents fairly the financial position of Bournemouth Borough Council at 31 March 2003 and its income and expenditure for the year ended 31 March 2003.

Judith A Martin CPFA
Acting Head of Financial Services

Dated 18 August 2003

We have audited the statement of accounts on pages 1 to 40 which has been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 5 to 7.

Respective Responsibilities of Chief Finance Officer and Auditors

As described on page 40 (Statement of Responsibilities for the Statement of Accounts) the Chief Finance Officer is responsible for the preparation of the statement of accounts. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

This opinion has been prepared for and only for the Authority in accordance with Section 2 of the Audit Commission Act 1998 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in

We report to you our opinion as to whether the statement of accounts presents fairly the financial position and results of operations of the Council.

Basis of Opinion

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards.

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also included an assessment of the significant estimates and judgements made by the authority in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give a reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the statement of accounts.

Opinion

In our opinion the statement of accounts presents fairly the financial position of Bournemouth Borough Council at 31 March 2003 and its income and expenditure for the year then ended.

Certificate

We certify that we have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

PricewaterhouseCoopers LLP

28 November 2003.

COUNCIL CERTIFICATE FOR THE APPROVAL OF THE ACCOUNTS

I confirm that these accounts were approved by the Council at the meeting held on 30th September 2003.

Signed on behalf of Bournemouth Borough Council

Councillor Dr. J Millward

Leader of the Council

30 September 2003.