

**STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2003**

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## **Statement of Responsibilities for the Statement of Accounts**

### **The Authority's Responsibilities**

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Finance and Resources Director;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

### **The Responsibilities of the Finance and Resources Director**

The Finance and Resources Director is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), which is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2003.

In preparing this Statement of Accounts, the Finance and Resources Director has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code.

The Finance and Resources Director has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Signed  
G.J.Harlock, CPFA, M.I.Mgt  
Finance and Resources Director

Dated 9<sup>th</sup> September 2003

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**AUDITORS' REPORT**

## STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

This statement is given in respect of the accounts of South Cambridgeshire District Council for 2002/2003. As the Council's Finance and Resources Director, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in respect of South Cambridgeshire District Council.

The System of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions 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, periodic audit, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- the existence of an appropriate control environment, such as clearly defined management responsibilities and evidence of reaction to control failures;
- regular monitoring of financial activity, on a periodic basis at middle management level by senior managers and internal audit; and
- the preparation of weekly and monthly reports on the level of transactions.

South Cambridgeshire District Council has an internal audit function, which operates to standards defined in the CIPFA Code of Practice for Internal Audit in Local Government. The work of the internal audit unit is informed by an analysis of the risks to which South Cambridgeshire District Council is exposed and annual internal audit plans are based on this analysis. The internal audit plans are endorsed by the Council's Audit Panel and approved by the Finance and Resources Director.

The Audit Manager provides the Finance and Resources Director with regular reports covering internal audit activity. The annual report provides the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal financial control.

The review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors and of the managers who have responsibility for the development and maintenance of the financial control framework, and comments made by the External Auditor in relevant reports.

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Recommendations made by Audit for the improvement of internal control have been considered by senior management and action acceptable to the Finance and Resources Director taken by way of response. Unadopted recommendations in the main relate to weaknesses highlighted by insufficient division of duties; ideal segregation of duties is not always achievable given the staffing resources available to the Authority and wherever possible other compensating controls have been introduced to minimise risk.

G.J.Harlock, CPFA, M.I.Mgt  
Finance and Resources Director  
September 2003

## EXPLANATORY FOREWORD

### Introduction

The Statement of Accounts brings together on the following pages the major financial statements of the Council and consists of:

- a) the Statement of Accounting Policies which sets out the basis on which the accounts have been compiled;
- b) the Consolidated Revenue Account summarising revenue expenditure and income for the year on all services and demonstrates how the net cost has been financed from government grants and the council tax;
- c) the Collection Fund which includes the council taxes and business rates collected by South Cambridgeshire District Council on behalf of those authorities responsible for services within the district and the way in which these monies have been distributed among the authorities to finance their expenditure;
- d) the Housing Revenue Account which shows revenue expenditure and income on Council housing for the year and is a ring-fenced account within the General Fund to prevent any cross-subsidy between general income and rents;
- e) the Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties;
- f) the Consolidated Balance Sheet setting out the financial position of the Council as at 31<sup>st</sup> March with the balances and reserves at the Council's disposal and the assets employed in its operations; and
- g) the Statement of Total Movements in Reserves which brings together all the recognised gains and losses of the Council during the period and identifies those which have and have not been recognised in the Consolidated Revenue Account.

### Consolidated Revenue Account

The Revenue Account records the day to day expenditure incurred in providing services such as salaries and wages, other running costs and financing costs and how this expenditure is paid for from the council tax, fees and charges and government grants. This Account consolidates the General Fund (services for the whole community), the Housing Revenue Account (Council housing) and the Direct Service Organisation (trading activities).

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The Account can be summarised as:

	Expenditure/(Income)
	£'000
Net cost of services	18,511
Corporate income and expenditure	
Parish precepts	1,920
Interest	(2,969)
Other	<u>(109)</u>
	<u>(1,158)</u>
Net operating expenditure	17,353
Appropriations	<u>(5,438)</u>
Amount to be met from Government Grants and local taxpayers	11,915
Principal sources of finance	
Council taxpayers	
District	(3,703)
Parishes	(1,920)
Government grants including redistributed business rates	(5,792)
Other items	<u>24</u>
	<u>(11,391)</u>
Deficit for the year	<u>524</u>

When the council tax for the financial year ending 31<sup>st</sup> March 2003 was set in February 2002, the deficit was estimated at £3,096,000. The variance of £2,572,000 is attributable to the following:

	Underspending/Slippage ( )	
	Overspending +	
	£'000	£'000
Services		
Council Tax Benefit	(82)	
Conservation	(77)	
Refuse Collection and Street Cleansing	(52)	
Environmental Protection	(85)	
Improvement Grants	(86)	
Housing Association Support	(54)	
Negative Housing Subsidy	(76)	
Planning Service	(186)	
Building Control Service	89	
Recreation and Leisure	(225)	
Other items individually under £50,000	<u>(843)</u>	
		(1,677)
General Fund Summary		
Interest on Balances	(713)	
Capital Charges - General Fund	(174)	
Other Items	<u>(8)</u>	
		<u>(895)</u>
		<u>(2,572)</u>

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**Housing Revenue Account**

This Account deals with the provision, management and maintenance of Council dwellings, as summarised below:

	Expenditure/(Income)
	£'000
Repairs and maintenance	3,553
Management and services	4,812
Rent Rebates	7,362
Depreciation of fixed assets	2,938
Transfer to General Fund(negative housing subsidy)	326
Other	<u>176</u>
	19,167
Rents and charges	(18,510)
Receipt from General Fund	(587)
Interest	<u>(240)</u>
	<u>(19,337)</u>
(Surplus) for the year	<u>(170)</u>

When rents for the financial year ending 31<sup>st</sup> March 2003 were set in February 2002, the deficit was estimated at £616,000. The variance of £786,000 is attributable to the following:

	Underspending/slippage( )
	Overspending+
	£'000
Total repairs and maintenance	693
less increase in expenditure charged to capital	<u>(868)</u>
Repairs and maintenance financed from revenue	(175)
Administration	(363)
Negative Housing Subsidy	76
Unused provision for unanticipated expenditure	(150)
DLO deficit	62
Gross rent income	(53)
Other items individually under £50,000	<u>(183)</u>
	<u>(786)</u>

**Capital**

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £23.5 million. The major part of the programme involved the provision of housing, with £4.6 million being used to support housing associations to build affordable housing in the district. A further £7.0 million was invested in improving the Council's own housing stock. Expenditure of £5.7 million was incurred on the construction of new offices which are due to be completed and occupied by May 2004.

## **Treasury Management**

At the 31<sup>st</sup> March 2003, investments totalled £60.2 million, an increase of £3.2 million over the previous year-end. This was due to a net increase in capital receipts from the sale of dwellings. These investments produced interest of over £2.9 million which was used to pay for the cost of services.

The Council has no outstanding loans and has been debt free since 1<sup>st</sup> April 1996. This gives the Council more discretion in making investments and in the use of capital receipts arising from the sale of assets.

## **Balances and Reserves**

The balances on the General Fund and the Housing Revenue Account remained high at £10.4 million and £3.6 million respectively. These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £35.1 million, consisting of the usable capital receipt reserve and the amount shown in note 9 to the balance sheet. The Council's capital programme allows for the planned and phased use of these reserves.

## **Pension**

The deficit on South Cambridgeshire's share of the pension fund is estimated at £10.8 million as at 31<sup>st</sup> March 2003 arising from the fall in the value of pension assets during 2002/03. The assets are assessed on the basis of market values as at 31<sup>st</sup> March in accordance with Financial Reporting Standard 17. With over 70% of the fund invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2002/03 was 6% compared to a future service funding rate of 12.8%. The actual rate will increase to 7.9% in 2003/04 and 9.7% in 2004/05. The next formal valuation of assets and liabilities for the purposes of determining contribution rates will be as at 31<sup>st</sup> March 2004 to be effective from 1<sup>st</sup> April 2005.

## **Council Tax and Collection Fund**

The council tax is set in terms of a band D property which is in the valuation band from £68,001 to £88,000. For a band D property, the council tax for 2002/03 was £931.48. This is one of the lowest tax levels in the country and most of the money is raised on behalf of the County Council as shown below:

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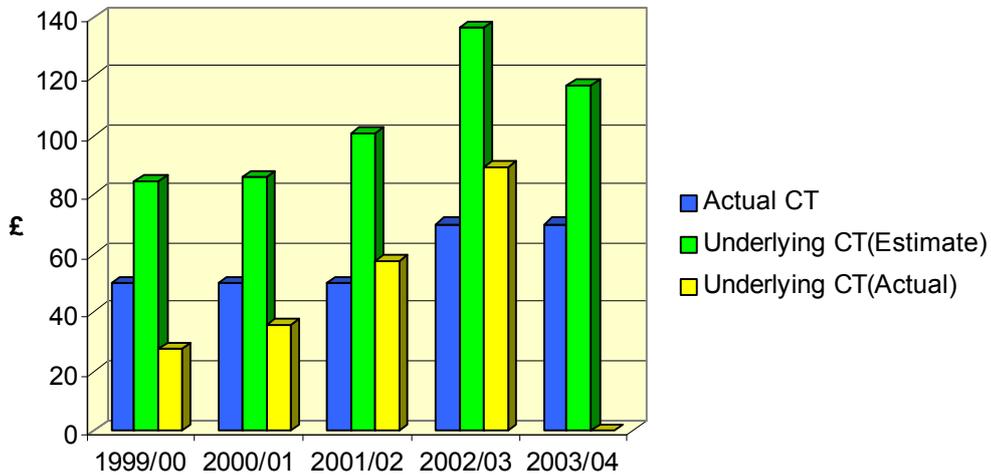


The District element of the council tax was £50 for the three years from 1999/00 to 2001/02 and was increased to £70 in 2002/03. This amount is still substantially below the average charged by other districts.

**Current and Future Developments**

**Council Tax**

Over future years balances will reduce and the council tax will have to rise to its underlying level, that is, a level which is not subsidised by the use of balances:



**New Offices**

The Council has decided to relocate its main offices to the new village of Cambourne to the west of Cambridge necessitated by the growth in staff numbers and the operational drawbacks of being in the centre of Cambridge on split sites. One of the Council’s priorities is to achieve this move with the minimum of disruption and the maximum benefit. The capital programme for 2003/04 includes £9.8 million for new offices.

### **Best Value/Comprehensive Performance Assessment (CPA)**

The Council has published its Best Value Performance Plan and will be given a rating of excellent, good, fair, weak or poor at its CPA inspection in March 2004.

### **Information and Communication Technology**

As part of the 2000/01 best value review, an indicative expenditure programme totalling £4.5million was projected over the financial years from 2000/01 to 2005/06. The Council has also approved an Implementing Electronic Government Statement which plans for new systems and the replacement of existing legacy systems. Its implementation is one of the Council's priorities in order to provide high quality accessible services.

### **Priority Performance Indicators**

One of the indicators for 2003/04 is a target of less than 5% for the variance between original estimate and actual for net portfolio expenditure.

### **Introduction of the Euro**

The nature and potential impact of the Euro, including related costs, have not yet been assessed.

### **Auditor's Opinion**

The Statement of Accounts has been audited and the Auditor's opinion is shown on page 3.

G.J.Harlock, CPFA, M.I.Mgt.  
Finance and Resources Director  
September 2003

## STATEMENT OF ACCOUNTING POLICIES

### 1. GENERAL

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and any departures from the Code have been disclosed below .

### 2. FIXED ASSETS

- i. All expenditure on the acquisition, creation or enhancement of fixed assets which yield benefit to the Authority and the services it provides for a period of more than one year is capitalised on an accruals basis in the accounts. Expenditure on existing fixed assets has been capitalised where the expenditure relates to a major inspection or overhaul of the fixed asset that restores the benefits of the asset that have been consumed and reflected in depreciation. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.
- ii. Fixed assets are included in the balance sheet on the following bases:

Operational land and property and other operational assets	The lower of net current replacement cost and net realisable value in existing use
Non operational assets	The lower of net current replacement cost and net realisable value
Infrastructure and community assets	Historic cost, net of depreciation, where appropriate

The surplus on the revaluation of fixed assets has been credited to the fixed asset restatement reserve.

- iii. Expenditure on the acquisition, creation or enhancement of fixed assets has been debited in full to the fixed asset account. The expenditure on enhancement has not been analysed but it is expected that this expenditure will not be matched by a corresponding increase in the value of assets concerned.
- iv. Income from the disposal of fixed assets is credited to the usable capital receipts reserve and accounted for on an accrual basis. Where applicable, the proportion required by regulations to be set aside is credited to the capital financing reserve.

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- v. Depreciation is provided for on fixed assets by writing down the cost (or revalued amount) less estimated residual value on a straight line basis over the following periods:

	Years
Buildings other than dwellings	30/55
Vehicles, plant, and equipment	3/15

With regard to Council dwellings, a new element of housing subsidy known as the Major Repairs Allowance, being based on the annual cost of replacing individual building components as they reach the end of their useful life, is considered to be a reasonable estimate measure of depreciation.

No depreciation is charged on freehold land and non-operational properties in accordance with standard accounting policies.

- vi. Revenue accounts bear a capital charge for all fixed assets used in the provision of services, which consists of an annual provision for depreciation where appropriate plus a capital financing charge determined by applying a specified notional rate of interest to the net amount at which the asset is included in the balance sheet.
- vii. The Code has not been complied with insofar as:
- a) the value of an asset, the corresponding credit liability and any depreciation of the asset have not been shown in the balance sheet. The asset and the credit arrangement arose in 1999/2000 from the Authority renewing the lease of a property and credit cover for the initial cost of the credit arrangement (i.e. the present value of the rentals payable under the lease) was calculated to be £29,208; and
  - b) the cumulative amount for depreciation or impairment at the beginning of the financial period and at the balance sheet date has not been disclosed in the notes to the Consolidated Balance Sheet. It is considered that the amounts involved are not material to the fair presentation of the financial position of the Authority or to an understanding of the Statement of Accounts

### **3. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS TO FIXED ASSETS**

Where a fixed asset is financed either wholly or in part by a government grant or contribution, the amount of grant or contribution is credited initially on an accruals basis to the deferred grants and contributions account. Amounts are released to the Asset Management Revenue Account over the useful life of the asset to match the depreciation charged.

#### 4. DEFERRED CHARGES

Deferred charges are payments of a capital nature where there is no fixed asset in the ownership of the Council. The main example is grants such as housing renovation grants and recreation and leisure grants where the fixed assets are owned by individuals and other organisations.

Deferred charges are included in the accounts on a cash payments basis and are fully financed from government grants and/or revenue in the year of payment.

#### 5. DEBTORS AND CREDITORS

The revenue accounts of the Council are maintained on an accruals basis, that is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this principle relate, for example, to annual car contract hire payments and quarterly payments where payments are charged in the year rather than apportioning charges between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

#### 6. STOCK AND WORK IN PROGRESS

Stock held at the year end has been included in the accounts at the lower of cost and net realisable value. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

#### 7. COST OF SUPPORT SERVICES

All the costs of management and administration and central support services, except the cost of elections and electoral registration, have been fully apportioned to services. The bases of apportionment for the main costs are outlined below.

<b>Cost</b>	<b>Basis of allocation</b>
Administrative Buildings	Area occupied
Management and Administration in Central and Service Departments	Actual time spent by staff weighted by salary costs
Information and Communication Technology	Staff time and disk space used for legacy systems and per capita basis for development
Central Support Services and Central Expenses	Number of staff

## **8. RESERVES**

The Council maintains certain reserves to meet future expenditure. When this expenditure arises, it is charged to the service account but the contribution to/from capital and other reserves is shown in the appropriations section of the Consolidated Revenue Account. The movement in the earmarked reserves is shown in a note to the Consolidated Balance Sheet.

## **9. PENSIONS**

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. On the basis of the 2001 actuarial valuation of the Pension Fund, the contribution rate was 6% compared to a future service rate of contribution sufficient to meet liabilities of 12.8%. Therefore, the revenue account does not include proper provision and the liabilities in the balance sheet are understated in respect of pension costs.

## **10. DEBT FREE**

The Council has no outstanding debt and has complied with the technical definition of debt free status since 1<sup>st</sup> April 1996. As a result, the Council:

- i. can use the full amount of any receipts from the sale of assets and from social housing grant;
- ii. finances its capital requirement from capital receipts, grants and direct revenue financing;
- iii. is not subject to the statutory requirement to charge the revenue account with a provision for debt repayment; and
- iv. can invest surplus cash for more than one year, but for less than five years.

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**CONSOLIDATED REVENUE ACCOUNT**

2000/01 Net Expenditure £		2001/02 Gross Expenditure £	2001/02 Gross Income £	2001/02 Net Expenditure £
	<b>EXPENDITURE ON SERVICES</b>			
1,431,500	Central Services	2,020,069	(218,007)	1,802,062
1,016,472	Central Services to the Public	1,685,319	(487,469)	1,197,850
	Cultural, Environmental and Planning Services			
1,000,833	Cultural and Related Services	1,647,112	(359,776)	1,287,336
2,692,680	Environmental Services	3,729,194	(324,553)	3,404,641
1,994,358	Planning and Development Services	3,426,397	(1,251,246)	2,175,151
287,870	Highways, Roads and Transport Services	335,894	0	335,894
	Non HRA Housing			
560,787	Personal Social Services	605,472	(42,540)	562,932
402,447	Housing Benefit and Administration	6,693,629	(6,318,278)	375,351
5,533,944	Private Sector Housing Renewal	4,947,908	(248,452)	4,699,456
117,632	Other Non HRA Housing Services Expenditure	173,306	(48,253)	125,053
(97,945)	Miscellaneous Services	182,355	(225,132)	(42,777)
(2,730,922)	Negative Subsidy Entitlement from HRA	0	0	0
204,343	Other Revenue Contributions to/from HRA	202,658	0	202,658
12,413,999	General Fund Services-Continuing operations	25,649,313	(9,523,706)	16,125,607
651,157	Housing Revenue Account Services	36,542,664	(36,775,552)	(232,888)
13,065,156	<b>NET COST OF SERVICES</b>	62,191,977	(46,299,258)	15,892,719
1,670,162	Precepts of Local Precepting Authorities			1,748,714
(14,272)	Net (Surplus)/deficit of Trading Undertakings (excl.appropriations)			76,040
737,420	Transfer to/(from) Asset Management Revenue Account			(487,229)
(2,941,164)	Interest and Investment Income			(2,946,863)
107,000	CTB Subsidy Limitation Scheme			74,000
12,624,302	<b>NET OPERATING EXPENDITURE</b>			14,357,381
(651,157)	Deficit transferred to/(from) Housing Revenue Account Balances			232,888
(370,156)	Contribution to/(from) Reserves			391,656
(2,528,954)	Contribution from Capital Financing Reserve			(4,368,703)
9,074,035	<b>AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXPAYERS</b>			10,613,222
(4,242,762)	Demand on Collection Fund			(4,384,164)
(37,290)	Transfers from Collection Fund			(12,160)
(507,504)	Government Grants			(666,760)
(5,045,962)	Distribution from Non-Domestic Rate Pool			(4,993,348)
(11,300)	Community Charge Difference			(3,010)
(770,783)	<b>DEFICIT/(SURPLUS) FOR THE YEAR</b>			553,780
	General Fund Balance			
(10,724,928)	Balance at the beginning of the year			(11,495,711)
(770,783)	Deficit/(Surplus)for the year			553,780
(11,495,711)	Balance at the end of the year			(10,941,931)

## NOTES TO CONSOLIDATED REVENUE ACCOUNT

## 1. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

2001/02 £		2002/03 £
	Income	
	Reversal of Capital Charges	
(1,025,882)	General Fund and DLO/DSO	(784,065)
(22,616,549)	Housing Revenue Account	<u>(28,017,993)</u>
		(28,802,058)
<u>(2,000)</u>	Transfer from deferred grants and contributions	<u>(68,666)</u>
<u>(23,644,431)</u>		<u>(28,870,724)</u>
	Expenditure	
	Interest	
19,875,075	Housing Revenue Account	25,302,495
3,423	Finance Leases	<u>2,411</u>
		25,304,906
	Provision for depreciation	
351,185	General Fund and DLO/DSO	401,867
2,927,519	Housing Revenue Account	<u>2,937,663</u>
		3,339,530
<u>(487,229)</u>	Balance to Consolidated Revenue Account	<u>(226,288)</u>

## 2. CONTRIBUTIONS TO (FROM) RESERVES

2001/02 £		2002/03 £
(76,040)	Trading undertakings	(116,697)
(174,510)	Contribution from Capital Reserve	(457,504)
30,809	Contribution from DLO/DSO Reserve Accounts	55,150
472,758	Building Control Trading Reserve	(18,125)
	Contribution to /from Earmarked Reserves	
210,599	Recreation and Leisure - Capital	(462,592)
(30,983)	Recreation and Leisure	31,584
1,566	The Arts	86,503
40,757	Cycleways	(91,659)
16,266	Conservation Grants and Initiatives	(38,233)
25,000	Planning Enforcement	0
(28,613)	Milton Country Park	(8,379)
(100,000)	Good Housekeeping Reserve	0
1,355	Contributions in lieu of interest	0
2,692	Miscellaneous	(7,508)
<u>0</u>	Contingency	<u>90,000</u>
<u>391,656</u>		<u>(937,460)</u>

**3. CONTRIBUTION FROM CAPITAL FINANCING RESERVE**

2001/02		2002/03
£		£
952,923	Financing of capital expenditure from revenue	2,017,500
(351,185)	Depreciation	(401,867)
<u>(4,970,441)</u>	Deferred charges written out	<u>(6,285,996)</u>
<u>(4,368,703)</u>		<u>(4,670,363)</u>

**4. LEASES**

Any operating lease rentals paid to lessors during the year and the estimated outstanding undischarged obligations in respect of operating leases are not material to the fair presentation of the financial position of the Authority. Payments of £19,876 in respect of finance leases were made during the year (£19,876 in 2001/02).

**5. ACCOUNTING FOR PUBLICITY**

In accordance with the Local Government Act 1986 Section 5, expenditure on all publicity, including exempt categories and including publicity relating to accounts other than the General Fund was:

2001/02		2002/03
£		£
106,502	Staff recruitment	98,060
221,351	Public Relations	314,438
<u>65,022</u>	Other	<u>68,809</u>
<u>392,875</u>		<u>481,307</u>

**6. PENSIONS**

In 2002/03 expenditure on employer's contributions was £537,124 representing 6.0% of employees' pensionable pay (£424,653 and 5.0% in 2001/02) into the Local Government Pension Scheme which is administered by Cambridgeshire County Council and which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being 31<sup>st</sup> March 2001 but not implemented until 1<sup>st</sup> April 2002. The future service funding rate for 2002/03 was 12.8% and the additional provision in the accounts that would have been required to meet fully future pension liabilities is estimated at £609,000.

In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 2002/03 these amounted to £74,200 representing 0.83% of pensionable pay (£75,590 and 0.89% in 2001/02).

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The capital cost of the discretionary increases in pensions payments agreed by this authority in 2002/03 is estimated to be nil. The capital cost of those discretionary increases in pension payments relating to earlier years for which payments are still being made is estimated to be £1,335,500.

In order to comply with the transitional provisions of Financial Reporting Standard 17, Retirement Benefits, the latest actuarial valuation as at 31<sup>st</sup> March 2001 has been rolled forward in order to report on the position as at 31<sup>st</sup> March 2003. The financial assumptions were:

2001/02		2002/03
2.8%	Inflation	2.5%
4.3%	Salary increases	4.0%
2.8%	Pension increases	2.5%
6.4%	Discount rate ( 3.5% in real terms)	6.1%

Expected rate of return on assets		
7.5%	Equities	8.0%
5.5%	Bonds	4.8%
6.0%	Property	6.0%
4.0%	Cash	4.0%

The fair value of attributable assets, the proportion of assets and their expected rate of return, and the present value of scheme liabilities were estimated to be:

31st March 2002			31st March 2003	
Estimated attributable assets/liabilities £,000	Asset distribution %		Estimated attributable assets/liabilities £,000	Asset distribution %
28,002	76.0	Equities	20,596	72.5
6,020	16.0	Bonds	4,965	17.5
1,858	5.0	Property	2,004	7.1
971	3.0	Cash	835	2.9
<u>36,851</u>	100.0	Estimated attributable assets	<u>28,400</u>	100.0
<u>(37,144)</u>		Estimated present value of scheme liabilities	<u>(39,200)</u>	
<u>(293)</u>		Deficit	<u>(10,800)</u>	

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The movement in the net pension liability is:

	£'000
Net pensions liability as at 1st April 2002 (rounded)	(290)
Movements in the year:	
current service cost	(1,150)
employer's contributions	530
interest cost	(2,380)
expected return on assets	2,580
actuarial losses	<u>(10,090)</u>
Net pensions liability as at 1st April 2003	<u>(10,800)</u>

The actuarial losses are analysed as:

	£'000	%
Differences between the expected and actual return on assets	(10,300)	(36.3)
Differences between actuarial assumptions and actual experience on liabilities	210	0.5
Actuarial losses	<u>(10,090)</u>	

Further information can be found in the County Council's Pension Fund Annual Report which is available upon request from the Director of Resources, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

## **7. MEMBERS ALLOWANCES**

The total of Members' allowances paid in the year was £287,317 (£279,081 in 2001/02). Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, 9 – 11 Hills Road, Cambridge, CB2 1PB.

## **8. EMPLOYEES' REMUNERATION**

The number of employees whose remuneration was £40,000 or more were:

2001/02		2002/03
8	£40,000 - £49,999	8
3	£50,000 - £59,999	4
1	£60,000 - £69,999	1
1	£70,000 - £79,999	1

Remuneration for these purposes includes all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

other than in cash. Pension contributions payable by either the employee or employer are excluded.

### 9. BUILDING CONTROL

Expenditure on fee-earning activities and associated fee income were:

2001/02		2002/03
£		£
408,523	Expenditure	563,125
<u>(598,351)</u>	Income	<u>(545,000)</u>
<u>(189,828)</u>	(Surplus) / Deficit	<u>18,125</u>

### 10. TRADING OPERATIONS

2001/02		2002/03
£		£
	Direct Service Organisation	
	Refuse collection	
2,372,678	Turnover	2,398,512
31,835	Deficit	51,583
	Direct labour Organisation	
	Building maintenance	
2,768,566	Turnover	2,963,942
44,205	Deficit	65,114

### 11. RELATED PARTY DISCLOSURES

In 2002/03, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

### 12. ACQUIRED AND DISCONTINUED OPERATIONS, EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

There are no transactions to report under these headings in 2002/03 or in 2001/02.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**THE COLLECTION FUND**

2001/02	INCOME AND EXPENDITURE ACCOUNT	2002/03	
£	INCOME	£	
(40,819,750)	Income from Council Tax	(46,765,517)	
	Transfers from General Fund		
(2,253,198)	Council Tax Benefits	(2,634,494)	
289,660	less Benefit subsidy limitation	<u>0</u>	(2,634,494)
<u>(38,843,219)</u>	Income collectable from Business Ratepayers		<u>(43,009,122)</u>
<u>(81,626,507)</u>			<u>(92,409,133)</u>
	<b>EXPENDITURE</b>		
	Demands and Precepts		
	Precepts		
35,213,302	Cambridgeshire County Council	38,638,462	
3,586,320	Cambridgeshire Police Authority	<u>5,002,960</u>	43,641,422
	Demands - District Council		
2,635,449	General Expenses	3,702,370	
1,748,714	Special Expenses - Parish Precepts	<u>1,919,959</u>	5,622,329
			<u>49,263,751</u>
<u>43,183,785</u>			
	Business Rate		
38,683,815	Payment to National Pool	42,844,382	
159,404	Cost of Collection	164,740	43,009,122
	Provision for Uncollectable Amounts of Council Tax		
53,869	Write Offs	49,952	
25,698	Provision for Bad and Doubtful Debts	<u>35,797</u>	85,749
	Contributions		
	Towards previous year's estimated Collection Fund Deficit		
	Council Tax		
91,260	Cambridgeshire County Council	(200,880)	
9,214	Cambridgeshire Police Authority	(20,459)	
12,160	District Council	<u>(25,016)</u>	(246,355)
	Towards Council Tax Benefit Subsidy Limitation		
(202,622)	Cambridgeshire County Council	0	
(35,055)	Cambridgeshire Police Authority	0	
(74,000)	District Council	<u>0</u>	0
	Community Charge		
3,010	District Council		850
<u>81,910,538</u>			<u>92,113,117</u>
284,031	(Surplus)/Deficit of income over expenditure		(296,016)
(105,670)	Fund Balance at Beginning of year		178,361
<u>178,361</u>	Fund Balance at end of year		<u>(117,655)</u>
	Attribution of Deficit/(Surplus) carried forward		
(855)	Community Charge	0	
179,216	Council Tax	<u>(117,655)</u>	(117,655)
<u>178,361</u>			<u>(117,655)</u>

**NOTES TO THE COLLECTION FUND ACCOUNT****1. GENERAL**

This account represents the transactions of the Collection Fund, which have been prepared on the accruals basis.

**2. COUNCIL TAX**

The Council Tax is raised to finance local authority net expenditure which is not met from government grants, and there is one bill for each dwelling based on the valuation band in which the dwelling is placed. There is a discount scheme for dwellings with less than two liable persons, a benefit scheme for persons on low incomes and a reduction for people with disabilities.

The Council Tax base for tax setting purposes is calculated as:

Band	Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
A	Upto £40,000	1,478.25	6/9	985.10
B	£40,001 - £52,000	4,481.75	7/9	3,485.80
C	£52,001 - £68,000	14,999.25	8/9	13,332.70
D	£68,001 - £88,000	10,089.75	9/9	10,089.70
E	£88,001 - £120,000	8,875.00	11/9	10,847.20
F	£120,001 - £160,000	5,770.00	13/9	8,334.40
G	£160,001 - £320,000	3,316.75	15/9	5,527.90
H	More than £320,000	277.00	18/9	554.00
		49,287.75		53,156.80
		Assumed rate of collection	99.5%	
		Tax base for tax setting purposes (number of Band D equivalent dwellings)		52,891
		Tax rate for a Band D property		£931.42
		Estimated income due		£49,263,735
		Actual income due		
		Net of write offs and provisions	£46,679,768	
		Council Tax Benefit net of subsidy limitation	£2,634,494	
				£49,314,262
		Additional income due to variations in tax base and rate of collection		£50,527

### **3. INCOME FROM BUSINESS RATES**

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 1<sup>st</sup> April 2002 was £104,636,503 and the uniform rate was 43.7 pence in the £. The total amount, less certain reliefs and other deductions, is paid to a national pool managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local population.

### **4. COLLECTION FUND SURPLUS**

The surplus relating to Council Tax transactions of £117,655 on the Collection Fund as at 31<sup>st</sup> March 2003 will be distributed in subsequent financial years to the major precepting authorities and the District Council in proportion to their respective precepts and demand.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**HOUSING REVENUE ACCOUNT**

2001/02 £		2002/03 £
	<b>INCOME</b>	
(16,526,028)	Dwelling Rents(Gross)	(17,122,523)
(279,515)	Non-dwelling Rents(Gross)	(283,311)
(1,115,954)	Charges for Services and Facilities	<u>(1,103,881)</u>
		(18,509,715)
	Contributions towards expenditure	
(452,430)	General Fund	(524,560)
0	Direct Labour Organisation	0
(2,690)	Direct Services Organisation	(3,566)
0	Housing Management Trading Organisation	0
0	Other sources	<u>(46,497)</u>
		(574,623)
(53,107)	Housing Benefit Transfers from General Fund	(59,807)
(20,363)	Reduced Provision for Bad or Doubtful Debts	0
<u>(18,450,087)</u>	<b>Total Income</b>	<u>(19,144,145)</u>
	<b>EXPENDITURE</b>	
3,939,111	Repairs and Maintenance	3,553,151
	Supervision and Management	
1,401,737	General	1,530,944
793,440	Repairs and Maintenance	774,305
2,198,838	Special Services	2,506,945
96,230	Rent, Rates and Other Charges	100,068
7,027,994	Rent Rebates	7,361,503
0	Negative Housing Subsidy Transfer to General Fund	325,992
30,253	Transfer re: DLO Deficit	65,553
19,689,030	Cost of Capital Charge	23,340,040
2,927,519	Depreciation of Fixed Assets	2,937,663
17,740	Treasury Management Costs	20,390
0	Provision for Bad or Doubtful Debts	10,355
<u>38,121,892</u>	<b>Total Expenditure</b>	<u>42,526,909</u>
19,671,805	<b>Net Cost of Services</b>	23,382,764
	HRA transactions on the Asset Management Revenue Account	
(19,689,030)	Cost of Capital Charge	(23,340,040)
(65,998)	Interest on Amounts Set Aside	<u>(92,105)</u>
	HRA Investment Income	(23,432,145)
(29,618)	Mortgage Interest	(17,826)
(120,047)	Interest on Cash Balances	<u>(130,060)</u>
		(147,886)
		<u>(23,580,031)</u>
(232,888)	<b>Net Operating Expenditure</b>	(197,267)
0	Credit cover for credit arrangements	27,410
(232,888)	<b>Deficit/(Surplus) for the year</b>	(169,857)
(3,226,520)	Balance brought forward	<u>(3,459,408)</u>
<u>(3,459,408)</u>	Balance carried forward	<u>(3,629,265)</u>

**NOTES TO HOUSING REVENUE ACCOUNT****1. HOUSING STOCK**

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

	As at 1st April 2002	Additions during the year	Disposals during the year	As at 31st March 2003
1 Bedroom	1,217	11	(19)	1,209
2 Bedrooms	2,555	18	(61)	2,512
3 Bedrooms	2,277	0	(71)	2,206
4 or more Bedrooms	75	0	(4)	71
	<u>6,124</u>	<u>29</u>	<u>(155)</u>	<u>5,998</u>

## Disposals

Right to Buy

105

Equity Share

41

Other

9

155

The total balance sheet values of dwellings and other property and land within the HRA are;

	Balance at 31st March 2002	Revaluation/ Review at 1st April 2002	Additions during year	Disposals/ Impairment during year	Depreciation for year	Balance at 31st March 2003
Operational assets						
Council dwellings	325,920,707	61,573,171	10,118,394	(8,300,885)	(2,937,663)	386,373,724
Garages	1,255,600	251,120	0	0	0	1,506,720
Non operational assets						
Land	2,241,663	448,329	0	(215,625)	0	2,474,367
	<u>329,417,970</u>	<u>62,272,620</u>	<u>10,118,394</u>	<u>(8,516,510)</u>	<u>(2,937,663)</u>	<u>390,354,811</u>

Vacant possession value of dwellings

679,726,238

The balance sheet values of the dwellings are on the basis of existing use value for social housing, which assumes the dwellings will continue to be let on a secure tenancy at less than open market rents; this value is, therefore, significantly less than the vacant possession value.

**2. CAPITAL EXPENDITURE, FINANCING AND RECEIPTS**

Capital expenditure and financing relating to the HRA during the financial year was:

	£		£
Expenditure		Financing	
New Build	144,367	Capital receipts	4,957,426
Acquisition of existing dwellings	1,995,790	Major Repairs Allowance	2,927,519
Improvement of housing stock	6,074,270	Grant	21,794
Grants	36,000	Capital creditors	343,688
	<u>8,250,427</u>		<u>8,250,427</u>

Capital receipts relating to the HRA during the financial year were:

2001/02		2002/03
£		£
168,375	Sale of Land	230,385
4,597,593	Sale of dwellings	
2,829,267	Right to buy	7,423,049
<u>7,595,235</u>	Other	<u>3,816,250</u>
		<u>11,469,684</u>

**3. DEPRECIATION**

With effect from 2001/02, a new element of housing subsidy is the Major Repairs Allowance which represents the capital cost of keeping housing stock in its current condition. The Major Repairs Allowance, being based on the annual cost of replacing individual building components as they reach the end of their useful life, is considered to be a reasonable estimate measure of depreciation.

The charge for depreciation within the HRA was:

2001/02		2002/03
£		£
2,927,519	Operational assets	2,937,663
0	Non operational assets	0
<u>2,927,519</u>		<u>2,937,663</u>

**4. IMPAIRMENT**

An impairment charge of £161,875 for the financial year 2002/03 (nil in 2001/02) in respect of two land sites has been made where the Local Plan has changed the possible land use to exclude any potential development.

**5. MAJOR REPAIRS RESERVE**

This reserve effectively shows how the Major Repairs Allowance element of housing subsidy, being considered a reasonable estimate measure of depreciation, is used to finance capital expenditure relating to the HRA.

	£
Balance on 1 <sup>st</sup> April 2002	0
Transfer of depreciation provision	(2,937,663)
Capital expenditure	2,937,663
Balance on 31 <sup>st</sup> March 2003	0

**6. COST OF CAPITAL CHARGE**

The cost of capital charge is based on 6% of the value of HRA operational assets as at 1<sup>st</sup> April and reflects the cost of public sector capital tied up in council housing and other HRA assets. This charge is reversed out in the appropriations section of the HRA.

**7. HOUSING SUBSIDY**

The amount of housing subsidy due to/(from) the HRA for the financial year consists of:

2001/02		2002/03
£		£
1,778,604	Allowance for management	1,779,094
3,646,058	Allowance for maintenance	3,645,846
2,927,519	Allowance for major repairs	2,937,663
39,006	Charges for capital	0
6,591,226	Rent rebates	6,866,147
7,350	Other items	7,460
20,120	Allowance for tenant participation compacts	0
39,938	Allowance for resource accounting	0
15,049,821		15,236,210
(15,382,890)	Rent	(16,033,033)
(52,847)	Interest on receipts	(82,645)
(385,916)	(Negative) housing subsidy	(879,468)
504,519	Add back rent rebate subsidy limitation	555,261
0	(Negative) housing subsidy	(324,207)
0	Rebate Adjustment for 2001/02	(1,785)
0	Total 2002/03 negative housing subsidy	(325,992)

**8. RENT ARREARS ON DWELLINGS**

As at 31 <sup>st</sup> March 2002 £		As at 31 <sup>st</sup> March 2003 £
452,847	Arrears	391,956
2.6%	Arrears as a percentage of gross rents collectable	2.14%
£ 300,000	Provision for uncollectable amounts	£ 300,000

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**CASH FLOW STATEMENT**

2001/02		2002/03	2002/03
£		£	£
	Revenue Activities		
	Cash Outflows		
9,885,010	Cash paid to and on behalf of employees	11,288,349	
10,583,530	Other operating cash payments	12,550,489	
3,491,127	Housing Benefit paid out	4,353,842	
30,156,738	National Non-Domestic Rate Payments to the National Pool	44,924,181	
35,304,562	Precepts paid to County Council	38,437,582	
3,595,534	Precepts paid to Police Authority	4,982,501	
1,748,714	Precepts paid to Parishes	<u>1,919,959</u>	
			118,456,903
	Cash Inflows		
(9,501,508)	Rents (after rebates)	(10,043,134)	
(40,657,883)	Council Tax receipts	(46,737,108)	
(4,993,348)	National Non Domestic Rates from National Pool	(5,603,500)	
(38,849,496)	Non Domestic rate receipts	(44,230,995)	
(666,760)	Revenue Support Grant	(188,693)	
(5,458,208)	DSS grants for benefits	(5,782,251)	
(348,632)	Other Government Grants	(394,771)	
(4,275,520)	Cash received for goods and services	<u>(4,828,859)</u>	
			<u>(117,809,311)</u>
<u>(9,986,140)</u>	Revenue Activities Net Cash Flow		647,592
	Returns on Investment		
	Cash Outflows		
3,423	Interest element of finance leases	2,411	
	Cash Inflows		
(3,299,941)	Interest received	<u>(2,713,918)</u>	
			(2,711,507)
	Capital Activities		
	Cash Outflows		
8,888,242	Purchase of Fixed Assets	16,979,688	
5,105,087	Deferred Charges	6,506,137	
	Cash Inflows		
(12,187,302)	Sale of Fixed Assets	(20,205,750)	
(4,454,218)	Capital Grants received	(5,074,540)	
(1,173)	Other capital cash receipts	<u>(1,250)</u>	
			<u>(1,795,715)</u>
<u>(15,932,022)</u>	Net cash inflow before financing		<u>(3,859,630)</u>
	Cash Outflow		
16,454	Financing - principal element of finance leases		17,465
<u>15,850,000</u>	Net increase in short term deposits		<u>3,200,000</u>
<u>(65,568)</u>	Decrease/(Increase) in cash		<u>(642,165)</u>

**NOTES TO CASH FLOW STATEMENT****1. Reconciliation of deficit on Consolidated Revenue Account to net cash flow from revenue activities.**

2001/02 £		2002/03 £	2002/03 £
553,780	(Surplus)/Deficit on Consolidated Revenue Account	524,205	
(232,888)	(Surplus)/Deficit on Housing Revenue Account	(169,857)	
284,032	(Surplus)/Deficit on Collection Fund	<u>(296,016)</u>	
			58,332
	Add non cash transactions		
10,830	Credit Cover (net)	(16,070)	
(962,452)	Direct Revenue Financing of Capital Expenditure	(2,484,479)	
(2,927,519)	Major Repairs Allowance	(2,937,663)	
(401,320)	Contribution (to)/from Reserves	718,884	
	Less non cash transactions		
2,000	Amortisation of Deferred Grants and Contributions	<u>48,570</u>	
			<u>(4,670,758)</u>
			(4,612,426)
	Changes in working capital		
8,203	Stock	(51,694)	
(1,164,964)	Debtors	304,600	
(8,452,360)	Revenue Creditors	<u>2,295,605</u>	
			2,548,511
<u>3,296,518</u>	Servicing of Financing from Cash Flow Statement		<u>2,711,507</u>
<u>(9,986,140)</u>	Revenue Activities Net Cash Flow		<u>647,592</u>

**2. Reconciliation of balance sheet to liquid resources**

	<b>Balance Sheet 31<sup>st</sup> March 2002</b>	<b>Balance Sheet 31<sup>st</sup> March 2003</b>	<b>Movement in Liquid Resources 2002/2003</b>
Investments	(57,000,110)	(60,200,110)	(3,200,000)
Less time deposits	57,000,110	60,200,110	3,200,000
Investments repayable on demand	0	0	0
Cash overdrawn	1,388,261	746,096	(642,165)
Movement	1,388,261	746,096	(642,165)

**3. Analysis of other Government grants**

2001/02		2002/03
£		£
	Revenue	
(189,228)	Housing Benefit Administration and Fraud	(230,031)
<u>(159,404)</u>	NNDR Cost of Collection Allowance	<u>(164,740)</u>
<u>(348,632)</u>		<u>(394,771)</u>
	Capital	
(258,171)	Renovation Grants - net of repayments	(438,591)
<u>(4,196,047)</u>	Social Housing Grant	<u>(4,635,949)</u>
<u>(4,454,218)</u>		<u>(5,074,540)</u>

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**CONSOLIDATED BALANCE SHEET**

31st March 2002		Note	31st March 2003
£		1 and 2	£
	Fixed Assets		
	Operational		
327,176,307	Council dwellings		387,880,444
7,292,548	Other land and buildings		7,942,442
803,622	Vehicles, plant and equipment		1,159,941
151,794	Infrastructure		140,516
368,694	Community Assets		368,694
<u>2,284,913</u>	Non -operational		<u>2,474,617</u>
338,077,878			399,966,654
1,162	Deferred Charges	3	0
569,523	Long Term Debtors-Mortgages		456,096
<u>338,648,563</u>	Total Long Term Assets		<u>400,422,750</u>
	Current Assets		
77,834	Stocks	4	26,140
3,767,444	Debtors	5	5,569,640
57,000,110	Investments(short term)	6	60,200,110
<u>60,845,388</u>			<u>65,795,890</u>
	Current Liabilities		
(12,518,704)	Creditors	7	(11,730,877)
(1,388,261)	Cash overdrawn		(746,096)
<u>(13,906,965)</u>			<u>(12,476,973)</u>
<u>46,938,423</u>	Net Current Assets		<u>53,318,917</u>
385,586,986	Total Assets less Current Liabilities		453,741,667
(514,576)	Deferred Credits and Grants	8	(536,365)
<u>385,072,410</u>	Net Assets		<u>453,205,302</u>
	Balances and Reserves		
(273,314,688)	Fixed Asset Restatement Reserve (Note 1 to Reserve Statement)		(321,507,793)
(68,961,757)	Capital Financing Reserve (Note 2 to Reserve Statement)		(83,973,341)
(22,741,139)	Usable Capital Receipts Reserve (Note 3 to Reserve Statement)		(28,446,558)
(5,831,847)	Earmarked Reserve	10	(5,112,963)
	Revenue Balances		
(10,941,931)	General Fund		(10,417,726)
(3,459,409)	Housing Revenue Account		(3,629,266)
178,361	Collection Fund		(117,655)
<u>(385,072,410)</u>			<u>(453,205,302)</u>

**Signed**  
G.J.Harlock, CPFA, M.I.Mgt  
Finance and Resources Director

**Dated**

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 1. FIXED ASSETS

Movements in the net fixed assets during the year were as follows:

	Balance at 31st March 2002	Revaluation/ Review at 1st April 2002	Additions during year	Disposals/ Impairment during year	Depreciation for year	Balance at 31st March 2003
Operational						
Council dwellings	327,176,307	61,824,291	10,118,394	(8,300,885)	(2,937,663)	387,880,444
Other land and buildings	7,292,548	0	6,262,839	(5,510,028)	(102,917)	7,942,442
Vehicles, plant and equipment	803,622	0	653,968	(9,977)	(287,672)	1,159,941
Infrastructure	151,794	0	0	0	(11,278)	140,516
Community Assets	368,694	0	0	0	0	368,694
Non operational	2,284,913	448,329	0	(258,625)	0	2,474,617
	<u>338,077,878</u>	<u>62,272,620</u>	<u>17,035,201</u>	<u>(14,079,515)</u>	<u>(3,339,530)</u>	<u>399,966,654</u>

Valuations on the bases set out in the statement of accounting policies have been carried out for:

- Council dwellings and non operational assets relating to the Housing Revenue Account as at 1<sup>st</sup> April 2000 and reviewed as at 1<sup>st</sup> April 2001 and 2002 by Mr.L.M.Catley, MRICS, FAAV, Head of District Valuer Services, Cambridgeshire; Council dwellings have been valued and reviewed on the basis of existing use for social housing; and
- Other land and buildings and investment properties have been valued as at 1<sup>st</sup> April 1999 by Mr.K.G.Moore, FRICS, IRRV, FCI Arb of Catlings, Chartered Surveyors.

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for fixed assets may not be recoverable.

Capital expenditure was financed as follows:

	£		£
Expenditure:		Financing:	
Fixed assets	17,035,201	Capital receipts	18,018,702
Deferred Charges	6,506,137	Revenue	2,033,478
		Grant	497,143
		Decrease in Capital Creditors	54,351
		Major Repairs Allowance	2,937,663
	<u>23,541,337</u>		<u>23,541,337</u>

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

An analysis of fixed assets is:

31 <sup>st</sup> March 2002 (Numbers)		31 <sup>st</sup> March 2003 (Numbers)
6124	Council dwellings	5998
1	Offices	0
1	Depot and Workshop	1
1	Country Park, visitors centre and toilet block	1
5	Car Parks	5
2	Commercial Property	2
19.06 (acres)	Land	15.25 (acres)

Capital commitments as at 31<sup>st</sup> March 2003 were £0.2 million on Housing and £13.2 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

## 2. LEASES

There were no new finance lease agreements during 2002/03 (£85,808 in 1999/00). Gross expenditure on finance leases amounted to £85,808 as at 31<sup>st</sup> March 2003 (£85,808 as at 31<sup>st</sup> March 2000); accumulated depreciation amounted to £51,486 (£34,324 in previous year).

## 3. DEFERRED CHARGES

	Balance at 31st March 2002 £	Expenditure £	Amounts written out £	Balance at 31st March 2003 £
Improvement grants	0	648,945	(648,945)	(0)
Other	1,162	5,856,030	(5,857,192)	0
	<u>1,162</u>	<u>6,504,975</u>	<u>(6,506,137)</u>	<u>(0)</u>

## 4. STOCKS AND WORK IN PROGRESS

31st March 2002 £			31st March 2003 £
67,640	Stock	DSO	17,000
<u>10,194</u>		Other	<u>9,140</u>
<u>77,834</u>			<u>26,140</u>

**5. DEBTORS**

31st March 2002		31st March 2003
£		£
561,082	Government Departments	1,819,267
906,463	Non-Domestic Ratepayers	1,497,597
738,680	Council Tax	754,243
452,847	Housing Rents	391,956
19,110	Cambridgeshire County Council	158,383
55,508	Employee Car Loans	35,529
0	Staff Salaries and Wages	698
2,197,428	Sundry Debtors	2,116,400
(1,163,675)	Provision for Doubtful Debts	(1,204,433)
<b><u>3,767,443</u></b>	<b>Total</b>	<b><u>5,569,640</u></b>

**6. INVESTMENTS**

31st March 2002		31st March 2003
£		£
1,500,000	Local Authorities	0
8,500,000	Clearing Banks	10,200,000
0	Subsidiaries of Clearing Banks	
1,000,000	Banks, other	3,500,000
	Building Societies with assets:	
10,500,000	greater than £6,000 million	19,500,000
24,000,000	between £1,000 million and £6,000 million	19,000,000
11,500,000	between £250 million and £1,000 million	8,000,000
110	Government Securities	110
<b><u>57,000,110</u></b>	<b>Total</b>	<b><u>60,200,110</u></b>

**7. CREDITORS**

31st March 2002		31st March 2003
£		£
(7,715,376)	Government Departments	(5,501,615)
(1,103,556)	Non-Domestic Ratepayers	(2,913,356)
(392,071)	Council Tax	(429,177)
(67,242)	Housing Rents	(52,865)
(174,236)	Cambridgeshire County Council	(323,084)
(184,095)	Cambridge City Council	(112,988)
(76,631)	Staff Salaries and Wages	(468,288)
(2,805,497)	Sundry Creditors	(1,929,504)
<b><u>(12,518,704)</u></b>	<b>Total</b>	<b><u>(11,730,877)</u></b>

**8. DEFERRED CREDITS AND GRANTS**

31st March 2002 £		31st March 2003 £
(449,565)	Deferred Capital Receipts	(337,389)
(28,000)	Deferred Government Grants	(179,430)
<u>(37,011)</u>	Outstanding Obligations-Finance leases	<u>(19,546)</u>
<u>(514,576)</u>	Total	<u>(536,365)</u>

Deferred capital receipts are amounts derived from the sales of assets that will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

**9. PROVISION FOR CREDIT LIABILITIES (memorandum account)**

This memorandum account shows the balance which has been set aside as a provision to repay debt, and includes some amounts already shown in the capital financing reserve in note 2 to the Statement of Total Movement in Reserves.

2001/02 £		2002/03 £
(29,260,331)	Balance at beginning of year	(28,281,805)
(4,196,047)	Social Housing Grant (SHG)	(4,635,949)
(1,295,845)	Capital Receipts excluding SHG	(2,010,324)
<u>0</u>	Credit Cover for credit arrangements	<u>(478,410)</u>
(34,752,223)		(35,406,488)
6,459,588	Amount used to finance capital expenditure from negative credit ceiling	5,541,916
<u>10,830</u>	Liability in respect of credit arrangement	<u>11,340</u>
<u>(28,281,805)</u>		<u>(29,853,232)</u>

For debt free authorities such as South Cambridgeshire, the balance on the provision for credit liabilities (memorandum) account (PCL) is not necessarily a reliable indicator of resources available for new investments. This is because the balance is not cash-backed, the cash having been used internally to finance new capital expenditure and externally to repay outstanding debt.

The effective indicator for debt free authorities is the negative credit ceiling as this represents the excess of amounts set aside from revenue and capital receipts over accumulated capital expenditure financed by credit. Section 64 (3) of the Local Government and Housing Act 1989, therefore, restricts the amount of the PCL which may be applied to meet new capital expenditure to the extent by which the credit ceiling is less than nil at the end of the preceding year.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

CREDIT CEILING

2001/02		2002/03
£		£
(6,509,612)	Balance at beginning of year	(5,541,916)
	Reserved capital receipts set aside in year	
(4,196,047)	Social Housing Grant	(4,635,949)
(1,295,845)	Other (statutory specified percentage of non-Right to Buy capital receipts)	(2,010,324)
<u>(12,001,504)</u>		<u>(12,188,189)</u>
	Reserved capital receipts brought forward used to	
<u>6,459,588</u>	finance capital expenditure	<u>5,541,916</u>
<u>(5,541,916)</u>		<u>(6,646,273)</u>

In 2003/04, the PCL may therefore be used to authorise capital expenditure of less than £6,646,273 not being charged to revenue.

**10. RESERVES**

	31st March 2002 £	Transactions during year £	31st March 2003 £
Earmarked Reserves			
Capital			
Preservation of Historic Buildings	(194,243)	11,774	(182,469)
Arts Grants	(142,880)	(85,405)	(228,285)
Recreation and Leisure	(788,928)	119,392	(669,536)
Dual Use Recreational Facilities	(1,937,869)	343,200	(1,594,669)
Milton Country Park	(8,378)	8,378	0
Planning Projects	(594,957)	91,659	(503,298)
Other	(354,257)	(124,723)	(478,980)
Revenue			
Information Technology Reserve	(922,046)	457,504	(464,542)
Other	(888,289)	(102,896)	(991,185)
	<u>(5,831,847)</u>	<u>718,883</u>	<u>(5,112,964)</u>
Total - Capital			
	(4,021,512)	364,275	(3,657,237)
Revenue			
	<u>(1,810,335)</u>	<u>354,608</u>	<u>(1,455,727)</u>
	<u>(5,831,847)</u>	<u>718,883</u>	<u>(5,112,964)</u>

**11. ANALYSIS OF NET ASSETS EMPLOYED**

31st March 2002 £		31st March 2003 £
(29,175,526)	General Fund	(24,975,484)
(286,886,779)	Housing Revenue Account	(344,213,370)
<u>(48,348)</u>	Direct Service Organisation	<u>(43,106)</u>
<u>(316,110,653)</u>		<u>(369,231,960)</u>
<u>(68,961,757)</u>	Capital Financing Reserve	<u>(83,973,342)</u>
<u>(385,072,410)</u>		<u>(453,205,302)</u>

**12. CONTINGENT LIABILITIES AND PROVISIONS**

The only provisions in the balance sheet relate to bad and doubtful debts and have been netted off debtors. There are no known contingent liabilities.

## NOTES TO THE STATEMENT OF TOTAL MOVEMENT IN RESERVES

## 1. FIXED ASSET RESTATEMENT RESERVE

This reserve shows the increase in the value of fixed assets as a result of the valuation as at 1<sup>st</sup> April 1994, 1999 and 2001. The balance is written down by the net book value of disposed assets and will be debited or credited with deficits arising on future valuations.

Total 2001/02		General Fund	Housing Revenue Account	Total 2002/03
£		£	£	£
(282,999,375)	Revaluation as at 1st April 2001 of fixed assets less prior year disposals	(7,959,543)	(265,355,145)	(273,314,688)
0	Revaluation as at 1st April 2002 of fixed assets	0	(62,272,620)	(62,272,620)
0	Impairment of fixed assets	0	161,875	161,875
9,684,687	Disposal of fixed assets	5,563,005	8,354,635	13,917,640
<u>(273,314,688)</u>		<u>(2,396,538)</u>	<u>(319,111,255)</u>	<u>(321,507,793)</u>

## 2. CAPITAL FINANCING RESERVE

This account contains;

- a) The amount of capital expenditure financed from capital receipts and from revenue

Plus

- b) The amounts required by statute to be set aside from capital receipts and from revenue as a provision for the repayment of external loans

Less

- c) The amount already charged to revenue for depreciation

Total 2001/02		General Fund	Housing Revenue Account	Total 2002/03
£		£	£	£
(64,330,746)	Balance at beginning of year			(68,961,757)
	Add capital expenditure financed from;			
	capital receipts			
(3,487,330)	usable	(6,418,050)	(6,058,736)	(12,476,786)
(6,459,588)	reserved(negative credit ceiling)	(4,246,071)	(1,295,845)	(5,541,916)
(984,245)	revenue	(2,017,500)	(91,819)	(2,109,319)
(2,927,519)	Major Repairs Allowance	0	(2,937,663)	(2,937,663)
	Add/less set aside from;			
(1,295,845)	capital receipts excluding SHG	0	(2,010,324)	(2,010,324)
(4,196,047)	social housing grant (SHG)	(4,635,949)	0	(4,635,949)
6,459,588	negative credit ceiling	4,246,071	1,295,845	5,541,916
	Add credit cover for credit			
	arrangements	(451,000)	(27,410)	(478,410)
3,278,704	Less depreciation	401,867	2,937,663	3,339,530
4,970,441	Less deferred charges written out	6,285,996	0	6,285,996
	Less liability in respect of credit			
10,830	arrangement	0	11,340	11,340
<u>(68,961,757)</u>				<u>(83,973,342)</u>

**3. USABLE CAPITAL RECEIPTS RESERVE**

These are capital receipts which are available to finance new capital expenditure in the future.

Total 2001/02		General Fund	Housing Revenue Account	Total 2002/03
£		£	£	£
(15,337,300)	Balance at beginning of year	(4,394,770)	(18,346,369)	(22,741,139)
	Add			
(12,187,302)	Capital receipts received during year from sale of assets	(8,736,065)	(11,469,684)	(20,205,749)
	Less			
3,487,330	Capital receipts applied during year	6,418,050	6,058,736	12,476,786
288	Capital receipts transferred to reserves	13,221		13,221
1,295,845	Capital receipts set aside during year (statutory)	0	2,010,324	2,010,324
<u>(22,741,139)</u>		<u>(6,699,564)</u>	<u>(21,746,993)</u>	<u>(28,446,557)</u>