

**GOSPORT BOROUGH COUNCIL**  
**STATEMENT OF ACCOUNTS 2001 - 2002**

**FOREWORD BY THE BOROUGH TREASURER**

**Summary**

Overall the Final Accounts show a satisfactory position on the General Fund compared to the Revised Budget 2001/2002 but a slightly poorer position than anticipated on the Housing Revenue Account.

**General Fund**

The revised budget for 2001/2002 indicated that transfers from reserves and provisions of £617,000 would be required to meet the net revenue shortfall in the General Fund. The required transfer has been more than anticipated at £663,000 and comprises of contributions of £119,000 from the General Fund working balance and £544,000 from the Capital Reserve.

The General Fund working balance has accordingly been reduced to £500,000. This is now at the minimum prudent level and should be restored as resources permit.

A sum of £200,000 was earmarked in 2001/2002 as a provision against a potential NNDR assessment of the Council's Open Market. This has now been transferred into the Capital Reserve and a Contingent Liability note included on page 26.

**Housing Revenue Account (HRA)**

The Housing Revenue Account balance has been reduced to £591,000 compared to the estimated year end balance of £635,000.

The lower than expected level of housing subsidy is primarily due to the actual rent rebates for the year being lower than anticipated. The summary Housing Revenue Account on page 13 is presented in the new format to which all Local Authorities must now adhere.

**Capital Programme**

The Capital Programme 2001/2002 shows an underspending of approximately £1m from the revised programme budget of £6,681,000. This figure includes the effect of slippage into 2002/2003.

### **Treasury Management**

The Policy and Organisation Board, in March 2002 , reaffirmed the Council's over-riding objective of the 2002/2003 Treasury Management Strategy, to 'continue to minimise risk exposure for the Council whilst seeking to reduce the interest burden of financing the net borrowing requirement by working towards debt free status at 31 March 2006'.

In accordance with this strategy, long term borrowing has reduced from £7.1m to £5m during 2001/2002 and the level of short term borrowing has decreased from £5.5m at 31.3.01 to £2m at 31.3.02.

### **Local Tax Collection**

The rate of Council Tax collection has improved upon that for 2000/2001 with 96.05% of the annual debit being collected by the end of 2001/2002. The figure for the previous year was 95.05%. A further improved collection rate target of 97.00% has been set for 2002/2003 which will hopefully build on this performance.

**THE ACCOUNTS AND AUDIT REGULATIONS 1996  
STATEMENT OF MAIN PRINCIPLES  
ADOPTED IN COMPILING THE ACCOUNTS**

General Principles and Accounting Standards - The accounts have been prepared in accordance with the Accounts and Audit Regulations 1996 and the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Guidance notes issued by CIPFA on the application of SSAPs and FRSs to the accounts of local authorities have been adopted. These notes ensure that a consistent standard of treatment is adhered to by the profession in compiling annual accounts. If there is any significant non-compliance it will be noted separately below.

Debtors - All income due in the year has been brought to account.

Creditors - All expenditure due to be paid at the year end is accounted for.

All other expenditure items have been brought to account.

Operating Leases - The Council's policy is generally to use operating lease finance for any acquisitions of large vehicles and equipment.

Long Term Debt, including that which is repayable within 12 months, has reduced by £2,000,000 during 2001/2002 and totals £5,000,000 as at 31.3.2002.

Fixed Assets - All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets have been included in the balance sheet at the lower of net current replacement cost and market value. Infrastructure assets and community assets are included in the balance sheet at historical cost. When an asset is disposed of the net book value of the asset is written off against the fixed asset restatement reserve. The proceeds on the disposal of a fixed asset are split between the capital financing reserve for the repayment of external debt and usable capital receipts.

Depreciation - Assets other than land are depreciated over their useful economic lives except where the asset's life is so long that depreciation would not be material. Depreciation is calculated using the straight line method over the following periods:

Buildings:	individually assessed
Vehicles:	5 - 7 years
Infrastructure:	20 - 50 years
Equipment:	3-10 years

In accordance with the Accounting Code of Practice for Local Authorities in Great Britain, the Authority's Council Dwellings have been depreciated by approximately £2.3m. This has been charged to the Housing Revenue Account and reversed in the Asset Management Revenue Account to comply with FRS 15. The depreciation sum has been based on the Major Repairs Allowance and accords with the general guidance included in DETR communications. It is intended that more tailored measures of depreciation may be developed over time.

Capital Charges - The capital charges made to revenue accounts equal depreciation plus a notional interest charge based on the net book value of the asset at the start of the year. The notional interest rates are prescribed by the CIPFA/LASAAC Joint Committee under the Code of Practice on Local Authority Accounting in Great Britain. The notional rate of interest applied in 2001/2002 was 6%. The charge made to the Housing Revenue Account is the Item 8 determination as calculated in the HRA subsidy determination for the year. In the case of capital grants, amounts are released from the grants-deferred account to offset depreciation charged to the revenue account in respect of assets to which the grants relate.

Deferred Charges represent capital expenditure where no asset is created. Where the expenditure results in a continuing benefit to the Authority, the expenditure is amortised over its useful economic life.

#### Basis of Valuation:

- Stocks and Stores items are valued at last purchase price as a proxy for current replacement cost (a departure from SSAP9). Obsolete items are held at historical or estimated value.
- Investments are held at nominal value which is not materially different from market value at 31.3.2002 other than War Stock

Central Administration - These costs are fully re-allocated to all services and functions on the basis of estimated time spent. (See Page 15 for details)

#### Nature of Substantial Reserves, Provisions and Other Fund Balances

- (i) Unapplied Capital Receipts primarily result from the sale of land and property and are invested pending use for financing new development or redemption of debt. Those receipts set aside for repayment of debt are included within the capital financing reserve. (See (vii) below).
- (ii) Deferred Capital Receipts consist of the outstanding balance of mortgage advances for the sale of Council Houses and Houses Built for Sale.

- (iii) A provision for bad debts is maintained for debts that may be irrecoverable.
- (iv) General Fund and Housing Revenue Account balances safeguard the Council against any major unforeseen increases in expenditure or decreases in income.
- (v) Capital/Special Maintenance Reserve is used for financing a range of special maintenance items plus General Fund capital projects in order to avoid external borrowing and for the financing of certain vehicles, plant and equipment and major uninsured repairs to the Council's Fixed Assets.
- (vi) Fixed Asset Restatement Reserve represents the difference between valuing assets on the basis of previous accounting practice and current accounting practice. Any future movement in asset valuations will be reflected in this reserve, together with the net book value of any asset disposals.
- (vii) Capital Financing Reserve - this comprises: amounts set aside for the repayment of external loans, fixed asset expenditure financed from revenue, the reserved proportion of capital receipts required to be set aside to pay external loans, capital receipts applied to finance fixed asset expenditure, the adjustment to depreciation needed to form the minimum revenue provision.
- (viii) Local Tax Reserves represent the surpluses arising from the collection of Council Tax. Council Tax surpluses are distributed between Hampshire County Council, Hampshire Police Authority and Gosport Borough Council on the basis of estimates of balances made in the previous year.
- (ix) Provisions are required for any liabilities of uncertain timing or amount that have been incurred and are recognised only when they exist at the balance sheet date. Provisions are charged to revenue accounts and when the expenditure is incurred this is charged directly to the provision. Provisions are utilised only for the purpose for which they are established, except when a change is required as a result of a review of the appropriateness of the balance or charge. For details of specific provisions see note 10 to the Consolidated Balance Sheet.
- (x) Control of the funds - Use of the funds is controlled by the Policy and Organisation Board.
- (xi) Appropriation to the funds generally comes from; (a) contributions provided for in Estimates, (b) investment of the Fund Balances, (c) slippage within Capital Programme, and (d) savings compared to revised estimates.

## HOUSING BOARD

SERVICE STATISTICS (GENERAL FUND HOUSING)	ACTUAL 2000/2001	ACTUAL 2001/2002
Home Improvement Grants completed	487	636
Home Improvement Payments	£232,310	£296,220
Housing Complaints Investigated	240	273
Private House Purchase and Improvements -		
No. of loans at 31 March	14	14
Caravan Park, Stokes Bay -		
No. of Mobile Homes	55	55
No. of leased properties at 31 March	NIL	NIL
Gross Rent arrears at 31 March - Bed and Breakfast		
Current Tenants	£5,050	not available
Former Tenants	£18,830	not available
Provision for Bad Debt	£11,500	not available

## GENERAL FUND ACCOUNT

NET EXPENDITURE 2000/2001 £	SERVICE	EXPENDITURE £	INCOME £	NET EXPENDITURE 2001/2002 £
<b>HOUSING BOARD</b>				
262,500	Home Improvement Grants	248,910	40	248,870
98,540	Private Sector Housing	121,170	5,210	115,960
247,310	Homelessness	365,130	111,360	253,770
(13,530)	Mobile Home Park	67,160	82,590	(15,430)
<u>594,820</u>	<b>BOARD TOTAL</b>	<u>802,370</u>	<u>199,200</u>	<u>603,170</u>

## COMMUNITY &amp; ENVIRONMENT BOARD

SERVICE STATISTICS	ACTUAL 2000/2001	ACTUAL 2001/2002
Holbrook Recreation Centre (usage numbers)		
Swimming	95,129	95,436
Squash	9,349	10,022
Health Suite	3,115	2,994
General Recreation	8,700	31,680
Concessions	4,574	3,014
Courses	12,687	11,588
Events	10,185	7,666
Studio	29,020	34,981
Other	3,310	2,095
Parks & Open Spaces - Areas Maintained		
Grass Cutting/Other Maintenance - Hectares	201	201
Flower Beds – Nos	194	194
Basketball Courts – Nos	5	5
Bowls/Putting Greens – Nos	7	7
Cricket Squares – Nos	5	5
Football Pitches – Nos	22	23
Rugby Pitches – Nos	4	4
Tennis Courts – Nos	18	18
Play Areas – Nos	18	20
Playscheme - Total Attendance	19,420	15,163
Public Conveniences	21	19
Food Hygiene Inspections	308	292
Food Complaints Investigated	26	23
Health and Safety Inspections	224	165
Pest Control Complaints		
Rodents	1,143	970
Public Health Insects	429	380
Other Pests	87	53
Infectious Disease Notification	101	167
Dog Complaints	186	345
Public Health Nuisance (Pollution)		
Complaints investigated	361	365
Noise complaints investigated	432	281
Waste Collections -		
Net cost per tonne	£42.34	£41.32
Net cost per dwelling	£33.51	£32.92
Waste Collected per Capita	328kg	338kg
Car Parks - No. of spaces	2,703	2703
Concessionary Travel - Token Issues	12,580	11351
- Farepass Issues	1,537	2432

## GENERAL FUND ACCOUNT

NET EXPENDITURE 2000/2001 £	SERVICE	EXPENDITURE £	INCOME £	NET EXPENDITURE 2001/2002 £
<b>COMMUNITY &amp; ENVIRONMENT BOARD</b>				
(366,760)	Open Market	14,770	370,470	(355,700)
255,440	Public Conveniences	234,110	210	233,900
66,770	Dog Control/Enforcement	89,870	4,580	85,290
19,940	Cemetery	204,590	181,820	22,770
492,870	Coast Protection	483,070	0	483,070
54,050	Waste Recycling	170,540	107,040	63,500
444,870	Street Cleansing	714,900	263,380	451,520
30,960	Abandoned/Unwanted Vehicles	109,600	49,430	60,170
287,260	Holbrook Recreation Centre	295,610	0	295,610
116,310	Non G.B.C Leisure Facilities	116,620	0	116,620
754,290	Urban Land Management	1,598,670	227,630	1,371,040
290,240	Outdoor Sports	368,880	53,680	315,200
60,060	Tenanted Buildings	147,540	66,390	81,150
80,880	Countryside Management	70,420	3,740	66,680
111,840	Museum	106,630	230	106,400
102,370	Community Recreation	115,140	4,700	110,440
22,970	Coastal Services	30,060	1,060	29,000
28,510	Allotments	45,630	11,800	33,830
25,740	Nursery	119,510	100,000	19,510
73,750	Arts & Events	109,610	22,210	87,400
1,013,510	Waste Collection	1,053,450	23,940	1,029,510
50,560	Environmental Strategy	46,130	0	46,130
416,280	Highways (GBC)	510,400	63,050	447,350
43,620	Bus Station	97,110	50,710	46,400
211,360	Car Parks	279,600	76,450	203,150
23,780	Landing Stage	72,590	2,150	70,440
2,890	Town Quay	3,990	100	3,890
520,550	Concessionary Travel	713,950	172,390	541,560
<b>5,234,910</b>	<b>BOARD TOTAL</b>	<b>7,922,990</b>	<b>1,857,160</b>	<b>6,065,830</b>

## REGULATORY BOARD

SERVICE STATISTICS	ACTUAL 2000/2001	ACTUAL 2001/2002
Planning & Development - No. of Applications	663	851
Building Control - No. of Applications	775	938

## POLICY AND ORGANISATION BOARD

SERVICE STATISTICS	ACTUAL 2000/2001	ACTUAL 2001/2002
Registration of Electors - No. of electors	58,506	58,773
Local Land Charges - No. of Searches	2,904	3,311
Licences and Registrations issued or in force	1,461	1,474
Council Tax -		
Registered number of properties	32,568	33,199
Cost of Collection per Registered Property	£12.10	£13.62
Housing Benefits -		
No. of private tenants receiving rent allowances at 31 March	1,667	1,789
Average weekly rent allowance	£61.84	£61.15

## GENERAL FUND ACCOUNT

NET EXPENDITURE 2000/2001 £	SERVICE	EXPENDITURE £	INCOME £	NET EXPENDITURE 2001/2002 £
<b>REGULATORY BOARD</b>				
282,940	Environmental Health – Commercial	277,170	1,640	275,530
323,500	Environmental Health – Residential & Pollution	321,260	15,390	305,870
506,250	Planning, Development & Control	788,900	304,370	484,530
39,260	Licensing and Registration	101,340	55,220	46,120
<b>1,151,950</b>	<b>BOARD TOTAL</b>	<b>1,488,670</b>	<b>376,620</b>	<b>1,112,050</b>
<b>POLICY AND ORGANISATION BOARD</b>				
136,920	Registration of Electors	140,000	570	139,430
(72,420)	Local Land Charges	128,370	222,100	(93,730)
514,440	Housing Benefits	7,063,230	6,270,960	792,270
264,570	Local Tax Rebates	2,520,290	2,380,630	139,660
430,850	Local Tax Collection	539,980	84,340	455,640
26,630	National Non-Domestic Rates	138,930	82,550	56,380
(46,620)	Wilmott Lane Depot Landlord Account	50,410	93,390	(42,980)
459,240	Economic Development & Improvements	843,900	259,200	584,700
107,860	Marketing and Tourism	124,240	0	124,240
327,230	Priddy's Hard	1,336,080	0	1,336,080
190,800	Assistance to Voluntary Organisations	203,670	6,720	196,950
1,275,920	Corporate & Civic Expenses	1,427,240	8,650	1,418,590
432,810	Miscellaneous Services	504,540	71,980	432,560
214,050	Other Corporate Areas	(3,327,350)	0	(3,327,350)
<b>2,961,290</b>	<b>BOARD TOTAL</b>	<b>11,693,530</b>	<b>9,481,090</b>	<b>2,212,440</b>
<b>11,243,960</b>	<b>TOTAL FOR ALL BOARDS</b>	<b>21,907,560</b>	<b>11,914,070</b>	<b>9,993,490</b>

## HOUSING BOARD

SERVICE STATISTICS (COUNCIL HOUSING)	ACTUAL 2000/2001	ACTUAL 2001/2002
Av.No. Dwellings (include leased properties as at 31 March)	3,993	3,891
No. leased properties as at 31 March	NIL	NIL
Completions in Year	NIL	NIL
Demolitions in Year	NIL	NIL
Sale of Council Dwellings in Year	98	97
No. of mortgages on sold dwellings as at 31 March	88	77
Av. Weekly Unrebated Rent (52 weeks)	£49.74	£50.32
Tenants receiving Housing Benefit as at 31 March	2,209	2,134
Av. Weekly Housing Benefit (52 weeks)	£41.66	£44.65
Gross Rent Arrears as at 31 March - Current Tenants	£156,167	£164,013
- Former Tenants	£74,975	£109,493
	<b>£231,142</b>	<b>£273,506</b>
Arrears as a proportion of net debit	2.23%	2.65%
Provision for Bad Debt	£56,000	£56,000
Stock Analysis as at 31 March - Houses	1,649	1,574
- Flats	1,842	1,825
- Bungalows	444	444
	<b>3,935</b>	<b>3,843</b>

## COUNCIL HOUSING

## THE HOUSING REVENUE ACCOUNT – OLD FORMAT

ACTUAL 2000/2001 £		ACTUAL 2001/2002 £
	<b>INCOME</b>	
	<u>Rents</u>	
10,328,430	Dwellings (including heating charges)	10,256,980
(188,050)	Voids and irrecoverables	(112,390)
<u>10,140,380</u>	<b>Net Rent of Dwellings</b>	<u>10,144,590</u>
211,710	Garages	215,910
<u>17,060</u>	Shops, Land and Sundry Properties	<u>17,090</u>
10,369,150		10,377,590
122,160	Interest	77,200
802,800	Housing Subsidy	458,420
<u>148,020</u>	Miscellaneous Income	<u>209,880</u>
11,442,130	<b>TOTAL INCOME</b>	<b>11,123,090</b>
	<b>EXPENDITURE</b>	
978,350	Management and Supervision- General	1,146,320
1,034,120	- Special	1,074,640
2,956,900	Repairs and Maintenance	3,113,540
5,056,480	Housing Benefits	4,954,900
582,020	Capital Financing Charges	420,520
737,000	Revenue Contribution to Capital	915,000
<u>40,420</u>	Miscellaneous Expenses	<u>48,180</u>
11,385,290	<b>TOTAL EXPENDITURE</b>	<b>11,673,100</b>
56,840	Surplus (Deficit) for Year	(550,010)

<u>1,083,850</u>	Working Balance B/F at April	<u>1,141,000</u>
<u>1,140,690</u>	Working Balance C/F at 31 March	<u>590,990</u>
		For Information Only

## .COUNCIL HOUSING

### THE HOUSING REVENUE ACCOUNT – NEW FORMAT

	ACTUAL 2001/2002 £
<b>EXPENDITURE</b>	
Management	2,220,960
Maintenance	3,113,540
Rents, Rates, Taxes, Other Charges	49,880
Rent Rebates	4,954,900
Cost of Capital/Impairment/Deferred Charges	6,242,540
Depreciation	2,340,860
Debt Management Expenses	14,710
	<u>18,937,390</u>
<b>INCOME</b>	
Dwelling Rents	10,144,590
Shops & Garages	233,000
Service Charges	209,880
HRA Subsidy (including HRA)	2,799,280
	<u>13,386,750</u>
<b>NET COST OF SERVICES</b>	
	<u>5,550,640</u>
TFR AMRA (Difference between cost of capital and impairment/deferred charges and HRA interest costs)	(5,989,540)
Amortised Premiums / Discounts	39,110
HRA Investment Income / Mortgage Interest	(77,200)
	<u>(6,027,630)</u>
<b>NET OPERATING EXPENDITURE</b>	
	<u>(476,990)</u>
<b>APPROPRIATIONS</b>	
Revenue Contributions to Capital	915,000
HRA Set-Aside	112,000
Surplus at beginning of Year	1,141,000
Deficit for Year	(550,010)
Surplus at end of Year	<u>590,990</u>



## CONSOLIDATED REVENUE ACCOUNT

2000/2001 Net Expenditure £		Gross Expenditure £	Gross Income £	2001/2002 Net Expenditure £
1,067,430	Central Services to the Public	3,737,760	2,790,120	947,640
6,129,940	Cultural, Environmental and Planning Service	10,134,120	2,236,920	7,897,200
1,218,480	Highways, Roads and Transportation	1,677,650	364,850	1,312,800
1,028,100	Housing Services	14,569,860	12,638,350	1,931,510
1,601,480	Corporate and Democratic Core	1,876,830	3,900	1,872,930
62,310	Unapportionable Central Overheads	56,980	0	56,980
<u>11,107,740</u>	<b>Net cost of services</b>			<u>14,019,060</u>
13,180	Contribution to council tax benefit arising from subsidy limitation			29,000
(1,813,610)	Transfer from asset management revenue account (note 4)			(3,196,000)
(128,700)	Interest and investment income			(158,400)
<u>9,178,610</u>	<b>Net operating expenditure</b>			<u>10,693,660</u>
56,850	HRA surplus/(deficit) transferred to HRA reserves			(550,020)
0	Contribution from earmarked reserves			(344,290)
<u>0</u>	Contribution from capital financing reserve			<u>(107,140)</u>
9,235,460	<b>Amounts to be met from government grants and local taxation</b>			9,692,210
(3,133,240)	Demand on the Collection Fund			(3,475,980)
(2,927,730)	General Government Grants- Revenue Support Grant			(3,215,170)
(2,922,350)	Non-Domestic Rates distribution			(2,858,280)
(29,860)	Transfers from (-) / to the collection fund in respect of surpluses or deficits			(23,770)
<u>222,280</u>	<b>Net General Fund (surplus)/deficit</b>			<u>119,010</u>
<u>841,290</u>	Balance on General Fund brought forward			<u>619,010</u>
<u>-222,280</u>	<b>Deficit for the year</b>			<u>-119,010</u>
<u>619,010</u>	<b>Balance on general fund carried forward</b>			<u>500,000</u>

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

### 1. S.137 LOCAL GOVERNMENT ACT 1972

Under section 137 of the Local Government Act 1972 the Council can incur expenditure which in their opinion is in the interests of their area or its inhabitants, and for which there is no other power. The maximum expenditure permitted under this section was £190,000 for 2001/2002. S137 Local Government Act 1972 has been used to spend £150,937 on grants to voluntary organisations.

### 2. S.5 LOCAL GOVERNMENT ACT 1986 PUBLICITY ACCOUNT

Expenditure on publicity amounted to £134,436 in 2001/2002 of which £24,977 was incurred in the production of 'Coastline' the Council's newspaper of which 4 editions were issued to all properties within the Borough. The cost of promoting Tourism for 2001/2002 was £33,771.

### 3. ADMINISTRATION ACCOUNTS

NET EXPENDITURE RECHARGED 2000/2001 £		EXPENDITURE £	INCOME £	NET EXPENDITURE RECHARGED 2001/2002 £
928,150	Environmental Health Services	947,320	3,250	944,070
252,330	Leisure Services	326,340	5,260	321,080
1,422,540	Housing Services	1,554,430	33,400	1,521,030
1,081,940	Engineering Services	1,124,130	260	1,123,870
806,270	Planning Services	868,240	29,910	838,330
130,450	Chief Executive	129,750	0	129,750
135,970	Strategy & Policy Group	144,270	0	144,270
308,700	Economic Regeneration	331,430	0	331,430
936,810	Corporate Services	991,260	25,180	966,080
713,240	Borough Secretary	735,680	5,000	730,680
2,060,120	Financial Services	2,141,310	22,870	2,118,440
691,130	Information Technology	718,690	70	718,620
394,440	Accommodation	441,970	23,030	418,940
(1,542,760)	Less Recharges between Administration Accounts	(1,646,110)		(1,646,110)
<u>8,319,330</u>		<u>8,808,710</u>	<u>148,230</u>	<u>8,660,480</u>

Net expenditure is recharged to Council and Agency Services on a cost basis.

#### 4. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

2000/2001		2001/2002	
£	Income		£
1,909,900	Capital charges	-General Fund	3,447,090
521,860		-Housing Revenue Account	2,702,680
522,560	Provision for loan repayment	(see note below)	1,129,630
<u>2,954,320</u>			<u>7,279,400</u>
	<u>Expenditure</u>		
479,230	Provision for depreciation		3,551,070
661,480	External Interest charges		532,330
<u>1,813,610</u>	Balance to revenue a/c		<u>3,196,000</u>

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 is defined by statute.

245,570	Non-Housing amount - 4% of credit ceiling	275,060
142,240	Housing amount - 2% of credit ceiling	111,780
<u>(431,140)</u>	Commutation adjustment	<u>(306,260)</u>
<u>(43,330)</u>	Minimum revenue provision	<u>(80,580)</u>
479,230	Amount charged as depreciation	1,210,210
<u>(522,560)</u>	Credit to Asset Management Revenue Account	<u>(1,129,630)</u>
<u>(43,330)</u>		<u>(80,580)</u>

#### 5. HIGHWAYS AGENCY

The Council has an agency agreement with Hampshire County Council whereby the Council is responsible for maintaining highways within the Borough on behalf of the County Council. The County Council reimburses the Borough for this work, including a contribution towards administration costs leaving Highways Agency deficiency of £154,137. The agency agreement will terminate during 2002 with the service returning to the management of Hampshire County Council.

Detailed below is a summary of expenditure incurred in respect of the activity, which is not included in the Consolidated Revenue Account.

	£'000
Routine maintenance – structural	154
- aids to movement	93
- environmental	78
- other (including street lighting)	31
Special Maintenance	250
Administrative costs	240
Structural Maintenance	339
Capital Works and Studies	629
Total Highway Agency Expenditure	<u>1,814</u>

## 6. LEASED ASSET - RENTALS

	Finance leases £'000s	Operating leases £'000s
Total Rentals paid in 2001/2002	Nil	142

Outstanding undischarged leasing obligations in respect of operating leases

	£'000
- 2002/03	128
- 2003/04	96
- 2004/05	71
- 2005/06 onwards	31

## 7. PENSION COSTS

Pension and lump sum retirement benefits are paid from the Pension Fund which is administered by the County Treasurer, Hampshire County Council, The Castle, Winchester. Employees generally contribute 6% of pensionable pay whilst the Council contributes at a variable rate determined by actuarial valuation. The rate for 2001/2002 paid by all scheduled bodies was 195% of employee contributions and cost the Council £689,469 for the year. The Pension Fund must be sufficient to meet all liabilities.

Where it is in the Council's interests and budgets permit, staff aged 50 or over can be considered for early retirement. The cost of retiring early is borne by the Council and normally paid by instalments over 3 years. New capitalised costs for the year were £4,653 and £8,051 was paid by instalments during the year. In addition, pension benefits can be increased by the award of compensatory added years. The annual cost of awards for the year was £3,953 (capitalised cost £31,780).. Savings targets have been set for early retirement and projected savings of £280,000 have been identified for early retirements approved in 2001-02. Further information is contained in the Hampshire Pension Fund's annual report and accounts.

## 8. PENSION ASSETS AND LIABILITIES

In accordance with Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17) Gosport Borough Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

Gosport Borough Council participates in the Local Government Pension Scheme, which is administered by Hampshire County Council. The Local Government Pension Scheme is a defined benefit scheme based on final pensionable salary.

The most recent valuation was carried out as at 31 March 2001, and has been updated by independent actuaries to the Hampshire County Council Pension Fund to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 31 March 2002. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

Gosport Borough Council contributes to the Hampshire County Council Pension Fund at a common rate applicable to a group of employers, which is set having regard to the assets and liabilities of the group as a whole.

The main assumptions used for the purposes of FRS 17 are as follows:

	% pa
Discount rate	6.3
Rate of increase in salaries	4.3
Rate of increase in pensions in payment	2.8
Rate of increase in deferred pensions	2.8
Rate of inflation	2.8

Rate of return on Equities	8.25
Rate of return on Bonds	5.25
Rate of return on Property	7.25
Rate of return on Other assets	3.75

Assets are valued at fair value, principally market value for investments, and comprise:

	Value (£m)
Equities	26.56
Bonds	6.88
Property	1.78
Other	1.16
Total	36.38

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the Fund as a whole at 31 March 2002.

The following amounts were measured in accordance with the requirements of FRS 17:

	£m
Share of assets in Hampshire County Council Pension Fund	36.38
Estimated liabilities in Hampshire County Council Pension Fund	42.64
Gosport Borough Council's deficit in the scheme	-6.26

The surplus or deficiency revealed above should be borne in mind when considering the amount of overall reserves held.

It should be noted that, for employers, which do not admit new employees to the Fund, use of the projected unit method to value the liabilities will mean that the current service cost increases as the members approach retirement.

## 9. EMPLOYEES RECEIVING REMUNERATION IN EXCESS OF £40,000

Employees receiving a remuneration in excess of £40,000 during 2001/2002 are shown below. Remuneration means all amounts due to an employee including expense allowances subject to United Kingdom income tax, and the estimated money value of any benefits received by the employee other than in the form of cash.

Remuneration	Number of Employees
Between £40,000 and £49,999	4
Between £50,000 and £59,999	2
Between £60,000 and £69,999	2

## 10. MEMBERS' ALLOWANCES

The total allowances paid to members in 2001/2002 was £214,893.

## 11. THE EURO

The Authority did not incur any specific expenditure in 2001/2002 preparing for the introduction of the Euro. The likely implications have been reviewed and a Euro group has been established.

## 12. RELATED PARTY TRANSACTIONS

There were no material related party transactions during the financial year other than those with other local authorities and government departments as detailed below.

	<u>£'000</u>
Central Government - Revenue Grants	6,073
Capital Grants MAFF	56
Government Subsidies	8,733
Hampshire County Council - Precept	16,811
Pension Fund Payments	
Hampshire Police Authority - Precept	1,458

## 13. TRADING OPERATIONS

The Council is required to report separately on its trading activities for the year.

### BUILDING CLEANING TRADING ACCOUNT

#### Building Cleaning Trading Account 2001-02

	£'000s
<b>Expenditure</b>	
Employee expenses	184
Supplies and Services	7
Central and Support Services	14
<b>Total Expenditure</b>	<u>205</u>
<b>Income</b>	
Building Cleaning Charges	205
<b>Total Income</b>	<u>205</u>
<b>Surplus / (deficit) for year</b>	<u>0</u>
<b>Surplus / (deficit) for previous year</b>	<u>0</u>

### BUILDING CONTROL TRADING ACCOUNT

The Building (Local Authority Charge) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function – 'details of scheme for setting charges'. 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 by the chargeable and non-chargeable activities.

Building Regulations Charging Account 2001-02	Chargeable	Non- Chargeable	Total
	£'000s	£'000s	£'000s
<b>Expenditure</b>			
Employee expenses	92	57	149
Premises	6	3	9
Transport	4	3	7
Supplies and Services	9	4	13
Central and Support Services	28	20	48
<b>Total Expenditure</b>	<u>139</u>	<u>87</u>	<u>226</u>
<b>Income</b>			
Building Regulation Charges	142	2	144
<b>Total Income</b>	<u>142</u>	<u>2</u>	<u>144</u>
<b>Surplus / (deficit) for year</b>	3	(85)	(82)
<b>Surplus / (deficit) for previous year</b>	<u>(14)</u>	<u>(108)</u>	<u>(122)</u>

### CONSOLIDATED BALANCE SHEET

2000/2001	The Council's Assets Are	2001/2002	2001/2002
£		£	£
	<b>Fixed Assets (see notes 1 &amp; 2)</b>		
	<b>Operational Assets</b>		
89,251,040	- Council Dwellings		108,084,880
5,546,610	- Other Land and Buildings		13,869,120
462,080	- Vehicles, Plant and Equipment		314,600
5,501,700	- Infrastructure		13,260,530
2,266,790	- Community Assets		2,249,610
14,046,530	- Assets in Course of Construction		467,020
	<b>Non-Operational Assets</b>		
6,334,920	- Investment properties		7,581,350
123,409,670			145,827,110
834,100	Deferred Charges - (see note 3)		780,360
1,337,100	Long Term Debtors (see note 5)		1,175,590
125,580,870	<b>Total Long Term Assets</b>		147,783,060
	<b>Current Assets</b>		
3,000,670	Investments (see note 6)	1,000,670	
2,670	Cash in hand	3,440	
58,060	Stock of materials	69,440	
6,468,130	Sundry Debtors (see note 7)	4,725,910	5,799,460
135,110,410	<b>Total Assets</b>		153,582,520
	<b>Current Liabilities</b>		
5,500,000	Short Term Borrowing	2,000,000	
1,077,500	Long Term Borrowing repayable within 12 months	0	
403,110	Cash Overdrawn	829,540	
5,326,600	Sundry Creditors (see note 8)	5,368,020	8,197,560
122,803,200	<b>Total Assets Less Current Liabilities</b>		145,384,960
6,003,450	Long Term Borrowing (see note 9)	5,003,450	
13,317,320	Government Grants - Deferred Account	13,717,660	
326,490	Provisions (see note 10)	133,130	18,854,240
646,880	Deferred Capital Receipts (see note 15)		521,530
102,509,060	<b>Total Assets Less Liabilities</b>		126,009,190
66,853,310	Fixed Asset Restatement Reserve (see note 13)		88,149,420
32,735,280	Capital Financing Reserve (see note 14)		35,894,920
0	Usable Capital Receipts Reserve (see note 11)		45,000
2,920,470	Fund Balances and reserves (see note 16)		1,919,850
102,509,060	<b>Total Equity</b>		126,009,190

Mr Peter Wilson  
Deputy Chief Executive and Borough Treasurer

31st December 2002

## CONSOLIDATED BALANCE SHEET NOTES

### 1. Movement of Fixed Assets By Asset Type 2001/2002

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure	Community Assets	Assets in Course of Construction	Investment Properties
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value as at 31 March 2001	89,251	6,645	1,208	5,946	2,267	14,046	6,335
Prior Year Adjustment							
Additions			138	97	110	822	
Transfers		6,479		8,049	(127)	(14,401)	
Disposals	(3,267)						
Revaluations	24,442	1,855					1,246
Gross book value as at 31 March 2002	110,426	14,979	1,346	14,092	2,250	467	7,581
Accumulated depreciation as at 31 March 2001	0	1,098	746	444	0	0	0
Prior Year Adjustment							
Depreciation for year	2,341	536	285	388			
Depreciation on assets sold							
Revaluations		(524)					
Bal. as at 31 March 2002	2,341	1,110	1,031	832	0	0	0
Net book value as at 31 March 2002	108,085	13,869	315	13,260	2,250	467	7,581
Total movement in year	18,834	8,322	(147)	7,758	(17)	(13,579)	1,246
Balance at 31 March 2001	89,251	5,547	462	5,502	2,267	14,046	6,335

### Movement in Fixed Assets by Transaction

	Balance at 1 April £'000	Expenditure in Year £'000	Disposals in Year £'000	Revaluations and Depreciation £'000	Balance at 31 March £'000
2000/2001	113,058	6,272	(3,634)	7,714	123,410
2001/2002	123,410	1,167	(3,267)	24,517	145,827

### 2. Fixed Asset Valuation

The valuation method of fixed assets is described in the Statement of Accounting Principles on page 3.

A target five year rolling programme of revaluations is in place ensuring that major movements in valuations for specific categories of asset are reflected each year. Assets valued at £5.2 million were scheduled to be revalued by 31<sup>st</sup> March 2002. These assets will now be revalued in 2002-2003. This represents a degree of non-compliance from the relevant S.O.R.P. Progress against the plan is shown below.

<u>Category of Asset</u>	<u>Most Recent Valuation</u>	<u>Target re-valuation date</u>
Civic Offices	1999	2004
Depots	1998	2003
Public Conveniences	1999	2004
Commercial (let) properties	Various up to 1999	Review individual properties
Other Properties	Various up to 1999	Review individual properties
Car Parks	2002	2007

### 3. Deferred Charges

	Renovation Grants £	Other £	Total £
Balance as at 1 April 2001	0	834,100	834,100
Expenditure	175,540	390,710	566,250
SHG written off to capital financing reserve	0	(366,240)	(366,240)
Amounts written off to consolidated revenue account	(175,540)	(78,210)	(253,750)
Balance as at 31 March 2002	0	780,360	780,360

Deferred charges carried within the Balance Sheet represent an on-going benefit to the Authority where a physical asset has not been acquired. These are then written off to the Consolidated Revenue Account over the period of benefit. All other deferred charges are written off in the year incurred, which conforms with new recommended accounting practice.

### 4. Information on Assets Held

The Council's fixed assets principally include :

	Number as at 31 March 2002
<b>Council dwellings ( owned not leased)</b>	3,842
<b>Operational buildings</b>	
Town Hall/ Offices	3
Leisure Centre with Swimming Pool	1
Ice Rink	1
Paddling Pools	1
Depots	2
Surface Car Parks	39
Cemeteries	1
Public Conveniences	24
Museum (ownership subject to legal clarification)	1
Disinfestation Centre	1
<b>Operational equipment</b>	
Vehicles	20
<b>Infrastructure assets</b>	
Slipways	9
<b>Community assets</b>	
Parks and open spaces (hectares)	176.6
Collections of art/artefacts	2
Civic regalia and silverware (items)	142
Heritage Site	1
<b>Non-Operational</b>	
Land leased to third parties (hectares)	19.2
Shops (items)	2
Tenanted Buildings (items)	6

### 5. Long Term Debtors- the long term loan debt outstanding on the following types of advance :

	2000/2001 £	2001/2002 £
Housing Act Advances (including SDAA)	16,300	14,530
Housing Associations	49,330	48,780
Sale of Houses	646,880	521,530
Voluntary and Sporting Organisations	34,610	27,830
Car Loans to Staff	398,190	410,240
PWLB Loan Premium	191,790	152,680
	<u>1,337,100</u>	<u>1,175,590</u>

**6. Investments**

	2000/2001	2001/2002
Nominal Value	£	£
3.5% War Stock	670	670
Temporary Investments	3,000,000	1,000,000
	<u>3,000,670</u>	<u>1,000,670</u>

**7. Sundry Debtors**

	2000/2001	2001/2002
	£	£
Sundry Debtors	1,700,630	2,393,080
Housing Rents - arrears (including General Fund)	255,020	372,410
Council Tax - arrears	1,722,810	1,773,960
NNDR - arrears	708,650	464,850
Community Charge - arrears	95,900	53,230
Government Departments	3,138,100	787,690
Agency/Contract Service	126,100	62,880
	<u>7,747,210</u>	<u>5,908,100</u>
Less Provision for Bad Debts		
Sundry Debtors	308,300	371,680
Housing Rents	71,000	71,000
Council Tax	442,280	452,700
NNDR	361,600	233,580
Community Charge	95,900	53,230
	<u>6,468,130</u>	<u>4,725,910</u>

**8. Sundry Creditors**

	2000/2001	2001/2002
	£	£
Sundry Creditors	1,510,710	2,033,400
Capital Accruals	431,000	188,070
Payments in Advance	2,422,530	1,752,390
Government Departments	233,340	486,950
Agency/Contract Services	1,400	1,400
Deposits	727,620	905,810
	<u>5,326,600</u>	<u>5,368,020</u>

**9. Long Term Borrowing**

(i.e. Loans with over 12 months to maturity)

	2000/2001	2001/2002
	£	£
Education Trust Fund	3,450	3,450
PWLB	6,000,000	5,000,000
	<u>6,003,450</u>	<u>5,003,450</u>

Loans Statistics - Analysis of debt by maturity as from 31 March 2001 :  
Due for Repayment Within Years

	£
1-2	2,000,000
2-3	1,000,000
3-4	2,000,000
4-5	0
Over 5	3,450
TOTAL	<u>5,003,450</u>

**10. Provisions**

	2000/2001	2001/2002
	£	£
Section 38 Fees	126,490	133,130
	<u>126,490</u>	<u>133,130</u>

**11. Usable Capital Receipts Reserve**

	2000/2001	2001/2002
	£	£
Balance b/f at 1 April	0	0
Prior year adjustment	158,820	0
Receipts	<u>1,389,140</u>	<u>1,160,740</u>
	1,547,960	1,160,740
Financing of capital expenditure	<u>(1,547,960)</u>	<u>1,115,740</u>
Balance c/f at 31 March	<u>0</u>	<u>45,000</u>

## 12. Provision for Credit Liabilities (Memorandum account)

In order to comply with statutory requirements the Authority is required to set aside a provision to repay external loans. The Council is not required to keep an account within the accounting records for Provision for Credit Liabilities but a memorandum account is maintained see below:

2000/01		2001/2002
£'000		£'000
31,922	Balance brought forward	34,586
(43)	Amount set aside for MRP	(74)
<u>2,707</u>	Reserved capital receipts	<u>2,763</u>
<u>34,586</u>		<u>37,275</u>

## 13. Fixed Asset Restatement Reserve

2000/2001		2001/2002
£		£
63,973,810	Balance brought forward	66,853,310
6,513,490	Surplus/deficit on revaluation and restatement of fixed assets	24,562,780
<u>(3,633,990)</u>	Disposal of fixed assets	<u>(3,266,670)</u>
<u>66,853,310</u>		<u>88,149,420</u>

## 14. Capital Financing Reserve

2000/2001		2001/2002
£'000		£'000
29,037	Balance brought forward	32,735
(159)	Prior year adjustment	-
2,707	Capital receipts set aside	2,763
(18)	Housing Assoc. and Voluntary Organisation loan principal repaid	(8)
1,548	Capital financing - capital receipts/grants	1,116
737	- revenue	808
149	- grant write off	155
135	- capital reserve	33
45	- commuted sum	43
(522)	MRP (less depreciation provision)	(1,130)
(676)	Write down of deferred charges -capital	(366)
<u>(248)</u>	- revenue	<u>(254)</u>
<u>32,735</u>		<u>35,895</u>

This reserve is primarily to maintain the double entry accounting concept and does **not** represent cash balances available for future financing of capital expenditure.

## 15. Deferred Capital Receipts

Deferred capital receipts are amounts which are not available until they are repaid. They consist of the outstanding balance of mortgage advances for the sale of Council Houses and Houses Built for Sale.

## 16. Fund Balances and Reserves

Balances		2000/2001	2001/2002
		£	£
Reserves	Capital/Special Maintenance Reserve	835,080	423,620
Other	General Fund Working Balance	619,010	500,000
	Housing Revenue Account	1,140,690	590,680
	Council Tax	254,730	340,980
	Civic	4,540	3,680
	Royan Twinning Fund	3,260	860
	Museum Purchases	7,230	7,560
	Open Spaces	51,880	49,870
	Miscellaneous, suspense and oncost accounts	4,050	2,600
		<u>2,920,470</u>	<u>1,919,850</u>

## 17. Operating Leases

The total value of lease agreements at 31 March 2002 is approximately £0.6m of which the outstanding obligations amount to £295,924, (2000/01 £468,847). Lease payments amounted to £141,928 in 2001/2002.

## 18. Contingent Liabilities

The Council renewed an agreement with City Homes(UK) Limited to lease 114 properties and agreed to finance the shortfall at the end of the three year agreement (which expired in 1994-95) if sale on the open market did not realise the original loan. In light of recent case law there is no reasonable prospect of the Council being held liable under this guarantee and a provision is no longer required. The Bank of Tokyo have reserved their right to make a claim on the Council for failure to keep the properties in good tenable repair. However, the Council considers that it carried out its repair obligations, spending a disproportionately high percentage of the Housing Repair Budget on these properties. The likelihood of any such action being successful is considered extremely remote, and therefore no provision has been made.

There is a potential contingent liability which could be substantiated should the valuation office decide that the Council's Open Market should be rateable and backdates the assessment.

In view of the fact that the market is operated under consent street legislation, and is therefore not profit making, it is anticipated that the rating of the market could be resisted.

## 19. Capital Commitments

On the 19<sup>th</sup> May 1997, Portsmouth Harbour Renaissance Ltd. acting on behalf of shareholders, Gosport Borough Council, Portsmouth City Council, Portsmouth Naval Base Property Trust, entered into an agreement with the Millennium Commission to complete the Portsmouth Harbour Renaissance Project. Over the three year period Gosport Borough Council is committed to expenditure of £11.027m which will be partially offset by Millennium Grant of £6.568m. The three partners are jointly and severally responsible for delivering the project. If any one of the three partners defaults on the delivery of their part of the scheme, then the Commission can withhold grant from across the whole project.

## 20. Group Accounts

Gosport Borough Council is one of three equal shareholders in Portsmouth Harbour Renaissance Ltd. This level of shareholding satisfies the criteria that defines an associated company. But the activities of the company are not of a nature that warrants the requirement to prepare group accounts. Portsmouth Harbour Renaissance Ltd. does not operate independently; does not generate surpluses; does not own assets. It is merely an interface between the project partners (shareholders) and the Millennium Commission; collating the expenditure of the partners, submitting the claims, receiving and distributing the grant. Any administrative costs are charged to the partners quarterly. The accounts of PHR are audited independently and are available from Portsmouth City Council.

## 21. Trust Fund

The Council administers an Education Trust Fund amounting to £3,260 at 31 March 2002. The purpose of the Trust is to assist the education of necessitous Gosport children unable to avail themselves of educational facilities for financial reasons. Trust Funds are not covered by the audit opinion on the main statement of accounts, however the accounts are audited independently and copies are held by Gosport Borough Council.

### STATEMENT OF TOTAL MOVEMENT IN RESERVES

	2001-2002 £000s	2001-2002 £000s	2000-2001 £000s
Surplus / (deficit) for the year			
- General Fund	(463)		(222)
- Housing Revenue Account	(550)		56
<i>add back</i> Movements on specific revenue reserves	(200)		22
<b>Total increase / (decrease) in revenue resources</b>		(1,213)	(144)
Increase / (decrease) in			
Usable capital receipts	45		
Unapplied capital grants and contributions	147		(351)
<b>Total increase / (decrease) in realised capital resources (note 1)</b>		192	(351)
Gains / (losses) on revaluation of fixed assets	24,563		6,513
<b>Total increase / (decrease) in unrealised value of fixed assets (note 2)</b>		24,563	6,513
<b>Value of assets sold or disposed of (note 3)</b>		(3,267)	(3,634)
Capital receipts set aside	3,879		4,097
Revenue Resources set aside	(719)		(399)
Movement on Government Grants Deferred Account	401		3,760
<b>Total increase / (decrease) in amounts set aside to finance capital investment (note 4)</b>		3,561	7,458
<b>Total recognised gains and losses</b>		<u>23,836</u>	<u>9,842</u>

## Notes to Statement of Total Movement in Reserves

<b>1. Movement in realised capital resources</b>	Usable capital receipts £'000	Unapplied capital grants £'000	
Amounts receivable in 2001-02	1,160	556	
Amounts applied to finance new capital investment	(1,115)	409	
<b>Total increase/(decrease) in realised capital investment in 2001-02</b>	<b>45</b>	<b>147</b>	
Balance brought forward at 1-4-2001	0	0	
<b>Balance carried forward at 31-3-2002</b>	<b>45</b>	<b>147</b>	
	Fixed asset restatement reserve £'000		
<b>2. Movements in unrealised value of fixed assets</b>			
Gain/(loss) on revaluation of fixed assets in 2001-02	24,563		
<b>3. Value of assets sold or disposed of</b>			
Amounts written off fixed asset balances for disposals in 2001-02	(3,267)		
Total movement on reserve in 2001-02	21,296		
Balance brought forward at 1-4-2001	66,853		
<b>Balance carried forward at 31-3-2002</b>	<b>88,149</b>		
	Capital financing reserve £'000	Government grants deferred £'000	Total £'000
Capital receipts set aside in 2001-02			
- reserved receipts	2,763		
- usable receipts applied	1,116		
<b>Total capital receipts set aside in 2001-02</b>	<b>3,879</b>		<b>3,879</b>
Revenue resources set aside in 2001-02			
- capital expenditure financed from revenue	884		
- reconciling amount for provisions for loan repayment	(1,603)		
<b>Total revenue resources set aside in 2001-02</b>	<b>(719)</b>		<b>(719)</b>
Grants applied to capital investment in 2001-02		556	
Amounts credited to the asset management revenue account in 2001-02		(155)	
<b>Movements on Governments Grants Deferred</b>		<b>401</b>	<b>401</b>
Total increase / (decrease) in amounts set aside to finance capital investment			3,561
Total movement on reserve in 2001-02	3,160	401	
Balance brought forward at 1-4-2001	32,735	13,317	
<b>Balance carried forward at 31-3-2002</b>	<b>35,895</b>	<b>13,718</b>	



2,685	<b>NET CASH FLOW BEFORE FINANCING</b>	(5,601)
	<b><u>FINANCING</u></b>	
	<b>CASH OUTFLOWS</b>	
226	Repayments of amounts borrowed	2,078
19,000	Short-term loans repaid	14,500
19,226		16,578
	<b>CASH INFLOWS</b>	
0	New loans raised	0
(22,000)	Short - term loans raised	(11,000)
(22,000)		(11,000)
(89)	<b>(INCREASE)/DECREASE IN CASH</b>	(23)

## NOTES TO THE CASH FLOW STATEMENT

## 1. Reconciliation of net surplus to cash inflow from revenue activities

	2001/2002 £'000
General Fund deficit	(119)
Housing Revenue Account deficit	(550)
Collection Fund surplus	192
Contribution to capital reserves	1,073
Contributions from earmarked reserves	(496)
Contributions to Collection Fund reserves	24
Provisions	(200)
Deferred charges	(54)
Increase in revenue creditors	394
Increase in stocks	(9)
Decrease in debtors	1,919
Decrease in debtors provision	211
Interest and investment income	(133)
Interest paid	556
Asset management revenue account	(2,067)
Provision for repayment of loans	(1,284)
Other non cash items	3,131
Net cashflow from revenue activities	<u>2,588</u>

## 2. Movement in cash

	Cash £'000
Cash and bank balance 1 April 2001	(853)
Cash and bank balance 31 March 2002	(830)
Increase in cash	<u>23</u>

## 3. Movement in Long Term Borrowing

	As at 31.3.01 £'000	As at 31.3.2002 £'000	Movement £'000
Public Works Loan Board	7,078	5,000	(2,078)

## 4. Movement in Government Grants

	As at 31.3.01 £'000	As at 31.3.2002 £'000	Movement £'000
Revenue Support Grant	2,928	3,215	287
Other Government Grants	8,718	8,819	101

## LOCAL TAX COLLECTION FUND

	Notes	2000/2001 £	2001/2002 £
INCOME			
Council Tax	2	18,340,490	19,674,690
Transfers from General Fund - Council Tax benefits		2,174,210	2,272,800
Adjustment to previous years Community Charge		0	0
Income collectable from business ratepayers	3	9,812,770	11,190,390
		<u>30,327,470</u>	<u>33,137,880</u>
EXPENDITURE			
Precepts and demands	4	20,266,830	21,745,040
Business rate			
- Payment to national pool		9,733,200	11,111,170
- Costs of Collection		79,560	79,220
Bad and doubtful debts		79,080	10,430
		<u>30,158,670</u>	<u>32,945,860</u>
Deficit / (Surplus) for the Year		<u>(168,800)</u>	<u>(192,020)</u>
APPROPRIATIONS			
(Surplus) as at 1 April		(195,130)	(254,730)
- Gosport Borough Council surplus released		29,860	23,770
- Hampshire County Council surplus paid		72,890	75,550
- Hampshire Police Authority surplus paid		6,450	6,450
Deficit / (Surplus) for year		<u>(168,800)</u>	<u>(192,020)</u>
Deficit / (Surplus) as at 31 March		<u>(254,730)</u>	<u>(340,980)</u>

### NOTES TO THE COLLECTION FUND

1. This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund. The account is consolidated within the Council's accounts.

The year end surplus/deficit on the Collection Fund is to be distributed between Hampshire County Council, Hampshire Police Authority and Gosport Borough Council on the basis of estimates made on 15 January of the year end balance.

2. Council Tax

Council tax income is calculated by estimating the amount of income required from the Collection Fund for Hampshire County Council, Hampshire Police Authority and Gosport Borough Council. This is then divided by the tax base and multiplied by the ratio shown below to give the council tax for each band of property.

The Council's tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, calculated as follows :

Band	Estimated Number of Taxable Properties After Discounts	Ratio Equivalent	Band D Dwellings
A	4,650.50	6/9	3,100.30
B	10,436.75	7/9	8,117.50
C	7,248.00	8/9	6,442.70
D	3,112.25	9/9	3,112.30
E	1,321.25	11/9	1,614.90
F	909.00	13/9	1,313.00
G	278.25	15/9	463.80
H	5.25	18/9	10.50

The above figures exclude 799.3 band D equivalent MOD dwellings which make contributions in lieu of Council Tax.

3. Non-Domestic Rateable Value

The NNDR multiplier for the year was 43 pence. The rateable value at the year-end was £31,391,690.

4. Precepts and Demands

	2000/2001 £	2001/2002 £
Hampshire County Council	15,785,283	16,810,734
Hampshire Police Authority	1,348,303	1,458,323
Amount of Council Tax for Gosport Borough Council Services	3,133,239	3,475,983
	<u>20,266,825</u>	<u>21,745,040</u>

## CAPITAL PROGRAMME 2001/2002

	REVISED PROGRAMME £	ACTUAL 2001/2002 £
<b><u>HOUSING BOARD (HRA)</u></b>		
<b>NEW SCHEMES</b>		
LA Tenants DP Grant	50,000	50,000
Improvements to Housing Stock	3,206,000	3,208,850
<b>Board Total</b>	<b>3,256,000</b>	<b>3,258,850</b>
<b><u>COMMUNITY &amp; ENVIRONMENT BOARD</u></b>		
<b>WORK IN PROGRESS</b>		
Lee - Rock Groyne and Beach Nourishment		
Lee - Beach Management	127,000	78,320
Portsmouth Harbour Sea Wall - Falkland Gardens/The Esplanade	55,000	76,760
HLF Walpole Park		( 45,030)
HLF Falklands Gardens	395,000	( 570)
HLF No. 1 Bastion		( 510)
Gosport Town Centre Strategy	29,000	20,110
Lee Pool Pirates Cove	7,000	1,090
Holbrook Improvements	28,000	47,370
Leesland Park Scheme	20,000	21,710
Alver Valley – GBC Contribution	35,000	30,530
The Grove – GBC Contribution	28,000	33,660
Bus Station – Roof Patching	5,000	4,690
Landing Stage Repairs	3,000	5,300
<b>NEW SCHEMES</b>		
Aid to Voluntary Organisations	25,000	24,470
Waste Recycling	26,000	0
Inn off the Post - Heating	6,000	0
Bridgemary Park	20,000	20,000
Rowner Cricket Pavilion	8,000	0
Stokes Bay Changing Rooms	10,000	0
St Vincent – Improvements	20,000	20,000
St Vincent – Swimming Pool	20,000	0
Holbrook Maintenance	25,000	0
Elson Rec Play Area	20,000	1,800
Car Park Improvements	36,000	33,570
Holbrook Pre-School Playgroup	0	4,770
Forton Bowling Club	0	5,730
Stokes Bay Slipway	0	2,850
<b>Board Total</b>	<b>948,000</b>	<b>478,840</b>
<b><u>HOUSING BOARD (General Fund)</u></b>		
<b>NEW SCHEMES</b>		
Local Authority Social Housing Grant	697,000	366,240
Renovation Grants	298,000	296,220
Energy Efficiency	84,000	80,330
Community facilities	47,000	120
CRI Barclay House	0	220

**Board Total**

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1,126,000

743,130

	REVISED PROGRAMME £	ACTUAL 2001/2002 £
<b><u>POLICY &amp; ORGANISATION BOARD</u></b>		
<b>WORK IN PROGRESS</b>		
Other Improvements – The Ritz	0	940
Bastion No. 1 – Landslip	9,000	15,390
<b>NEW SCHEMES</b>		
HCC Urban Regeneration	50,000	0
CCTV	272,000	4,310
<b>Millennium</b>		
Core Schemes		
Priddy's Hard	312,000	284,220
Promenade (inc. CCTV)	18,000	57,090
PHR - Newco etc.	55,000	64,530
Other Schemes		
Forton Lake Bridge	400,000	153,450
Priddy's Heritage Area	3,000	0
Fees (non grant)	32,000	121,360
<b>Other</b>		
CAPS Year 3 Camber Phase 2	0	18,420
Gateways Project	0	20,000
IT Equipment	130,000	138,810
Town Hall Improvements (funded from revenue budgets)	50,000	42,170
Council Chamber	20,000	0
<b>Board Total</b>	<b>1,351,000</b>	<b>920,690</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>6,681,000</b>	<b>5,401,510</b>
add Accrual adjustment		207,790
<b>Amount to be financed</b>		<b>5,609,300</b>

**Financing of Capital Expenditure 2000/2001****£**

Basic Credit Approval :-	
BCA from DETR	638,000
Less Specified Capital Grants received	<u>-114,990</u>
	523,010
Supplementary Credit Approval :-	
SCA from DETR	160,820
SCA from MAFF	19,310
Major Repairs Allowance	2,340,860
Usable Capital Receipts	1,041,750
Capital Grants :-	
Disabled Facilities Grant	114,990
Konver/SEDA Priddys Grant	56,710
MAFF/HCC - Coast Protection	77,780
Home Office/SRB - CCTV	1,700
HLF – Town Parks	67,310
Millennium	172,160
Other Grants	32,730
Direct Financing from Revenue :-	
General Fund	42,170
Housing Revenue Account	915,000
Other Resources :-	
Commuted Sums Reserve	43,000
<b>TOTAL</b>	<b><u>5,609,300</u></b>

## MANPOWER

Compared to 2000/01 the total average full time equivalent staff employed by the Council during 2001/2002 has reduced by 16 to 309.

MANPOWER	AVERAGE NUMBER EMPLOYED*	
	2000/2001	2001/2002
SERVICE		
Chief Executive	7	7
Corporate Services	34	34
Economic Regeneration Services	14	7
Law and Administration	26	22
Financial Services	60	59
Housing Services	78	78
Leisure and Environmental Health Services	49	45
Engineering Services	35	34
Development Services	22	21
	<u>325</u>	<u>309</u>

\*Full-time equivalent derived from staff employed Sept 2000 and March 2001

## 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 Chief Finance Officer;
- \* to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- \* to approve the Statement of Accounts.

### The Chief Finance Officer's Responsibilities

The Chief Finance Officer 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 Great Britain ('the Code').

In preparing this Statement of Accounts, the Chief Finance Officer has:

- \* selected suitable accounting policies and applied them consistently;
- \* made judgements and estimates that are reasonable and prudent; and
- \* complied with the Code of practice.

The Chief Finance Officer has also:

- \* kept proper accounting records which are up to date; and
- \* taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts present fairly the financial position of the Authority at 31<sup>st</sup> March 2002 and its income and expenditure for the year then ended.

Mr Peter Wilson  
Deputy Chief Executive and Borough Treasurer

31<sup>st</sup> December 2002

## **AUDIT REPORT WITH UNQUALIFIED OPINION AND CERTIFICATE**

Auditor's Report to Gosport Borough Council

I have audited the statement of accounts on pages 3 to 5 and pages 13 to 38 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 3 to 5.

### **Respective Responsibilities of the Borough Treasurer and Auditors**

As described on page 38 the Borough Treasurer is responsible for the preparation of the statement of accounts. My responsibilities as independent auditor are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

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

### **Basis of Opinion**

I carried out my 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.

My 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.

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

### **Opinion**

In my opinion the statement of accounts presents fairly the financial position of Gosport Borough Council at 31 March 2002 and its income and expenditure for the year then ended.

### **Certificate**

I certify that I 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.

Mark Catlow  
Audit Manager