



# Statement of Accounts

**2001/02**



# *Index*

Explanatory foreword	1
Statement of Responsibilities	5
Statement of Accounting Policies	6
Consolidated Revenue Account	9
Housing Revenue Account	18
Collection Fund	21
Statement of Capital Expenditure and Financing	24
Consolidated Balance Sheet	27
Statement of Total Movements in Reserves	40
Pension Commitments	41
Cash Flow Statement	42
Report of the Auditors	45

# EXPLANATORY FOREWORD

## INTRODUCTION

This foreword has been written to provide a guide to the significant matters reported in these accounts. The Council's accounts for the year ended 31 March 2002 are set out on pages 1 to 45.

The Council's accounts consist of:

- **Statement of Accounting Policies** - (page 6). This explains the basis of the figures used in the accounts. The accounts can only be properly appreciated if the accounting policies, which have been followed in dealing with material items, are explained. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.
- **Consolidated Revenue Account** - (page 9). This summarises the costs for the year of all the services for which the Council is responsible, including Council housing. This statement provides details on income and expenditure on services, the use of specific reserves, financing arrangements, and the overall effect on the Council's General Fund.
- **Housing Revenue Account** - (page 18). The Council is required by law to account separately for the provision of housing. This account shows the major elements of housing revenue expenditure - repairs and maintenance, administration, rent rebates and capital financing costs - and how this is financed by rents, subsidies and other income.
- **Collection Fund** - (page 21). This shows the transactions of the Council relating to Council Tax, Community Charge and National Non-Domestic Rates, and the way in which these have been distributed to precepting authorities.
- **Capital Expenditure and Financing** - (page 24). This statement shows the main items of capital expenditure during the year and how they are financed.
- **Consolidated Balance Sheet** - (page 27). This statement is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves of the Council and its long-term indebtedness. It summarises information on fixed assets held. It excludes trust funds held by the Council.
- **Statement of Total Movements in Reserves** - (page 40). This statement brings together all the recognised gains and losses of the authority during the period and identifies those which have not been recognised in the consolidated revenue account. The statement separates the movements between revenue and capital reserves.
- **The Cash Flow Statement** - (page 42). This summarises the total movements of the Council's assets and liabilities during the financial year, inflows and outflows of cash arising from both revenue and capital transactions with third parties.

Various Notes to the accounts are included to support these.

## SUMMARY OF THE 2001/02 FINANCIAL YEAR

Dover District Council incurred revenue and capital expenditure during the year. Revenue expenditure is generally incurred on items which are consumed within the year and is financed from the Council Tax, Business Rates, Government grants and other income. Capital expenditure is incurred on items that provide value to the Council or the community for more than one year and is generally financed by loans, grants, revenue balances and proceeds from the sale of capital assets.

## GENERAL FUND OUTTURN

Net expenditure on the General Fund outturn statement (set out on page 3) shows a decrease of £762,263 against the Council's revised budget. The majority of services showed no material variation from budget except for those items mentioned below. The underspend has been offset by an equivalent extra contribution to the General Fund surplus.

### Extra requirements occurred in respect of the following budgets:

- Return on investments in the sum of £243,658, principally in relation to the externally managed investment fund. The 2001/02 financial year saw a marked decline in interest rates generally, which was greatly exacerbated by the events of September 11 2001 which caused a severe decline in the global economy. This situation was clearly outside of the Council's control.
- The scheme for decriminalisation of car parking, which has now been successfully implemented but was more expensive in initial set-up costs than first envisaged. It is anticipated that surpluses will be generated from the new arrangements which will enable set-up costs to be repaid to the General Fund over the next three or four years.
- Severance costs in the sum of £151,980 relating to the budget downsizing task. These costs were met from a specific reserve established for this purpose and consequently have a neutral effect on the outturn statement.
- Marketing and consultancy costs for economic development, principally relating to the forward planning for the Dover Town Investment Zone. This budget was oversubscribed by approximately £60,000.

### Areas of significantly reduced requirement were:

- The demand for housing benefits was slightly less than anticipated.
- Collection rates for council tax were improved.
- A review of the accounting procedures followed for the Collection Fund has resulted in a credit of approximately £760,000 to the general fund, this has been explained in note 7 to the Consolidated Revenue Account on page 12.
- Planning services, particularly external consultants fees. However, there was a reduction in the fee income from building control applications which partially offsets the underspend.

### Medium term financial planning:

- The Council's budget in the forthcoming years requires re-alignment to ensure that expenditure and resources are more closely matched without the need to draw down substantial sums from the General Fund surplus. Proposals to secure that re-alignment are contained within a medium term financial plan approved by the Council.

## HOUSING REVENUE ACCOUNT OUTTURN

The Housing Revenue Account surplus at the beginning of the accounting year had shrunk to below £30,000. As a result of a reduction in expenditure through cost saving exercises, a surplus of £639,738 was achieved at 31 March 2002.

## REVENUE EXPENDITURE IN 2001/02

### General Fund

This is summarised below:

<b>GENERAL FUND SUMMARY 2001 - 2002</b>				
Item No.	Portfolio Services	2001/02 Budget	2001/02 Actual	Difference
		£	£	£
1.	Transport, Opportunity and Access	1,064,810	1,136,458	71,648
2.	Finance and Scrutiny	2,932,630	2,336,638	(595,992)
3.	Community	3,624,940	3,381,366	(243,574)
4.	Environment and Public Protection	4,533,370	4,373,318	(160,052)
5.	Planning and Local Agenda 21	1,557,330	1,502,430	(54,900)
6.	Regeneration	3,088,660	3,057,301	(31,359)
7.	Policy and Strategy	2,801,360	2,849,230	47,870
8.	Net contingency and unspecified savings	(300,000)	0	300,000
9.	Balances on internal trading accounts	0	67,067	67,067
	<b>Portfolio Net Expenditure</b>	<b>19,303,100</b>	<b>18,703,808</b>	<b>(599,292)</b>
	<b>Financing Adjustments</b>			
10.	Interest Receivable	(1,020,000)	(776,342)	243,658
	Asset Management Revenue Account:			
11.	- Depreciation	1,050,571	899,124	(151,447)
12.	- Interest Payable	639,000	680,242	41,242
13.	- Asset Management Credits	(3,611,720)	(3,379,863)	231,857
14.	- Grant Released	(140,000)	(145,328)	(5,328)
	Appropriation Account:			
15.	- Deferred Charges	(877,000)	(769,685)	107,315
16.	- External Loans Adjustment	(1,050,574)	(899,124)	151,450
17.	- Minimum Revenue Provision	199,875	199,878	3
18.	- Grant Applied	140,000	145,328	5,328
	Contribution to (from) Reserves:			
19.	- Capital and Special Projects	(400,000)	(652,866)	(252,866)
20.	- Other	(14,361)	(122,108)	(107,747)
21.	Miscellaneous	0	(426,436)	(426,436)
22.	<b>Net Expenditure</b>	<b>14,218,891</b>	<b>13,456,628</b>	<b>(762,263)</b>
23.	Appropriation to (from) Balances	(1,314,651)	(552,388)	762,263
24.	<b>Budget for 2001/2002</b>	<b>12,904,240</b>	<b>12,904,240</b>	<b>0</b>
25.	<b>DDC Precept for Parish Councils</b>	<b>973,405</b>	<b>973,405</b>	<b>0</b>
26.	<b>Amount to be met by Government Grant and Local Taxpayers</b>	<b>13,877,645</b>	<b>13,877,645</b>	<b>0</b>

## HOUSING REVENUE ACCOUNT

The Housing Revenue Account covers Council Housing. The Council budgeted for a net surplus of £248,640 in 2001/02, while the year-end results show that the account made an actual surplus of £668,844. A summary of the Housing Revenue Account is detailed below:

<b>HOUSING REVENUE ACCOUNT SUMMARY 2001 - 2002</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Difference</b>
	£	£	£
Expenditure	19,698,130	19,217,163	(480,967)
Income	19,946,770	19,886,007	60,763
Deficit/ (surplus) for year	(248,640)	(668,844)	(420,204)

## CAPITAL EXPENDITURE

Capital expenditure in 2001/02 totalled £6,581,521 and can be summarised below:

<b>H R A</b>		<b>£</b>
Dwellings		<u>2,958,617</u>
		<u>2,958,617</u>
<b>GENERAL FUND</b>		
Renovation Grants	(Deferred Charges)	601,355
Disabled Facilities Grants	(Deferred Charges)	209,655
Other Grants	(Deferred Charges)	143,142
Housing Association Grants	(Deferred Charges)	27,661
Operational Assets		
- land and buildings		266,111
- equipment		5,567
- infrastructure assets		113,294
- land awaiting development		238,599
Assets under Construction		<u>2,017,520</u>
		<u>3,622, 904</u>

Further details can be found on page 24

# STATEMENT OF RESPONSIBILITIES

## 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 responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972). The Treasurer is the officer designated by the Council as the responsible officer.

## THE TREASURER'S RESPONSIBILITIES

As the Treasurer I am responsible for the preparation of the Council's statement of accounts which in terms of the Code of Practice on Local Authority Accounting is required to present fairly the financial position of the Council at the accounting date (31 March 2002) and its income and expenditure for the year (1 April 2001 to 31 March 2002).

In preparation of this Statement of Account I have:

- selected appropriate accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Accounting Code of Practice
- kept proper accounting records which are up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities



Stephen Bennett CPFA  
Treasurer  
Dover District Council

# STATEMENT OF ACCOUNTING POLICIES

## GENERAL

The Accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is recognised by statute as representing proper accounting practices. The Code is based on both approved accounting standards, known as Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standard (FRSs) approved by the Accounting Standards Board, and the Urgent Issues Task Force's (UITF) Abstracts.

## FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefit to the authority and the services it provides, for a period of more than a year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged directly to service revenue accounts.

Fixed assets are valued on the basis recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the 2001 Code of Practice on Local Authority Accounting. Assets are stated on the following basis:

- land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value.
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value.
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

Surpluses or losses arising from any revaluation of assets are credited or debited to the fixed asset restatement reserve. Revaluations of fixed assets are undertaken on a 5-year rolling programme, revaluing approximately one fifth of the Authority's assets annually. Material changes to asset valuations will be adjusted in the interim period, as they occur.

The value at which each category of asset is included in the balance sheet is reviewed annually, and where there is reason to believe that its value has changed materially during the accounting period (impairment), the valuation has been adjusted accordingly. Where an impairment loss on a fixed asset has occurred as a result of a clear consumption of economic benefits (e.g. through physical damage or deterioration), the loss is recognised in the asset management revenue account and the service revenue account. Other impairments (e.g. reflecting a general fall in prices) are recognised in the fixed asset restatement reserve.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and forms part of the capital financing reserve, and has not been used, is included in the balance sheet as usable capital receipts.

## DEPRECIATION

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- certain classes of building are not depreciated on the grounds that the Council's repairs and maintenance policy has resulted in the useful lives of assets being extended, so that any provision for depreciation would not be material.
- newly acquired assets are depreciated in the year acquired, and assets in the course of construction are depreciated when they are brought into use.

- depreciation is calculated using the straight-line method over the following periods:

Buildings	Up to 80 years
Infrastructure	Up to 40 years
Mobile plant	Up to 10 years
Motor vehicles	Up to 12 years

## CAPITAL CHARGES TO REVENUE

General Fund service revenue accounts, central support services and statutory trading accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net values included in the balance sheet as at 1 April 2001.

The notional rates of interest used for 2001/02 are 6% (6% 2000/01) for those operational fixed assets included in the balance sheet at current value and 6% (6% 2000/01) for infrastructure assets and community assets which are included in the balance sheet at historical cost. The aggregate charge to individual services is determined on the basis of the capital employed in each service. The charge made to the housing revenue account is an amount equivalent to the statutory capital financing charges.

External interest payable and the provision for depreciation are charged to the asset management revenue account, which is credited with capital charges charged to services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations, on the face of the Consolidated Revenue Account, below net operating expenditure.

## DEFERRED CHARGES

Deferred charges represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets. Deferred charges arising during 2001/02 were amortised to revenue in the year.

## GOVERNMENT GRANTS AND CONTRIBUTIONS

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited initially to the government grants-deferred account. Amounts are released to the asset management revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

## RESERVES

Reserves represent earmarked funds available for future expenditure. All but two of the reserves are available for Council use. The two funds not available exist to satisfy capital accounting requirements.

These are:

- the Fixed Asset Restatement Reserve, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
- the Capital Financing Reserve, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

No expenditure is charged directly to a reserve.

## ACCRUALS OF INCOME AND EXPENDITURE

Debtors and creditors at the year end are accrued in compliance with FRS 18 ensuring income and expenditure is accounted for in the period to which it relates.

## INVESTMENTS

Investments are included in the balance sheet at cost less a provision, where appropriate, for loss in value. Interest and dividends earned are credited to the General Fund and Housing Revenue Account.

## LEASES

### Operating Leases

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

### Finance Leases

The Council has no finance leases.

## OVERHEADS

All support service costs including the cost of service management are recharged to all their users, including services to the public, trading undertakings, capital expenditure, services under Agency agreements and other support services.

The costs of the corporate and democratic core and unapportionable central overheads have been accounted for separately and not recharged as the cost of services.

## PENSION COSTS

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 the contributions paid to the funded pension scheme for these employees, and costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

These contributions have been determined by the Fund's actuary on a triennial basis and are set to meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant Government regulations. However, the increase in contributions resulting from the 1998 actuarial valuation compared to the previous valuation is being spread over seven years so that contributions will rise steadily over the period. As a result, the Council does not comply with the accounting requirements of SSAP 24, 'Accounting for pension costs' and the liabilities included in the Balance Sheet are understated in respect of pension costs. In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed by way of a note to the accounts. (Note FRS 17 superseded SSAP 24. The FRS, under transitional arrangements, allows authorities to apply SSAP 24 rules during 2001/02.)

In addition to this the Authority should now provide a note under FRS 17: Retirement Benefits showing the assets and liabilities held by Kent County Council's Superannuation fund on behalf of Dover District Council. In future years this will be shown as part of the balance sheet. This note is shown on page 41.

## PROVISIONS

Provision has been made for bad and doubtful debts.

Provisions are charged to the appropriate revenue account. When expenditure is incurred to which the provision relates it has been charged directly to the provision.

## STOCKS

Stocks are included in the balance sheet at cost or net realisable value, whichever is the lower. The exception to this is the Council's purchasing stores which are valued at replacement cost. The exception does not comply with SSAP 9. The difference in value is not considered to be material.

## CAPITAL EXPENDITURE

It is Council policy that expenditure for capital purposes that does not exceed £5,000 is not capitalised but is met from revenue monies.

## CAPITAL RECEIPTS

Capital receipts are derived from the disposal of certain assets, or the repayment to the Council of loans. A prescribed proportion of certain capital receipts is set aside for debt redemption as required under Capital Regulations. As such, local authorities are unable to comply with SSAP 6 which treats such gains as exceptional items in the revenue account.

## CONSOLIDATED REVENUE ACCOUNT

### Summary of Income and Expenditure

2000/01		2001/02		
Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£		£	£	£
	On its services the Council spent:-			
2,128,650	Museums, Exhibitions & Historic Sites	1,890,766	(198,659)	1,692,107
534,707	Highways & Car Parking	2,346,461	(1,997,941)	348,520
213,689	Concessionary Fares Scheme	522,148	(116,159)	405,989
1,315,576	Environmental and Public Health	1,511,096	(263,685)	1,247,411
1,410,164	Planning	2,083,364	(605,360)	1,478,004
568,050	Economic Development & Regeneration	1,089,192	(459,636)	629,556
834,202	Refuse Collection	1,178,008	(87,947)	1,090,061
841,038	Street & Public Area Cleansing	1,018,197	(6,000)	1,012,197
2,302,927	Leisure Services	2,176,224	(146,769)	2,029,455
1,525,471	Housing (Non HRA)	1,522,879	(315,312)	1,207,567
610,162	Cost of Collection - Council Tax	833,259	(209,553)	623,706
	<b>OTHER COSTS AND SERVICES</b>			
97,426	Civil Defence & Peacetime Emergencies	72,629	0	72,629
120,126	Elections & Electoral Registration	215,126	(83,129)	131,997
(60,811)	Land Charges & Licensing	349,168	(502,819)	(153,651)
42,668	Promotion & Civil Entertaining	23,330	0	23,330
68,343	Port Health & Medical Services	76,222	(50,943)	25,279
246,100	Cemeteries	278,665	(83,408)	195,257
576,181	Tourism & Marketing	771,123	(300,182)	470,941
157,094	Tourist Information Centres	282,425	(50,865)	231,560
(691)	Cost of Collection NNDR	102,993	(180,834)	(77,841)
1,317,535	Housing Benefits - incl Admin	13,730,903	(12,452,490)	1,278,413
699,325	Council Tax Benefits - incl Admin	4,808,155	(4,432,603)	375,552
1,800,638	Corporate and Democratic Core	2,404,568	(109,660)	2,294,908
534,908	Coast Protection	643,520	(103,868)	539,652
1,581,767	Miscellaneous	1,573,295	(176,244)	1,397,051
19,465,245	Net Cost of General Fund Services	41,503,716	(22,934,066)	18,569,650
94,358	Housing Revenue Account (HRA)	19,217,163	(19,886,007)	(668,844)
19,559,603	Net Cost of Services			17,900,806
(10,307)	Trading Undertakings (Note 2)			33,131
(77,828)	Internal Trading Accounts (Note 3)			67,067
	<b>Amounts due to Precepting Authorities:</b>			
923,423	- Parish Councils			973,405
30,484	- River Stour Drainage Board (Note 5)			33,959
(2,172,401)	Transfer from Asset Management Revenue Account (Note 6)			(1,945,824)
(1,128,812)	Interest and Investment Income			(776,342)
(132,063)	Exceptional Item (Note 7)			(426,436)
16,992,099	Net Operating Expenditure			15,859,766
	<b>Appropriations:</b>			
(94,358)	Transferred to/ (from) Housing Revenue Account Balances			668,844
0	Release of Provisions (Note 8)			0
	<b>Contributions To/(From) Reserves-</b>			
(1,727,167)	Appropriation Account (Note 9)			(1,323,604)
(473,742)	Contribution to/ (from) Reserves (Note 10)			(774,974)
14,696,832	Amount to be met by Government Grant and local taxpayers			14,430,032
	<b>THIS WAS FINANCED BY:</b>			
(4,414,497)	- Council Tax Income (Note 11)			(4,628,116)
(4,138,759)	- Non Domestic Rate Income (Note 11)			(4,108,255)
(4,554,499)	- Revenue Support Grant (Note 11)			(5,000,736)
(333,109)	- Collection Fund Surplus			(140,538)
1,255,968	(Surplus)/ Deficit for the year			552,387
(5,098,181)	General Fund Balance at start of Year			(3,842,213)
(3,842,213)	Leaving year-end balances of			(3,289,826)

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

### 1. BEST VALUE ACCOUNTING REQUIREMENTS

The Best Value Accounting - Code of Practice was established following the introduction of the Best Value framework, contained within the Local Government Act 1999. The Code, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), prescribed "proper practice" with regard to constituent financial reporting below the statement of accounts level, and took effect on 1 April 2000. Meanwhile, the existing Code of Practice on Local Authority Accounting in the United Kingdom (Statement of Recommended Practice (SORP)) provides the definitive guidance on the production and content of the statement of accounts.

As a supplement to the statement of accounts, the summary of the Council's expenditure on services has been further realigned in the following analysis to meet with the requirements of the Best Value Accounting - Code of Practice. Housing Revenue Account Services have been excluded from this analysis, and are accounted for separately below.

#### GENERAL FUND SUMMARY 2001/02 Best Value Service Expenditure Analysis

2000/01	Services	2001/02		
Actual £		Expenditure £	Income £	Net £
1,535,015	Central Services	7,156,509	(6,063,694)	1,092,815
11,822,453	Cultural, Environmental and Planning Services	13,677,470	(2,158,305)	11,519,165
802,524	Highways, Road and Transportation Services	2,638,115	(2,098,563)	539,552
2,846,376	Housing (non HRA)	15,303,178	(12,613,484)	2,689,694
<b>17,006,368</b>	<b>Total Service Expenditure</b>	<b>38,775,272</b>	<b>(22,934,046)</b>	<b>15,841,226</b>
1,803,902	Corporate and Democratic Core	2,025,574	(20)	2,025,554
644,668	Unapportioned Overheads	702,870	0	702,870
<b>19,454,938</b>	<b>Net Cost of General Fund Services</b>	<b>41,503,716</b>	<b>(22,934,066)</b>	<b>18,569,650</b>

### 2. TRADING UNDERTAKINGS

#### General

- (a) The Council owns markets in Dover, Deal and Sandwich. The turnover of these markets, derived from rents, was £21,792 in 2001/02 and a £23,170 profit was made (2000/01 £13,371 profit).
- (b) The Council operates a number of industrial estates in the district. The financial results of this operation are as follows:

	2000/01 £	2001/02 £
Expenditure	19,382	18,886
Rent Income	(25,955)	(26,379)
Net (income)/expenditure	(6,573)	(7,493)

- (c) The Council owns a range of Miscellaneous Properties which it leases or rents. The financial results are as shown below:

	2000/01 £	2001/02 £
Expenditure	260,925	256,267
Rent Income	(251,288)	(192,473)
Fees and Charges	0	0
Net (income)/ expenditure	9,637	63,794

### 3. INTERNAL TRADING ACCOUNTS

#### Computer Services Equipment

In a move away from leasing small items of computer equipment, such equipment is now renewed as part of a controlled rolling programme. Purchases of equipment commenced in 1998/99, and were made from the Computer Services Equipment trading account. In 2001/02 additional equipment purchases were made at a cost of £84,969, while rental charges made to services derived income amounting to £98,355. As a result, this trading account showed a surplus of £13,386 in 2001/02 (£56,796 surplus in 2000/01). This surplus has been transferred to the IT Equipment Reserve, and will finance the eventual purchase of new IT equipment under the mechanism of the three-year rolling programme.

#### Other Trading Account Balances

The following balances remained on trading accounts at the end of the financial year:

	£
Personnel	( 6,589)
Print Unit	( 8,600)
Accountancy	52,465
Audit	3,213
Dover Area Office	5,382
Sandwich Area Office	6,381
Crime and Disorder	16
Local Agenda 21	(23)
Office Accommodation	(11,688)
DLO	<u>39,896</u>
Total	<u>80,453</u>

### 4. AGENCY AGREEMENTS

#### KCC - Highways

The Council carries out works on behalf of the Kent County Council (KCC) for highways under a partnership agreement. All direct expenditure is paid for by KCC and budgets are monitored by District Council staff using a terminal link to KCC Highways. The Council receives a fee for carrying out these works, costs in excess of which are borne by the General Fund. The cost is reflected in the cost of Highways and Car Parking.

	2000/01	2001/02
	£	£
Gross Value of Work	520,886	459,149
Agency Income	<u>(385,081)</u>	<u>(380,336)</u>
Residual Administration Costs	<u>135,805</u>	<u>78,813</u>

The area covered by the Highways Agency has been extended to now be coterminous with the Council's boundaries. It also includes the income and expenditure relating to the New Roads and Street Works Act.

### 5. RIVER STOUR DRAINAGE BOARD LEVY

In accordance with the Internal Drainage Boards (Finance) Regulations 1992 the River Stour (Kent) Internal Drainage Board is empowered to make a special levy on Dover District Council towards the expenses on maintenance and administration within the River Stour (Kent) Internal Drainage district. Authorities are required under the Local Government Finance Act 1988 to provide the revenue from the non-agricultural sector in place of drainage rates levied on that sector prior to 1 April 1990. The levy for 2001/02 was £33,959 (£30,484 in 2000/01).

## 6. ASSET MANAGEMENT REVENUE ACCOUNT

This account is required to be kept in accordance with the Code of Practice on Local Authority Accounting. This account receives the credit for capital charges made for the use of assets, and the charge for depreciation and external interest. The balance is not indicative of good or bad performance in regard to property management, but simply a balance that needs to be charged or credited to the consolidated revenue account in the year that it occurs.

Asset Management Revenue Account	2000/01	2001/02
	£	£
<b>INCOME</b>		
Capital Charges - General Fund	(3,234,628)	(3,227,878)
- Housing Revenue Account	(308,451)	*(151,985)
Grant income released in year	(143,422)	(145,328)
Total Income	<u>(3,686,501)</u>	<u>(3,525,191)</u>
<b>EXPENDITURE</b>		
Provision for depreciation	959,663	899,126
External interest charges	554,438	680,242
Total expenditure	<u>1,514,101</u>	<u>1,579,368</u>
Balance to Consolidated Revenue Account	<u>(2,172,400)</u>	<u>(1,945,823)</u>

\* See note 6 to the HRA on page 20.

## 7. EXCEPTIONAL ITEM

During the 1999/2000 and 2000/2001 financial years the authority credited the amounts of subsidy limitation received from the precepting authorities to the Collection Fund. This had the effect of increasing the surplus on the fund each financial year. A re-assessment of the accounting guidance on this matter has shown that the amounts should be credited to the General Fund to make up for the decreases in Council Tax Subsidy received from the Government. This has the effect of increasing the overall surplus by £759,788 with £426,436 being attributable to the 1999/2000 and 2000/2001 financial years.

## 8. RELEASE OF PROVISIONS

	2000/01	2001/02
	£	£
Renewals - vehicles, plant and equipment	0	0
Car Parks	0	0
	<u>0</u>	<u>0</u>

No provisions were released in 2001/02.

## 9. APPROPRIATION ACCOUNT

This account adjusts the revenue account for the minimum revenue provision, deferred charges and Government grants.

### Minimum Revenue Provision (MRP)

The minimum revenue provision (MRP) represents the statutory minimum amount that each local authority must charge to a revenue account in each financial year in respect of debt repayments (Local Government and Housing Act 1989).

To ensure only the statutory amount is included in the accounts an adjustment is required to eliminate the depreciation charged to the Asset Management Revenue Account. This has been calculated as follows:-

	2000/01	2001/02
	£	£
Minimum Revenue Provision (MRP)		
Non Housing - statutory	86,085	52,000
Housing - statutory	78,689	147,879
MRP to be charged to Accounts	<u>164,774</u>	<u>199,879</u>
<b>Less</b> Amount charged as depreciation	<u>(959,663)</u>	<u>(899,125)</u>
Credit to Consolidated Revenue Account	<u>(794,889)</u>	<u>(699,246)</u>

### Deferred Charges

Certain types of expenditure incurred by the Council do not fall within the Code of Practice's definition of fixed assets, but are classified as expenditure for capital purposes with respect to capital controls. Such expenditure includes home improvement grants and similar advances to finance capital investment by other parties. These are categorised as 'deferred charges'. As this expenditure does not represent an asset to the Council the deferred charge balance has been written out of the balance sheet by charging it to the service revenue accounts on the basis that the 'asset' has no continued value to the Council. As the asset has already been financed under capital control arrangements a corresponding credit is required to negate the impact on the revenue accounts.

The adjustment made to the accounts is detailed below:-

	2000/01	2001/02
	£	£
<b>Charged to Services</b>		
Improvement Grants	935,808	811,010
<u>Less</u> Government grant income	(127,733)	(152,128)
	<u>808,075</u>	<u>658,882</u>
Housing associations	110,654	27,661
Grants to organisations	156,971	83,142
Total expenditure to be reversed	<u>1,075,700</u>	<u>769,685</u>

### Government grants

All Government or other grants received in relation to capital expenditure are required to be set aside in the Government Grants Deferred Account. The grant is released back to the revenue account over the life of the asset acquired to offset the cost of depreciation. The credit is made to the Asset Management Revenue Account. To negate the effect of this on the Council Tax an adjustment is made in the Appropriation Account.

	2000/01	2001/02
	£	£
<b>Grant released:</b>		
Coast protection	69,737	71,642
IMPACT environmental schemes	65,900	65,900
CCTV	1,750	1,750
White Cliffs Countryside Project works	3,480	3,480
Victoria Park - Play Area	1,955	1,955
Pencester Gardens - Rollerblading	600	600
	<u>143,422</u>	<u>145,327</u>

### Appropriation Account Summary

	2000/01	2001/02
	£	£
Provision for repayment of external loans adjustment - MRP	(794,889)	(699,246)
Deferred charges adjustment	(1,075,700)	(769,685)
Government grants released adjustment	143,422	145,327
Appropriation account	<u>(1,727,167)</u>	<u>(1,323,604)</u>

## 10. CONTRIBUTION TO/(FROM) RESERVES

	2000/01	2001/02
	£	£
Risk Management Initiative	(7,356)	0
Dover Lottery	0	(307)
Capital Projects	(357,277)	(652,866)
IT Equipment	27,365	13,386
Leisure Centres Equipment	(55,639)	16,793
Sports Centre Trust	(50,000)	0
Car Parks	(194,808)	0
Capital Creditors	(45,920)	0
Capital Financing Reserve	209,893	(151,980)
	<u>(473,742)</u>	<u>(774,974)</u>

## 11. COUNCIL TAX AND GOVERNMENT GRANTS

Central government financial support to local authorities is paid separately to billing and precepting authorities. Revenue Support Grant is distributed on the basis of permitting each authority to levy a standard level of council tax provided the standard spending assessment is not exceeded.

National Non-Domestic Rates (NNDR) are collected by the District Council and paid to the Central Government Pool. These are then redistributed on the basis of the local resident population.

The balance of the District Council spending requirements is met through the Council Tax as a precept on the Collection Fund. Surpluses or deficits on the Collection Fund are shared by all precepting authorities. Full details can be found on pages 21-23.

## 12. PROVISION FOR BAD OR DOUBTFUL DEBTS

The following provisions have been made against possible non-collection of debt. Separate provisions are maintained for non-collection of business rates and council tax.

	General Fund	Housing Revenue Account	Total
	£	£	£
Balance brought forward 1.4.01	562,409	335,433	897,842
Provision made in year	80,426	261,706	342,132
Less Amounts written off	(52,169)	(72,892)	(125,061)
Balance carried forward 31.3.02	590,666	524,247	1,114,913

## 13. SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972 (as amended) enables the Council to spend on services for which it has no specific powers, but which benefits some or all of the Authority's taxpayers. The limit for 2001/02 is £271,750 (2000/01 £273,500). Actual Expenditure in 2001/02 was £102,806 (2000/01 £101,505). This was mainly spent on grants and loans for community projects, and includes the apportioned cost of administration and overheads.

## 14. PUBLICITY

In accordance with Section 5 of the Local Government Act 1986 the Council is required to disclose total spending on publicity for the year.

	2000/01 £	2001/02 £
<b>ANALYSIS OF EXPENDITURE</b>		
General Publicity	374,916	337,517
Tourism Initiatives	60,145	66,158
Tourist Information Centres	104,808	212,512
Staff Recruitment	106,779	127,434
Total for Year	<u>646,648</u>	<u>743,621</u>

## 15. LEASES

To fund some major items of equipment, including computer facilities, the Council utilises operational leasing facilities.

The value of lease rental payments in 2001/02 amounted to £99,886 (2000/01 £145,253). The value of undischarged obligations under the remaining leases is estimated at £88,405 (2000/01 £81,938).

## 16. PENSION ARRANGEMENTS

In 2001/02 the Council paid an employer's contribution of £1,833,051 representing 19.3% of employees' pensionable pay into Kent County Council's Superannuation Fund, 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 at 31 March 1998. Under Superannuation Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund, and the increase in the employer's contributions rate stemming from the 1998 valuation are being phased in over a period of up to 3 years.

In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 2001/02 these amounted to £504,642 representing 5.33% of pensionable pay.

The Fund's actuary has advised that the pension costs that it would have been necessary to provide for in the year in accordance with SSAP24, 'Accounting for pension costs, are £1,795,450 representing 19.1% of pensionable pay.

The capital cost of any discretionary increases in pension payments, agreed by the Council in the financial year 2001/02, are £110,606.

Further information can be found in Kent County Council's Superannuation Fund's Annual Report which is available upon request from the Investment Section, Sessions House, County Hall, Maidstone, Kent ME14 1XQ

## 17. OFFICERS' EMOLUMENTS

The number of employees whose remuneration, including all taxable emoluments, excluding pension contributions, fell within the following bands were:

<u>Remuneration band</u>	<u>Number of employees</u>	
	2000/01	2001/02
£40,000-£49,999	5	9
£50,000-£59,999	8	5
£60,000-£69,999	-	-
£70,000-£79,999	3	2
£80,000-£89,999	-	-
£90,000-£99,999	1	-
£100,000 and over	-	3
	17	19

In accordance with the Council's employment stability agreement, severance payments were made in 2001/2002 to three retiring directors, the effect of which had been to extend their remuneration for that year only into the next banding. There is consequently a disparity between the classifications for 2001/2002 when compared to previous years.

## 18. PROMOTION OF ECONOMIC DEVELOPMENT

Section 33 of the Local Government and Housing Act 1989 empowers the Council to take such steps as it considers appropriate to promote economic development. This includes financial assistance to third parties. In exercise of this power the Council made grants totalling £7,000 in 2001/02 (£3,000 in 2000/01).

## 19. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

Under the above Act, the Council is empowered to supply goods or materials and certain services to other public bodies within the meaning of the Act. This only applied in 2001/02 to certain works of maintenance carried out by the Housing Maintenance Unit (previously the Council's Direct Labour Organisation (DLO)) to a total of £207 (2000/01 £1,300), which appears as income in the Housing Maintenance Unit internal trading account. The clients were local Housing Associations.

## 20. MEMBERS' ALLOWANCES SCHEME

Totals of allowances paid to Council Members during 2001/02, in accordance with the Local Authorities (Members Allowances) (Amendment) Regulations 1991, are as follows:

	2000/01	2001/02
	£	£
Basic Allowance	147,836	148,579
Attendance Allowance	7,755	0
Special Responsibility Allowance	32,860	39,172
Conference Attendance Allowance	2,480	1,705
	<u>190,931</u>	<u>189,456</u>

Basic allowances are a contribution towards the costs of Councillors' constituency work as well as their Council duties at approved meetings. Special responsibility allowances are paid to some Councillors to recognise additional responsibilities undertaken on behalf of the Council.

## 21. RELATED PARTY TRANSACTIONS

During the year transactions with related parties, which have not been included separately elsewhere within the Statement of Accounts, arose as follows:

	Receipts	Payments
	£	£
Central Government:		
•Revenue grants	107,387	
Kent County Council	133,581	1,286,379
Kent County Constabulary	41,724	
Grants paid by and to Town and Parish Councils:		
•Revenue grants	33,134	
•Capital grants		0
International Quarantine and Bridledown Kennels - payments for kennelling fees		4,190
<i>One member of the District Council was a Partner of the business during 2001/02</i>		
Dover Citizens Advice Bureau		24,458
<i>One member of the District Council was a Board Member during 2001/02</i>		

## 22. BUILDING CONTROL

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as the provision of general advice, dealing with dangerous structures, and other local authority initiatives. The following statement shows the income and expenditure of the building control functions, divided between these chargeable and non-chargeable activities.

### Building Control

	Chargeable Activities	Non-Chargeable Activities	Total
	£	£	£
Expenditure	366,080	194,617	560,697
Income	(234,060)	0	(234,060)
Net (Surplus) or Deficit for Year	<u>132,020</u>	<u>194,617</u>	<u>326,637</u>

## 23. SINGLE REGENERATION BUDGET (SRB) AND SURESTART

The Authority acts as accountable body under the SRB Challenge Fund and for Surestart, receiving grant payments from both SEEDA and the Surestart Unit respectively, and transferring these directly to community organisations qualifying for grant under the two schemes. The transactions do not impact on the Council's net expenditure as grant payments are matched by grant income, but both gross income and gross expenditure are included within the Consolidated Revenue Account in accordance with SSAP4, Accounting for Government Grants.

In 2001/02, the SRB revenue grant payments due to local projects amounted to £504,203 (£548,071 in 2000/01). These exclude £29,722 SRB grant funding due directly to the Council in respect of the White Cliffs Countryside Project, which is included separately within the Consolidated Revenue Account. In 2001/02 revenue grant payments totalling £578,163 (£27,983 in 2000/01) were paid by Surestart to local projects.

Capital grant payments amounting to a further £459,759 were also payable to local projects under the SRB schemes (£376,286 in 2000/01), attracting 100% SRB grant income from SEEDA (see also Note 3. to the Statement of Capital Expenditure and Financing)

# HOUSING REVENUE ACCOUNT

The accounts for the 2001/2002 financial year have been prepared on the basis of the new resource accounting methodology; therefore no previous year information is available for the new format.

## HOUSING REVENUE ACCOUNT Summary of Income and Expenditure

	2001/02 £
<b>EXPENDITURE</b>	
Supervision & Management	3,625,976
Rent, Rates, Taxes & Other Charges	5,111
Rent Rebates	8,814,321
Repairs & Maintenance	3,311,008
Increased Provision For Bad Debt	261,706
Charges for Capital (Note 6)	9,037,448
Depreciation and Impairment of Fixed Assets (Note 7)	1,871,363
Debt Management Costs	18,242
	<b>26,945,175</b>
<b>INCOME</b>	
Dwellings Rents (Note 9)	(14,593,212)
Non-Dwelling Rents	(303,316)
Charges for Services and Facilities	(525,698)
Housing Revenue Account Subsidy (Note 10)	(4,259,262)
Contributions towards expenditure	(154,071)
	<b>(19,835,559)</b>
<b>NET COST OF SERVICES</b>	<b>7,109,616</b>
Adjusting Transfer from AMRA (Note 6)	(8,937,463)
Investment Income	(50,447)
	<b>(1,878,294)</b>
<b>NET OPERATING EXPENDITURE</b>	<b>(1,878,294)</b>
Minimum Revenue Provision (Note 6)	52,000
Transfer to Major Repairs Reserve (Note 3)	1,157,450
	<b>(668,844)</b>
<b>(Surplus) or Deficit for year</b>	<b>(668,844)</b>
Balance Brought Forward at 1 April 2001	29,106
<b>Balance Carried Forward at 31 March 2002</b>	<b>(639,738)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) summarises the transactions relating to the provision, maintenance and sales of Council houses and flats. The account has to be self-financing and there is legal prohibition on cross subsidy to or from local taxpayers.

### 1. NUMBER AND TYPES OF DWELLINGS

Type of Property	Number of Bedrooms				
	One	Two	Three	Four +	Total
Flats-Low Rise	594	485	20	0	1,099
Flats-Medium Rise	219	513	36	0	768
Flats-High Rise	8	9	6	0	23
Houses/Bungalows	346	1,113	1,665	80	3,204
<b>Total</b>					<b>5,094</b>

### Movement in Housing Stock 2001/2002

	Stock at 1 April 2001	Sales	Transfers	Additions	Stock at 31 March 2002
Houses/Bungalows	3,298	79	15	0	3,204
Flats	1,885	14	0	19	1,890
<b>Total</b>	<b>5,183</b>	<b>93</b>	<b>15</b>	<b>19</b>	<b>5,094</b>

### Total value of assets

	1 April 2001 £	31 March 2002 £
Operational assets		
- dwellings	151,331,990	146,473,713
- other land and buildings	236,345	333,348
Non operational assets	584,007	723,535
	<u>152,152,342</u>	<u>147,530,596</u>

### 2. HOUSING STOCK

The vacant possession value of dwellings within the Authority's HRA as at 1 April 2001 was £302,209,155. The difference between the vacant possession and balance sheet values of dwellings reflects the economic cost of providing social housing.

### 3. ANALYSIS OF MOVEMENT ON THE MAJOR REPAIRS RESERVE

With effect from 1 April 2001 the Government requires that the accounts are produced on a Resource Accounting basis. This requires that a 6% notional interest charge for the use of fixed assets is charged to the HRA. This charge shows the cost of capital tied up in housing assets. Resource accounting also requires that a charge is made for depreciation which is transferred to a separate Major Repairs Reserve to finance HRA capital projects.

The housing subsidy for 2001/2002 includes a grant in the form of a Major Repairs Allowance to resource the Major Repairs Reserve. The Major Repairs Allowance is ring fenced for capital expenditure of a housing nature. If any allowance is unspent in one year it can be carried forward to finance capital expenditure in future years within the Major Repairs Reserve. The balance available for allocation in future years at 31 March 2002 is £373,443.

### Major Repairs Reserve

Balance as at 1 April 2001	£	0
Major Repairs Allowance:		
Depreciation		(1,871,363)
Transfer to Major Repairs Reserve		(1,157,450)
Transfer from reserve for capital purposes		2,655,370
Balance at 31 March 2002		<u>( 373,443)</u>

**4. SUMMARY OF CAPITAL EXPENDITURE**

	Capital Expenditure £000	Financed by	
		Major Repairs Reserve £000	Other Reserves £000
Dwellings	2,958	2,656	302

**5. SUMMARY OF CAPITAL RECEIPTS**

	£000
Receipts from sales during the year	
Dwelling Sales	2,709
Other Sales	91
	<u>2,800</u>

**6. COST OF CAPITAL/ASSET MANAGEMENT REVENUE ACCOUNT**

This is the first time that postings from the HRA have been made to AMRA under resource accounting. HRA expenditure includes £9,037,448 which represents the cost of capital tied up in housing assets. This cost is set by regulation. To ensure that the new cost of capital does not have a cost implication to Council tenants, £8,937,463 has been transferred from AMRA. This ensures that the HRA only meets its statutory calculated contribution to external interest payable. Net postings to AMRA show a credit balance of £151,985 for HRA capital charges, which includes £52,000 for the HRA Minimum Revenue Provision (MRP).

**7. DEPRECIATION OF FIXED ASSETS**

Depreciation of £1,871,363 was charged to the HRA for dwellings. A depreciation charge for non dwelling housing assets was not made as the amount of depreciation, in relation to the total estimated on the HRA, was considered immaterial.

**8. IMPAIRMENT OF FIXED ASSETS**

The Council's Valuation Officer, a Professional Member of the Royal Institution of Chartered Surveyors, has advised that there were no impairments during the year.

**9. RENT OF DWELLINGS**

This is the total rent income collectable for the year after an allowance is made for empty properties. The average weekly rent at 31 March 2002 was £54.34 compared with £53.80 at 31 March 2001.

**10. HOUSING SUBSIDY**

The Government pays a subsidy to the Housing Revenue Account. It is based upon a notional account representing the Government's assessment of what the Council should be collecting and spending.

**11. RENT ARREARS**

The position for rent arrears is shown below.

March 2001		
Arrears £	Prepayments £	Net £
364,201	54,460	309,741

March 2002		
Arrears £	Prepayments £	Net £
446,032	50,282	395,750

# THE COLLECTION FUND

## COLLECTION FUND INCOME & EXPENDITURE ACCOUNT 2001/02

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to council tax and non-domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund. The balance on the fund is available for mitigating the level of Council Tax in future financial years.

### COLLECTION FUND

#### Summary of Income and Expenditure

2000/01 £000		Note	2001/02 £000
	<b>INCOME</b>		
26,932	Council Tax	1	28,923
23,742	Non-Domestic rates	2	24,541
4,329	Transfers from General Fund	1 & 3	4,365
2	Adjustments for previous Years' Community Charges	4	1
	Council Tax Benefit Subsidy Limitation:	5	
251	- Kent County Council		313
15	- Kent Police Authority		21
<b>55,271</b>			<b>58,164</b>
	<b>EXPENDITURE</b>		
	Precepts and Demands:		
24,117	- Kent County Council		25,692
4,415	- Dover District Council		4,628
2,059	- Kent Police Authority		2,230
	Collection Fund surplus paid out:		
333	- Dover District Council		141
133	- Kent County Council		216
12	- Kent Police Authority		18
			32,925
	Non-Domestic rates:		
23,570	- Payment to National Pool	2	24,373
172	- Cost of Collection Allowance		168
			24,541
290	Provision for Non-Payment of Council Tax	6	179
0	Exceptional Item - Council Tax Subsidy Limitation	5	760
<b>55,101</b>			<b>58,405</b>
(170)	(Surplus)/ Deficit for the Year		241
(953)	Surplus as at 1 April		(1,123)
<b>(1,123)</b>	Surplus as at 31 March		<b>(882)</b>

## NOTES TO THE COLLECTION FUND

### 1. COUNCIL TAX

Council tax income derives from charges raised according to the value of residential dwellings. Each dwelling in the district has been valued at 1 April 1991 prices and placed in valuation bands. There are eight valuation bands:-

Band A	up to £40,000		
Band B	£40,001	-	£52,000
Band C	£52,001	-	£68,000
Band D	£68,001	-	£88,000
Band E	£88,001	-	£120,000
Band F	£120,001	-	£160,000
Band G	£160,001	-	£320,000
Band H	over £320,000		

Charges per dwelling are calculated by estimating the amount of income required to be raised by the Collection Fund for Kent County Council, the Kent Police Authority and Dover District Council for the forthcoming year and dividing this by the Council Tax Base.

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

Band	Estimated number of Taxable properties after discount	Proportion of Band D charge	Band D Equivalent dwellings
A	4,788.25	6/9	3,191.72
B	13,370.25	7/9	10,399.08
C	10,887.00	8/9	9,677.33
D	5,839.00	1	5,839.00
E	3,390.75	11/9	4,144.24
F	1,851.00	13/9	2,673.66
G	1,171.00	15/9	1,951.66
H	41.00	2	82.00
41,338.25			37,958.69
Less adjustment for collection rates			(948.96)
COUNCIL TAX BASE 2001/02 *			37,009.73

\* Tax base 2000/01 was 36,942.58

The basic amount of Council Tax (excluding Parish precepts) for a Band D property is multiplied by the proportion specified for a particular band to give an individual amount due. Band D for 2001/02 was £853.20 (£803.06 for 2000/01).

Estimated income from this tax base was £31,243,448 increasing to £32,216,853 for Town and Parish Council charges. Actual income was £33,288,434 an increase of £1,017,581.

### 2. NATIONAL NON DOMESTIC RATES (NNDR)

Under arrangements for uniform business rates the Council collects non-domestic rates for its district based on rateable values multiplied by a uniform rate in the pound. The non-domestic rate multiplier for 2001/02 was 43p. The aggregate rateable value for the Council's district as at 31 March 2002 was £65,213,939 (£61,317,208 as at 31 March 2001).

Amounts collected less certain reliefs and other deductions, are paid to a central pool (the NNDR Pool) managed by Central Government. Authorities then receive back their share of the pool based on a standard amount per head of the local adult population.

The contribution for the Pool was calculated as follows:

	2000/01 £000	2001/02 £000
<b>Gross Amount</b>	24,019	24,925
Gross amount payable net of amounts in respect of transition, small property relief, empty property rates and mandatory relief		
<b>LESS</b>		
<b>Discretionary Relief</b>	(74)	(244)
Reductions for charitable occupation, non-profit making bodies and hardship		
<b>Losses in Collection:</b> Bad and doubtful debts	(134)	(82)
<b>Overpayments:</b> Interest on repayments	(69)	(58)
<b>NNDR Income</b>	<u>23,742</u>	<u>24,541</u>
<b>Costs of Collection:</b> Allowance for collecting rates	(172)	(168)
<b>Net Contribution to NNDR Pool</b>	<u>23,570</u>	<u>24,373</u>

### 3. TRANSFERS FROM THE GENERAL FUND

Where Council Tax benefit has been granted, an amount equal to the benefit subsidy payable to the authority's General Fund, plus, the proportion which is not subsidised, is transferred into the Collection Fund from the authority's General Fund. The transfer from the General Fund in 2001/02 was £4,364,858 (£4,328,575 in 2000/01).

### 4. ADJUSTMENT FOR PREVIOUS YEARS' COMMUNITY CHARGES

The Council continues to account for residual adjustments in relation to the community charges raised in earlier years in the Collection Fund. Collection of arrears allowed a release of the bad debt provision made in previous years.

	2000/01 £	2001/02 £
<b>Adjustment Summary</b>		
Adjustment of community charges payable	0	0
Release of bad debt provision	<u>(2,319)</u>	<u>(636)</u>
	<u>(2,319)</u>	<u>(636)</u>

### 5. COUNCIL TAX BENEFIT SUBSIDY LIMITATION

With effect from 1 April 1999, the Government introduced a scheme called Council Tax Benefit Subsidy Limitation. This penalises precepting authorities who increase their budgets, and therefore the council tax demand, by greater than 4.5%. The penalty is a reduction in the amount of council tax benefit receivable from the Government on a sliding scale. Although Dover District Council did not increase its budget by more than 4.5%, Kent County Council and the Kent Police Authority did, and these amounts reflect their contribution to the value of reduced benefit grant receivable.

During the 1999/2000 and 2000/2001 financial years the authority credited the amounts of subsidy limitation received from the precepting authorities to the Collection Fund. This had the effect of increasing the surplus on the fund each financial year. A re-assessment of the accounting guidance on this matter has shown that the amounts should be credited to the General Fund to make up for the decreases in Council Tax Subsidy received from the Government. This has the effect of reducing the overall surplus by £760,000 with approximately £430,000 being attributable to the 1999/2000 and 2000/2001 financial years.

### 6. PROVISIONS FOR BAD OR DOUBTFUL DEBTS

The following provisions have been made against possible non-collection of debt relating to the Collection Fund.

	NNDR £	Community Charge £	Council Tax £	TOTAL Tax £
Brought forward 1 April 2001	123,471	5,332	428,283	557,086
<b>Add</b> Provision made in year	81,706	(636)	178,680	259,750
<b>Less</b> Amounts written off	138,228	1,392	182,038	321,658
Provision 31 March 2002	<u>66,949</u>	<u>3,304</u>	<u>424,925</u>	<u>495,178</u>

# STATEMENT OF CAPITAL EXPENDITURE & FINANCING FOR YEAR ENDED 31 MARCH 2002

This statement identifies capital expenditure during the year and how that expenditure was financed.

<b>FIXED ASSETS</b>	2001/02 Total £
Council dwellings	
Improvements made	2,738,230
Adaptations for elderly and disabled	220,387
Sports Centres and Leisure Sites -	
New facility in Deal	869,680
Dover Sports Centre refurbishment	16,100
Piers -	
Deal Pier refurbishments	34,332
Public conveniences -	
Deal Pier and Granville Road Deal	16,832
Other land and buildings -	
Derelict land reclamation Western Heights	17,205
Operational equipment & vehicles-	
Cabling at Whitfield Offices	5,567
Work to the Whitfield Council Offices	233,179
Street Furniture -	
Footway lighting	69,058
Sea defences and seafront -	
Coastal defence strategy 2000-2005	27,741
Kingsdown Sea Defences	5,097
Oldstairs Bay, Kingsdown	998,363
Beach response management system	13,519
Kingsdown Collapsed Promenade	3,057
Environmental improvements -	
Contaminated land survey	7,356
Other environmental improvement	7,941
Land awaiting development/surplus assets -	
Barwick Road and Poulton Close (St Radigunds Comm Centre)	238,599
Other land	8,072
Play areas -	
Sandwich Youth Space (The Butts)	69,393
<b>TOTAL SPENDING ON FIXED ASSETS</b>	<b>5,599,708</b>

*continued on next page*

<b>CAPITAL EXPENDITURE NOT RESULTING IN FIXED ASSETS</b>	2001/02 Total £
Renovation grants	601,355
Disabled facilities grants	209,655
Grants to housing associations	27,661
Other grants	143,142
<b>TOTAL CAPITAL EXPENDITURE NOT RESULTING IN FIXED ASSETS</b>	<b>981,813</b>
<b>TOTAL CAPITAL EXPENDITURE TO BE FINANCED</b>	<b>6,581,521</b>
<b>FINANCED BY:</b>	
Use of credit approvals (borrowing)	1,757,785
Application of capital receipts	172,662
Application of Reserves -	
Capital creditors	18,604
Movement in Capital creditors	300,791
Capital Grants -	
Disabled facilities	126,185
Sport England	686,679
Coast protection	564,845
Major Repairs Allowance (HRA Cap Sch)	2,655,371
Single Regeneration Budget (Purchase land)	238,599
Kent County Council	60,000
<b>TOTAL FINANCING</b>	<b>6,581,521</b>

## NOTES TO THE STATEMENT OF CAPITAL EXPENDITURE AND FINANCING

### 1. COMMITTED CAPITAL CONTRACTS

The following contracts have been entered into by the Council as at 31 March 2002, for which the committed sums of £3,176,635 shown below are yet to be reflected in the accounts.

	Total anticipated cost	Less expenditure to 31 March 2002	Committed as at 31 March 2002
	£	£	£
Deal Dryside construction	1,400,000	1,034,215	365,785
Youth Spaces - Sandwich (The Butts)	73,716	69,393	4,323
Deal Pier	2,663,000	34,332	2,628,668
North Deal Community Centre	25,000	2,624	22,376
Coast Protection Works at Oldstairs Bay, Kingsdown	1,300,000	1,216,830	83,170
Emergency Coast Protection Works - collapsed promenade at Kingsdown	25,000	3,057	21,943
Grand Shaft Barracks land reclamation	344,795	334,127	10,668
Aylesham Regeneration Project	45,000	5,298	39,702
	<b>5,876,511</b>	<b>2,699,876</b>	<b>3,176,635</b>

## 2. LEASING

Under the Local Government and Housing Act 1989 finance leases used to purchase fixed assets such as vehicles and equipment count as credit arrangements. As such they are subject to capital controls and require resource cover.

This Council therefore does not utilise this facility but chooses to use an operational lease facility. This does not permit the Council to own the goods at any time and therefore they are not subject to capital controls.

The revenue effect of utilising operational leases is disclosed as Note 15 to the Consolidated Revenue Account.

## 3. SINGLE REGENERATION BUDGET (SRB)

As outlined in Note 23 to the Consolidated Revenue Account, the Authority now includes details of SRB transactions in its financial statements as a result of new accounting requirements. Payments of capital grants under SRB arrangements are included within the Balance Sheet as a deferred charge, but are written straight out to the Consolidated Revenue Account via the Capital Financing Reserve, since no additional assets are being generated for the Authority itself.

In 2001/02, capital payments in respect of SRB grants, amounting to £459,759, were payable to local projects, and represented onward payment of SRB grant drawn down from the South East England Development Agency. This sum is over and above the capital schemes included within the Council's schedule of Capital Expenditure.

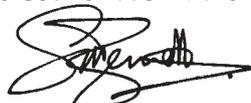
# CONSOLIDATED BALANCE SHEET

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2002

As at 31 March 2001 £000		Note	As at 31 March 2002	
			£000	£000
	Fixed assets			
	Operational assets	1 - 4		
149,887	-council dwellings		145,044	
27,049	-other land and buildings		26,411	
408	-vehicles, plant and equipment		691	
8,320	-infrastructure assets		8,009	
637	-community assets		613	180,768
4,765	Non-operational assets			8,087
191,066	Total fixed assets			188,855
0	Deferred charges	5		0
14,387	Long-term investments	6		14,963
868	Long-term debtors	7		743
206,321	Total long-term assets			204,561
	Current assets			
259	-stock and work in progress	8	245	
3,788	-debtors	9	4,054	
0	-investments		0	4,299
(1,004)	Current liabilities			
(4,474)	-short-term borrowing		(4)	
(118)	-creditors	10	(5,051)	
(1,481)	-receipts in advance		(296)	
	-bank overdraft		(547)	(5,898)
203,291	Total assets less current liabilities			202,962
(10,356)	Long-term borrowing	11	(11,352)	
(3,614)	Government grants deferred account	12	(4,959)	
(70)	Deferred capital receipts	13	(48)	
(320)	Provisions	14	(320)	(16,679)
188,931	Total assets less liabilities			186,283
(137,087)	Fixed asset restatement reserve	15		(132,048)
(42,058)	Capital financing reserve	16		(43,790)
(436)	Usable capital receipts reserve	18		(1,640)
(4,414)	Earmarked reserves	19		(3,993)
(4,936)	Revenue balances	20		(4,812)
(188,931)	Total equity			(186,283)

### CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the accounts set out on pages 1 to 45 fairly state the financial position of the Council at 31 March 2002.



S W BENNETT, CPEA,  
TREASURER

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. MOVEMENT OF FIXED ASSETS 2001/02

<b>OPERATIONAL ASSETS</b>							
	Council Dwellings £000	Council Garages £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	TOTAL £000
Net Book Value 31 March 2001	149,887	1,445	25,606	407	8,320	637	186,302
Revaluations and Restatements	413	0	1,045	0	0	0	1,458
Reclassification	(19)	0	(1,335)	0	0	0	(1,354)
Impairment loss	0	0	0	0	0	0	0
Work in Progress now complete	0	0	62	392	20	0	474
Capital Expenditure complete in Year	2,959	0	266	6	113	0	3,344
LESS Capital Expenditure not increasing Valuation	(2,959)	0	(328)	0	0	0	(3,287)
Less Disposals	(3,366)	(15)	(42)	0	0	0	(3,423)
Gross Book Value 31 March 2002	146,915	1,430	25,274	805	8,453	637	183,514
Depreciation for year	(1,871)	0	(293)	(114)	(444)	(24)	(2,746)
Net Book Value 31 March 2002	145,044	1,430	24,981	691	8,009	613	180,768

The Council dwellings are now valued in accordance with stock valuation guidelines for resource accounting for the Housing Revenue Account issued by the former Department of the Environment, Transport and the Regions. Depreciation has been charged to the Housing Revenue Account for Council Dwellings in order to meet Resource Accounting requirements. However, a depreciation charge is not made in respect of Council garages and other housing fixed assets as the figure is considered immaterial in relation to the total estimated expenditure on the Housing Revenue Account.

Details of the Council's non-operational assets are shown below.

<b>NON-OPERATIONAL ASSETS</b>				
	Commercial Land and Property £000	Other Property £000	Assets under Construction £000	TOTAL £000
Net Book Value 31 March 2001	3,077	513	1,176	4,766
Revaluation and Restatements	560	(3)	0	557
Reclassification	19	1,335	0	1,354
Impairment loss	0	0	0	0
Work in Progress now complete	0	0	0	0
Capital Expenditure complete in Year	239	0	1,543	1,782
LESS Capital expenditure not increasing Valuation	(46)	0	0	(46)
Disposals	(289)	(11)	0	(300)
Gross Book Value 31 March 2002	3,560	1,834	2,719	8,113
Depreciation for year	(1)	(24)	0	(25)
Net Book Value 31 March 2002	3,559	1,810	2,719	8,088

In accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2000, all operational buildings have now been depreciated. This is to reflect the cost of use of the buildings over their useful economic lives.

Dover Town Gaol (valued at £1.335m) has been closed and was reclassified as a non-operational asset for 2001/02. This asset is to be used as a Tourist Information Centre from 2002/03 onwards and will transfer back to operational assets as 1 April 2002.

The net assets employed at the end of the financial year were:-

	£
General Fund	147,531,123
Housing Revenue Account	<u>41,324,884</u>
Total	<u>188,856,007</u>

## 2. ASSETS HELD UNDER FINANCE LEASES

This Council does not utilise finance leases but chooses to use an operational lease facility instead. The effect of using this facility is referred to in Note 2 to the Statement of Capital Expenditure and Financing on page 26.

The revenue costs of operating leases used by the Council are disclosed as Note 15 to the Consolidated Revenue Account.

## 3. VALUATION DISCLOSURE

Operational properties of a specialised nature were valued on the basis of what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect the age, wear and tear and obsolescence of the existing asset. Operational properties of a non-specialised nature were valued by reference to the open market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use. Non-operational properties were valued by reference to their open market value for an alternative use sanctioned by planning permissions.

The properties were valued by Robert Easton, a Professional Member of the Royal Institution of Chartered Surveyors, the Authority's Valuation Officer.

#### 4. INFORMATION ON ASSETS HELD

Fixed assets owned by the Council include the following:-

<b>ASSETS</b>	Number as at 31.3.01	Net Book Value 31.3.01 £000	Number as at 31.3.02	Net Book Value 31.3.02 £000
<b>COUNCIL DWELLINGS</b>				
Flats/ Houses	5,182	149,887	5,094	145,044
Council Garages	979	1,445	969	1,430
<b>OPERATIONAL LAND &amp; BUILDINGS</b>				
Offices:				
Whitfield Complex	1	2,568	1	2,535
Others	1	74	1	73
	2	2,642	2	2,608
Leisure Centres & Pools:				
Dover Leisure Centre	1	3,585	1	3,540
Deal Leisure Pool	1	2,352	1	2,322
Deal Tennis Centre	1	223	1	220
Walmer Green Bathing Pool	1	99	1	98
	4	6,259	4	6,180
Museums and Exhibitions:				
White Cliffs Experience (see note)	1	494	0	-
Dover Museum	1	2,963	1	2,925
Depots and Workshops	16	429	16	417
Cemeteries (sites)	8	85	8	83
Car Parks	38	2,148	39	2,739
Public Conveniences	27	1,351	26	1,390
<b>INFRASTRUCTURE</b>				
Sea Defences (kilometers)	7	6,100	7	5,978
<b>COMMUNITY ASSETS</b>				
Parks and Open Spaces (hectares)	29	173	29	160
Deal Pier	1	495	1	488
Historic Buildings:				
Timeball Tower, Deal	1	94	1	94
Grand Shaft, Dover	1	288	1	188
St Martin's Battery	1	19	1	16
Barbican, Sandwich	1	-	1	-
Town Clock, St Peter's Church, Sandwich	1	-	1	-

*Note: Transfer of White Cliffs Experience to surplus assets pending consideration of its transfer to Kent County Council as library & community facilities*

## 5. DEFERRED CHARGES

Certain types of expenditure incurred by the Council do not fall within the Code of Practice's definition of fixed assets, but are classified as expenditure for capital purposes with respect to capital controls. Such expenditure includes home improvement grants and similar advances to finance capital investment by other parties. These are categorised as 'deferred charges'. As this expenditure does not represent an asset to the Council the deferred charge balance has been written out of the balance sheet via the Capital Financing Reserve. For those deferred charges relating to General Fund Services the adjustment is via the Revenue Account, with a corresponding adjustment from the Capital Financing Reserve. (See Note 9 to the Consolidated Revenue Account.) Deferred charges relating to Housing Revenue Account Services are written out directly to the Capital Financing Reserve.

The following table records the movement on deferred charges:

<b>MOVEMENT ON DEFERRED CHARGES</b>					
Type of Deferred Charge	Expenditure in year	Government Grants	Charged to Consolidated Revenue Account	Written off to Capital Financing Reserve	Balance as at 31.3.02
	£000	£000	£000	£000	£000
Housing Associations	28	0	(28)	0	0
Improvement Grants	811	(152)	(659)	0	0
SRB Grants	460	(460)	0	0	0
Other Grants	143	(60)	(83)	0	0
<b>Total</b>	<b>1,442</b>	<b>(672)</b>	<b>(770)</b>	<b>0</b>	<b>0</b>

## 6. LONG TERM INVESTMENTS

All investments conform to the Council's 'Treasury Policy Statement', which is approved annually. This policy specifies the organisations approved for investment and the parameters set for the management of external funds.

Long term investments consist of:

	As at 31.3.2001 £	As at 31.3.2002 £
Investment fund managed by Investec Asset Management	14,383,197	14,958,484
Stocks	4,064	4,064
<b>Total</b>	<b>14,387,261</b>	<b>14,962,548</b>

## 7. LONG TERM DEBTORS

Long term debtors consist of both mortgages and loans advanced to both individuals and organisations under various Acts of Parliament or utilising general powers.

Changes during the year were:

	Outstanding 31.3.01 £000	Advances in year £000	Maturing in year £000	Outstanding 31.3.02 £000
<b>Mortgage to:</b>				
Housing Associations	205	0	73	132
Housing Act 1985 Mortgages	6	0	4	2
Right to Buy Mortgages	70	0	22	48
Thanet District Council	110	0	35	75
<b>Loan to:</b>				
Parish Councils	28	0	1	27
Leaseholders	130	0	12	118
Local Organisations	60	0	2	58
Assisted Car Purchase Advances	257	201	176	282
Service Charge Loans	2	0	1	1
<b>TOTAL</b>	<b>868</b>	<b>201</b>	<b>326</b>	<b>743</b>

**Thanet District Council** - the mortgage to Thanet District Council relates to properties transferred during the Local Government reorganisation 1974.

**Leaseholders** - work carried out to sold Council flats prior to 31 March 1994 that is to be paid back over the life of the work e.g. lift replacement.

**Service charge loans** - The Housing (Service Charge Loans) Regulations 1992 grants leaseholders who purchased under the Right to Buy legislation an entitlement to a loan from the District Council to fund the cost of certain repairs. From 1 April 1994 the Council introduced its own scheme under these Regulations setting a qualifying limit of £250 as opposed to the £1,500 set out under the Regulations. Loans are secured against the property and attract interest at a rate determined by the Secretary of State for the Environment.

## 8. STOCKS AND WORK IN PROGRESS

	As at 31 March 2001 £	As at 31 March 2002 £
<b>Stocks</b>		
Housing Revenue Account	8,274	8,274
General Fund	116,047	116,940
<b>Work In Progress</b>		
Rechargeable Works		
Housing Revenue Account	68,904	80,223
General Fund	65,508	40,072
<b>Total</b>	<b>258,733</b>	<b>245,509</b>

## 9. DEBTORS

	As at 31 March 2001 £000	As at 31 March 2002 £000
<b>Dover District Council Debtors</b>		
Amounts falling due in one year:		
Housing Rents and Charges	398	462
Government Departments and Inland Revenue	498	927
Other Local Authorities	81	98
Sundry Debtors	1,944	2,239
Prepayments	312	238
	3,233	3,964
<b>LESS Provision for Bad Debts</b>	(898)	(1,115)
	2,335	2,849
<b>Collection Fund Debtors</b>		
Amounts falling due in one year:		
Local Taxpayers	2,010	1,700
<b>LESS Provision for Bad Debts</b>	(557)	(495)
	1,453	1,205
<b>Total all Debtors</b>	3,788	4,054

Excluded from the above is the sum of £164,000 in respect of housing benefits overpayments being recovered from ongoing benefits.

## 10. CREDITORS

	As at 31 March 2001 £000	As at 31 March 2002 £000
<b>Dover District Council Creditors</b>		
Government Departments	715	1,077
Other Local Authorities	0	5
Housing Rents	60	51
Sundry Creditors - revenue	2,527	1,980
Sundry Creditors - capital	432	724
	3,734	3,837
<b>Collection Fund Creditors</b>		
Amounts falling due in one year:		
Local Taxpayers	738	624
Government Departments	2	590
	740	1,214
<b>Total all Creditors</b>	4,474	5,051

## 11. LONG TERM BORROWING

Source of Loan	Range of Interest Rates Payable %	Outstanding as at	
		31 March 2001	31 March 2002
		£000	£000
Public Works Loan Board	2.50 - 10.75	10,360	11,352

The maturity profile of the above is	31 March 2001		31 March 2002	
		£000		£000
1 to 2 years		741		741
2 to 5 years		11		11
5 to 10 years		1,356		1,353
Over 10 years		8,252		9,247
		10,360		11,352

Sums payable within one year are shown as short term borrowing in the Balance Sheet, and amounted to £3,796 as at 31 March 2002.

## 12. GOVERNMENT GRANTS - DEFERRED

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited to the government grants deferred account. The grant is then released to the asset management revenue account over the useful life of the asset to match the depreciation charge made for that asset.

	£000
Balance brought forward as at 1 April 2001	3,614
Add income received in 2001/02:	
- DEFRA - Coast Protection grant	565
- Sport England grant	687
- Single Regeneration Budget grants	238
	<u>5,104</u>
Less Applied in year	(145)
Balance carried forward as at 31 March 2002	<u>4,959</u>

## 13. DEFERRED CAPITAL RECEIPTS

Deferred capital receipts are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of Council dwellings.

	£
Balance brought forward as at 1 April 2001	69,733
Add: Additional receipts in previous years	0
Less: Principal repayments	(21,467)
Balance carried forward as at 31 March 2002	<u>48,266</u>

## 14 PROVISIONS

	Balance as at 31.3.01	Receipts in year	Applied in year	Balance as at 31.3.02
	£	£	£	£
Section 38	5,000	0	0	5,000
Uninsured losses	20,000	0	0	20,000
Long Leaseholders	295,000	0	0	295,000
<b>TOTAL</b>	<b>320,000</b>	<b>0</b>	<b>0</b>	<b>320,000</b>

**Section 38** - a sum of money set aside to assist with clearing a dyke in Sandwich.

**Uninsured losses** - a provision set up to meet costs arising from increased excesses required on insurance cover.

**Long Leaseholders** - this is a provision set up to meet potential costs relating to leaseholder properties. The continuing need for this provision, which has been in existence for 4 years, will be reviewed when finalising the 2002/03 accounts.

## 15. FIXED ASSET RESTATEMENT RESERVE

The fixed asset restatement reserve represents the change in the value of the Council's fixed assets due to revaluations, restatements and expenditure on fixed assets which does not increase their value.

Movements on the account during 2001/02 are detailed below:

	£000
Balance brought forward 1 April 2001	137,087
Revaluations and Restatements	2,015
Disposal of fixed assets	(3,722)
Capital expenditure not increasing value of assets	(3,333)
Balance carried forward as at 31 March 2002	<u>132,047</u>

## 16. CAPITAL FINANCING RESERVE

The capital financing reserve contains the amounts which are required by Statute to be set aside from capital receipts for the repayment of external loans and the amounts of capital expenditure financed from revenue and capital receipts. It also contains the difference between the amount provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

	£000
<b>Capital Financing Reserve</b>	
Balance brought forward as at 1 April 2001	42,057
<b>Add:</b>	
Capital financing	
- capital receipts applied	173
- revenue applied	19
- reserves applied	2,655
Capital receipts set aside	2,159
Allocation of grant from Government	
Grants Deferred Account	<u>145</u>
	47,208
<b>Less:</b>	
Capital asset accounting adjustment	1,871
Minimum Revenue Provision (less depreciation provision)	699
Long-term debtors/ capital receipts adjustment	79
Write down of deferred charges	<u>769</u>
<b>Balance carried forward as at 31 March 2002</b>	<b><u>43,790</u></b>

## 17. PROVISION FOR CREDIT LIABILITIES

In accordance with statutory requirements the Council is required to set aside sums as a provision to repay external loans and for other limited purposes. The Council no longer keeps a separate account on the face of the balance sheet but is required to maintain a memorandum account which is set out below:

	<b>£000</b>
Balance brought forward as at 1 April 2001	13,787
<b>Add:</b>	
Minimum Revenue Provision - statutory	200
European Union Grants	0
Set Aside Capital Receipts from sales and mortgages	2,132
Housing Association Grant	28
Transferred Assets	35
	<u>16,182</u>
<b>Less:</b>	
Repayment of external loans	4
<b>Balance carried forward as at 31 March 2002</b>	<b><u><u>16,178</u></u></b>

## 18. USABLE CAPITAL RECEIPTS RESERVE

The balance on this reserve is available to fund capital expenditure in future years.

	<b>£000</b>	<b>£000</b>
Balance brought forward as at 1 April 2001		437
<b>Add:</b>		
Receipts in Year:		
- Land Sales - General Fund	558	
- Other Sales - General Fund	50	
- Land Sales - Housing Revenue Account	73	
- Other Sales - Housing Revenue Account	18	
- Dwelling Sales	2,709	
- Mortgage and Loan Repayments	100	
- Housing Association Grant	28	
		<u>3,536</u>
<b>Less:</b>		
Receipts Set Aside	2,132	
Housing Association Grant Set Aside	28	
Receipts used to finance Capital expenditure	173	
		<u>(2,333)</u>
<b>Balance as at 31 March 2002</b>		<b><u><u>1,640</u></u></b>

## 19. EARMARKED RESERVES

<b>EARMARKED RESERVES</b>	Balance as at 1 April 2001 £	Receipts in Year £	Applied in Year £	Balance as at 31 March 02 £
Historic Buildings	65,742	0	0	65,742
Dover Lottery	1,814	0	307	1,507
Museums Acquisitions	2,381	0	0	2,381
Capital Projects (General Fund)	4,113,680	0	2,152,866	1,960,814
Capital Creditors	18,603	0	18,603	0
Risk Management Initiative	44,645	0	0	44,645
IT Equipment	152,768	98,355	84,969	166,154
Leisure Centres Equipment	14,361	25,000	8,207	31,154
Major Repairs Reserve	0	3,028,813	2,655,371	373,442
Severance Payments Reserve	0	1,500,000	151,980	1,348,020
<b>TOTAL</b>	<b>4,413,994</b>	<b>4,652,168</b>	<b>5,072,303</b>	<b>3,993,859</b>

**Historic Buildings** - primarily to assist with any refurbishment of the Dover Town Hall, but available for any of the Council's historic buildings.

**Dover Lottery** - this is the residual balance from the Council's discontinued local lottery. Monies are used to help local organisations with specific projects.

**Museum Acquisitions** - originally received contributions from the 'Friends of Dover Museum' for special occasions.

**Capital Projects (General Fund)** - this sum is held in reserve to be used to finance general fund capital and special revenue works projects.

**Capital Creditors** - this is used to finance capital creditors as they fall due in the new financial year.

**Risk Management Initiative** - this reserve has been set aside to finance future risk analysis work.

**IT Equipment** - this reserve will enable the Council to purchase smaller items of IT hardware as a more efficient and programmed alternative to previous leasing arrangements.

**Leisure Centres Equipment** - this reserve has been established in order to enable the replacement of equipment within the Council's leisure centres.

**Major Repairs Reserve** - the Government grants the Council a Major Repairs Allowance to assist in the financing of the Housing Revenue Account capital programme. Any amount not spent in one year is placed in the Major Repairs Reserve for future years housing capital expenditure. The Major Repairs Allowance for 2001/02 was £3,028,813 of which £2,655,370 was used to finance housing capital expenditure. The balance of £373,443 will be used in future years.

**Severance Payments Reserve** - the Council's medium term financial plan indicates a need to achieve savings of at least £2.5 million in the forthcoming three financial years in order to achieve a balanced budget. Inevitably this will necessitate a downsizing of the establishment.

In order to alleviate the burden on the revenue budget in future years, the Council has taken a decision to fund the majority of severance costs on a 'one-off' basis rather than on an instalment basis.

A severance payments reserve of £1.5 million was therefore established on 31 March 2002 by way of the transfer of funds held within the Capital and Special Projects Reserve. These funds were not earmarked for specific purposes at that date. The first withdrawals from the reserve were made on 31 March 2002 in the sum of £151,980 leaving a closing balance of £1,348,020

## 20. REVENUE BALANCES

	Balance as at 1 April 2001 £ 000	Additions £ 000	Withdrawals £000	Balance as at 31 March 02 £000
General Fund	3,842	760	1,312	3,290
Housing Revenue Account	(29)	669	0	640
Collection Fund	1,123	0	241	882
<b>TOTAL</b>	<b>4,936</b>	<b>1,429</b>	<b>1,553</b>	<b>4,812</b>

## 21. SINGLE EUROPEAN CURRENCY (The Euro)

As a gateway authority, this Council introduced dual currency facilities for a number of its front line services from 1st January 2002. During 2001/02, the Council incurred £2,500 direct additional expenditure in respect of accepting the Euro currency.

During 2002/03, additional dual currency facilities will be incorporated into car parking meters.

It is estimated that the total costs to be incurred incorporating Euro acceptance planned for the Council's equipment and systems is likely to range between £17,000 and £23,000.

## 22. CONTINGENT LIABILITIES

At the date of the balance sheet there are no contingent liabilities.

## 23. CHARITIES ADMINISTERED BY DOVER DISTRICT COUNCIL

Dover District Council is the sole trustee for the two charities named below, and has appointed a Committee to carry out the operational functions of administering these:

Sir Ernest Bruce Charles	Charity No 238270
Frederick Franklin	Charity No. 299470

Summarised accounts for each charity are set out below. All accounts are submitted to the Charity Commission. These accounts do not represent assets of the Council and are not included in the Consolidated Balance Sheet.

Investment of charitable funds is governed by the Trustee Investments Act 1961.

### Sir Ernest Bruce Charles

Purpose of charity: Income (after expenses) to be applied for the benefit of Deal and surrounding area inhabitants.

<b>SIR ERNEST BRUCE CHARLES</b>	2000/01 £	2001/02 £
Income	2,932	875
Expenditure	12,832	3,999
Deficit for Year	(9,900)	(3,124)
Fund Balance 1 April	83,115	73,215
<b>Fund Balance 31 March</b>	<b>73,215</b>	<b>70,091</b>
Represented by:		
Investments	60,832	61,572
Bank	12,383	8,519
	<b>73,215</b>	<b>70,091</b>

**Frederick Franklin**

Purpose of charity: Land at Marke Wood to be used for recreational activities by the inhabitants of Walmer.

<b>FREDERICK FRANKLIN</b>	2000/01 £	2001/02 £
Income	1,240	949
Expenditure	1,240	949
Surplus/(Deficit for Year)	0	0
Fund Balance 1 April	55,000	55,000
Fund Balance 31 March	55,000	55,000
Represented by:		
Dwellings	55,000	55,000
	55,000	55,000

**STATEMENT OF TOTAL MOVEMENTS IN RESERVES**

<b>TOTAL MOVEMENT IN RESERVES</b>	Capital Reserves			Revenue Reserves				TOTAL
	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts £000	Earmarked Reserves £000	General Fund £000	Housing Revenue Account £000	Collection Fund £000	£000
Balances as at 1 April 2001	137,087	42,058	436	4,414	3,842	(29)	1,123	188,931
<b>MOVEMENTS IN YEAR</b>								
Unrealized gains/losses								
- on revaluation of fixed assets	2,015	-	-	-	-	-	-	2,015
- capital expenditure	(3,333)	-	-	-	-	-	-	(3,333)
Effects of Disposal of Fixed Assets								
- Cost or value of assets disposed of	(3,722)	-	-	-	-	-	-	(3,722)
- Proceeds of disposals	-	2,159	1,377	-	-	-	-	3,536
Financing of capital expenditure	-	191	(173)	-	-	-	-	18
Capital financing adjustments	-	(618)	-	-	-	-	-	(618)
Receipts in year	-	-	-	4,652	-	-	-	4,652
Applied in year	-	-	-	(5,072)	-	-	-	(5,072)
Net surplus/ (deficit) in year	-	-	-	-	(552)	669	(241)	(124)
<b>Balances as at 31 March 2002</b>	<b>132,047</b>	<b>43,790</b>	<b>1,640</b>	<b>3,994</b>	<b>3,290</b>	<b>640</b>	<b>882</b>	<b>186,283</b>
See notes on balance sheet:	Note 15	Note 16	Note 18	Note 19	Note 20	Note 20	Note 20	

**NOTES:** The Fixed Asset Restatement Reserve and the Capital Financing Reserve cannot be called upon to support either revenue or capital expenditure. The Usable Capital Receipts Reserve can be used to fund capital expenditure. Revenue Reserves can be used to fund capital and revenue expenditure, with the exception of the Collection Fund, which can only be used to reduce Council Tax demands.

# PENSION COMMITMENTS

Under FRS17 Retirement Benefits the Council is required to provide details of assets and future liabilities for pension payable to Council staff, both past and present. For the 2001/02 and 2002/03 financial years this takes the form of a note to the balance sheet before being fully incorporated into the authorities accounts for the 2003/04 financial year.

Employees of Dover District Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The Fund is administered by Kent County Council in accordance with the Local Government Pension Scheme 1997 as amended.

The pension costs relating to the scheme is assessed in accordance with the advice of independent qualified actuaries and is such as to spread the cost of pensions over the working lives of the employees who are scheme members.

The latest valuation of the scheme was carried out as at 31 March 2002 rolling forward the actuarial liabilities reported as at 31 March 2001, allowing for changes in financial assumptions as prescribed under FRS 17. In addition, the actuaries have considered the effect of contributions paid into, and estimated benefits paid from, the Fund by Dover District Council and its employees. Therefore, to facilitate the calculations the actuaries have used the following items of data;

- The membership data submitted for the previous formal valuation as at 31 March 2001.
- Pension fund accounts, estimated by Kent County Council where necessary, for each year since the previous valuation to 31 March 2002 to estimate contribution income.
- Other relevant information provided by Kent County Council as the administering authority to the Fund in relation to Dover District Council in the period since the previous valuation, estimated as necessary.

In accordance with FRS 17, the latest actuarial valuation of Dover District Council's pension scheme, as administered by Kent County Council, has been reviewed and updated by a qualified actuary using the method described above. The major assumptions used were:

	31 March 2002 % per annum
Price Increases	2.8%
Salary Increases	4.3%
Pension Increases	2.8%
Discount Rate	6.4%

Assets (Whole Fund)	Long Term Rate % per annum	Fund Value at 31 March 2002 £,000	Expected Return £,000 per annum
Equities	7.5%	1,146,619	85,996
Bonds	5.5%	220,107	12,106
Property	6.0%	97,983	5,879
Cash	4.0%	62,703	2,508
<b>Total</b>		<b>1,527,412</b>	<b>106,489</b>

Net Pension Assets for Dover District Council as at	31 March 2002 £,000
Estimated Employee Assets (A)	47,379
Present Value of Scheme Liabilities	64,624
<b>Total Value of Liabilities (B)</b>	<b>64,624</b>
<b>Net Pension Liability (A) - (B)</b>	<b>(17,245)</b>

The Kent County Council pension scheme is not 100% funded and a long term plan for meeting the funding deficit will be determined by the Actuaries. The District Council has an apportioned share of the deficit, which is currently not required to be included in its accounting arrangements.

# CASH FLOW STATEMENT

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

CASH FLOW STATEMENT		2001/02	
2000/01		£000	£000
£000			
	<b>REVENUE ACTIVITIES</b>		
	<i>Cash outflows</i>		
13,078	Cash paid out to and on behalf of employees	13,721	
15,378	Other operating cash payments	37,703	
17,604	Housing Benefit paid out	12,698	
25,306	National Non-Domestic Rate payments to National Pool	23,801	
26,055	Precepts paid	27,823	115,746
97,421			
	<i>Cash inflows</i>		
(6,506)	Rents (after rebates)	(6,400)	
(27,047)	Council Tax receipts	(28,966)	
(4,139)	National Non-Domestic Rates received from National Pool	(4,108)	
(23,614)	Non-Domestic Rate receipts	(24,636)	
(4,554)	Revenue Support Grant	(5,001)	
(16,818)	DSS grants for benefits	(15,944)	
(3,536)	Other government grants	(4,208)	
(4,648)	Cash received for goods and services	(5,929)	
(2,834)	Other operating cash receipts	(22,862)	(118,054)
(93,696)			
3,725	Revenue Activities Net Cash Flow		(2,308)
	<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
	<i>Cash outflows</i>		
542	Interest paid	681	
	<i>Cash inflows</i>		
(138)	Interest received	(224)	457
	<b>CAPITAL ACTIVITIES</b>		
	<i>Cash outflows</i>		
3,094	Capital expenditure excluding grants	5,583	
1,164	Capital grants	715	
	<i>Cash inflows</i>		
(3,517)	Sale of fixed assets	(3,665)	
(310)	Capital grants received	(1,721)	912
4,560	Net cash (inflow)/outflow before financing		(939)
	<b>MANAGEMENT OF LIQUID RESOURCES</b>		
0	Net increase (decrease) in short-term deposits		0
	<b>FINANCING</b>		
	<i>Cash outflows</i>		
4	Repayments of amounts borrowed	4	
	<i>Cash inflows</i>		
(4,000)	New loans raised	0	4
564	<b>Net (Increase)/ Decrease in Cash</b>		<b>(935)</b>

## NOTES TO THE CASH FLOW STATEMENT

### 1. RECONCILIATION OF CONSOLIDATED REVENUE ACCOUNT TO REVENUE ACTIVITIES CASH FLOW

2000/01 £000			2001/02 £000
	(Surplus)/ Deficit per:		
1,256	Consolidated Revenue Account	Page 9	552
94	Housing Revenue Account	Page 18	(669)
(170)	Collection Fund	Page 21	241
1,180	Net Surplus		124
1,129	Interest		776
	<b>Non-Cash Transactions:</b>		
1	Contributions to/ from Provisions		0
474	Contributions to/ from Reserves		775
(333)	Contributions to Capital		0
(719)	Capital Financing Adjustments		(3,685)
	<b>Items on an accruals basis:</b>		
10	Increase/ (Decrease) in Stock and Work in Progress		13
(510)	Increase/ (Decrease) in Debtors		267
2,493	(Increase)/ Decrease in Creditors		(578)
<b>3,725</b>	<b>Net Cash outflow from Revenue Activities</b>		<b>(2,308)</b>

### 2. ANALYSIS OF BALANCE OF CASH

	As at 31 March 01 £000	As at 31 March 02 £000	Net Movement £000
Cash In Hand	7	10	(3)
Bank Overdrawn	(1,488)	(556)	(932)
<b>Net Cash (Inflow)/ Outflow</b>	<b>(1,481)</b>	<b>(546)</b>	<b>(935)</b>

### 3. ANALYSIS OF CHANGES IN FINANCING

	As at 31 March 01 £000	As at 31 March 02 £000	Net Movement £000
Long and Short Term Borrowing:			
Public Works Loan Board	10,360	11,356	(996)
Money Market	1,000	0	1,000
<b>Net Cash (Inflow)/ Outflow</b>	<b>11,360</b>	<b>11,356</b>	<b>4</b>

There has been an increase in the level of borrowing, which has been reflected in the net cash inflow from financing activities.

#### 4. ANALYSIS OF GOVERNMENT GRANTS

2000/01 £000		2001/02	
		£000	£000
4,554	Revenue Support Grant		5,001
	<b>DSS Grants for Rebates</b>		
12,545	Rent Allowances	11,709	
3,925	Council Tax Benefits	3,909	
348	Administration	326	15,944
1,833	Housing Subsidy	3,966	
172	National Non-Domestic rate Collection	168	
1,531	Other	74	4,208
<b>24,908</b>	<b>Total Government Grants</b>		<b>25,153</b>

# AUDITOR'S REPORT TO DOVER DISTRICT COUNCIL

## 2001/02 Statement of Accounts

We audited the statement of accounts on pages 9 to 44, which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 6 and 8.

### Respective Responsibilities of Treasurer and Auditors

As described on page 5 the Treasurer is responsible for the preparation of the statement of accounts. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

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

### Basis of Opinion

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

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

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

### Opinion

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

**Darren Wells CPFA  
District Auditor  
December 2002**



Ground Floor Front,  
16 South Park,  
Sevenoaks,  
Kent TN13 1AN

Compiled and published by  
Treasury Services, Dover District Council

Designed by the Dover District Council Design Studio

© Dover District Council, 2003