



**LANCASTER
CITY COUNCIL**

Promoting City, Coast & Countryside

STATEMENT OF ACCOUNTS 2001/2002



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STATEMENT OF ACCOUNTS

EXPLANATORY FOREWORD

1 INTRODUCTION

This document sets out the City Council's Annual accounts for the financial year ended 31st March 2002. The format follows the requirements for publication of financial information as set out by the Code of Practice on Local Authority Accounting. It includes a statement of the accounting policies adopted by the Authority, together a brief explanation of the purpose of and links between the main accounting statements.

The purpose of this foreword is to provide an overall summary of the Council's financial position for 2001/02.

2 REVENUE POSITION

2.1 Revenue Summary

The table below summarises the revenue income and expenditure for the financial year 2001/02.

Expenditure	2001/02 Original Estimate	2001/02 Revised Estimate	2001/02 Actual	Variance from Revised Estimate
	£000	£000	£000	£000
Central Services to the Public	865	718	926	208
Cultural, Environmental and Planning Services	11,465	12,254	12,014	(240)
Highways, Roads & Transport Services	280	191	320	129
Housing Services	2,475	3,257	8,952	5,695
Corporate & Democratic Core	2,759	2,614	2,768	154
Unapportionable Central Overheads	264	817	787	(30)
Net Cost of General Fund Services	18,108	19,851	25,767	5,916
Corporate Income & Expenditure	(1,813)	(2,670)	(9,281)	(6,611)
Appropriations	42	(844)	(547)	297
Net Cost of Services to be met from Government Grants, Local Taxpayers & Revenue Balances	16,337	16,337	15,939	(398)
Contribution to General Fund Reserves	640	640	1,038	398
BUDGET REQUIREMENT	16,977	16,977	16,977	0

2.2 General Fund

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, with the exception of local authority housing (see section 2.3

below). The General Fund Revenue Budget for 2001/02 was originally approved at £16.977M (including £192,000 for precept payments to parishes) by Council on 28th February 2001 and assumed that balances would be £692,000 by 31st March 2002.

Over the last year or so, however, the Council has made significant savings against its budget, mainly from staff turnover and treasury management activities, and as a result its balances have risen to £1.3M as at 31st March 2002. Whilst approximately £300,000 of these monies are being earmarked for specific projects, this still leaves unallocated balances of £1M. This level is in accordance with the Council's stated policy on maintaining General Fund balances of £1M.

2.3 Housing Revenue Account (HRA)

The Local Government and Housing Act 1989 requires Councils to maintain a separate ring-fenced account for the provision of local authority housing, which cannot be subsidised by the General Fund. This account, known as the Housing Revenue Account (HRA), deals with all the transactions involving the management of the Council's housing stock. Full details of this are included later within these accounts.

As at 31st March 2002, the working balance on the Housing Revenue Account amounted to £327,000, representing a reduction of £780,000 from the position as at the end of the previous year. This reduction was planned, however, in that balances were unusually high at the end of 2000/01; approximately £900,000 was required to fund slippage on capital projects on council housing. As these projects have now been completed and funded, Housing Revenue Account balances have returned to a more normal level. Current Council Policy is to maintain such balances at £350,000; the position as at 31st March is just slightly short of this requirement.

2.4 Former Direct Service Organisations (City Contract Services)

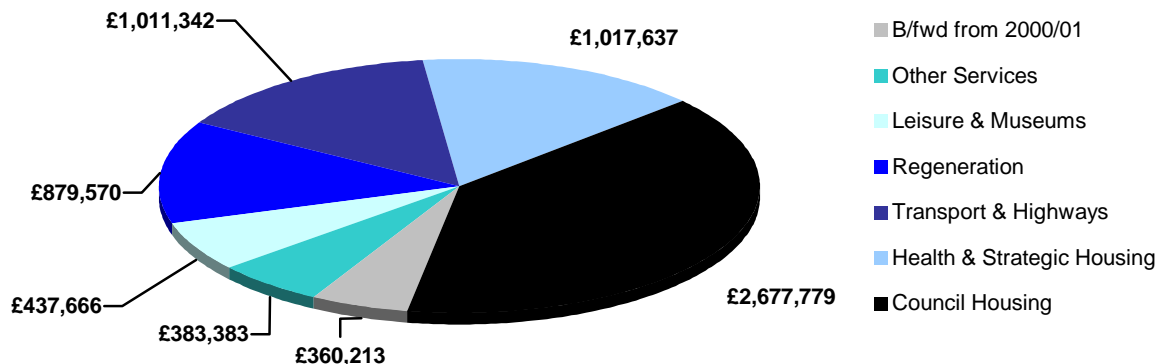
The legislation that required Councils to bid in open competition to provide a range of front line community services was effectively abolished from 2 January 2000. The introduction of the Best Value legislation (also in January 2000) requires that Councils continue to be cost effective in arranging the provision of these services. As a consequence of the change in legislation, Councils' former DSOs no longer have to meet statutory financial targets but Lancaster has chosen to maintain trading accounts for these operations during 2001/02, in line with good practice. During 2002/03, these arrangements will be reviewed.

In 2001/02, the former DSO's made net surpluses of £100,000, resulting in year end balances of £85,000.

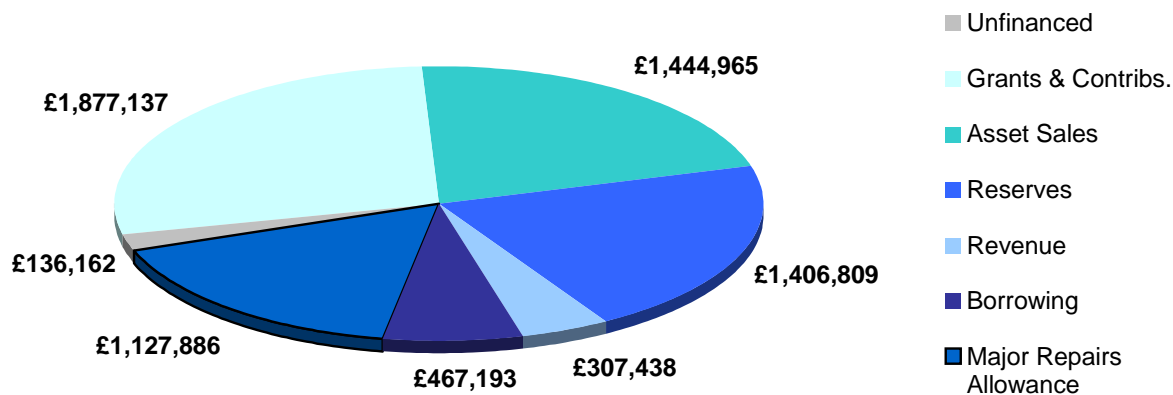
3 CAPITAL POSITION

In 2001/02 the City Council spent £6.7M on capital schemes (including £360,000 brought forward from 2000/2001), and an analysis of the expenditure and funding is shown diagrammatically below.

Capital Expenditure 2001/02 (£6.7M)



As can be seen from the previous page, the Council maintains a wide ranging capital programme, containing initiatives such as the Poulton and West End Renewal Programmes, Housing Improvement



Grants, Sea and River Defence Works.

Capital Financing 2001/02 (£6.7M)

4 CONCLUSION

During 2001/02, the Council's financial position has continued to improve, with the result that for the first time in a number of years, its year end General Fund balances were at a level in accordance with its stated policy.

The Council is now focussing on improving its position further during 2002/03, in terms of developing its business planning and budgeting / resource allocation processes to ensure achievement of its corporate objectives in line with the needs of the Community. The Council is also taking action to strengthen its longer term financial planning, to ensure that it is best placed to prepare and respond to both local needs and circumstances, as well as national issues and influences.

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES

1 THE AUTHORITY'S RESPONSIBILITIES

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Financial Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

2 THE HEAD OF FINANCIAL SERVICES' RESPONSIBILITIES

The Head of Financial Services as Section 151 Officer is responsible for the preparation of the authority's statement of accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this statement of accounts, the Head of Financial Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Head of Financial Services has also:

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

3 HEAD OF FINANCIAL SERVICES' CERTIFICATE

I certify that the Statement of Accounts presents fairly the financial position of the authority as at 31st March 2002 and the income and expenditure for the year then ended.



Nadine Muschamp, CPFA
Head of Financial Services

AUDITOR'S REPORT

TO THE MEMBERS OF LANCASTER CITY COUNCIL

I have audited the statement of accounts on pages 11 to 42 which has been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 6 to 10.

Respective responsibilities of the Chief Finance Officer and Auditor

As described on page 5 the Chief Finance Officer is responsible for the preparation of the statement of accounts. My responsibility as independent auditor is established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

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

Basis of opinion

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

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

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

Opinion

As stated in my report dated 13 December 2002 the financial statements present fairly the financial position of Lancaster City Council as at 31 March 2002 and its income and expenditure for the year then ended.

Reports in the Public Interest

Since my opinion dated 13 December 2002, two reports in the Public Interest have been issued, made under section 8 of the Audit Commission Act 1998 concerning the following matters:

31 January 2003 – the report sets out the auditor's decisions on a series of statutory objections to expenditure incurred by the Council on Crinkley Bottom Theme Park in Happy Mount Park, Morecambe.

15 January 2004 – the report sets out the significant failings in the management of the Crinkley Bottom Theme Park in Happy Mount Park, Morecambe.

Certificate

In my report dated 13 December 2002, I explained that my audit could not be formally concluded until objections made by a number of local government electors to the Council's accounts had been heard and formally determined. My predecessor has now heard and determined those objections. His decisions are set out in the public interest report above dated January 2003.

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



Tim Watkinson
District Auditor

Date: 14 March 2005

Audit Commission
Aspinall House
Aspinall Close
Middlebrook
Horwich
Bolton
BL6 6QQ

STATEMENT OF ACCOUNTING POLICIES

1 GENERAL

The accounts of the authority have been prepared in accordance with the Code of Practice on Local Authority Accounting issued in June 2000 by Chartered Institute of Public Finance and Accountancy (CIPFA) as updated, and also with the supplementary guidance notes issued by CIPFA on the application of the Statement of Recommended Accounting Practice to local authorities.

The purpose of this statement is to explain the basis of the figures included in the accounts, as the view that they present can only be properly appreciated if these policies are explained fully. This statement provides this information.

2 ACCRUALS OF INCOME AND EXPENDITURE

All expenditure and income, both revenue and capital, has been accrued and accounted for in the period to which they relate.

3 FIXED ASSETS

3.1 Recognition

Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, is capitalised and classified as a fixed asset, provided that the fixed asset yields benefits to the Authority and the services it provides for a period of more than one year. Generally where such expenditure is less than the de minimis level of £10,000, it is not capitalised, but is charged to revenue in the year in which it is incurred.

Assets acquired under finance leases are capitalised and included together with a liability to pay future rentals.

Where a fixed asset is acquired for other than a cash consideration or where payment is deferred, the asset is recognised and included in the balance sheet at fair value.

Capital expenditure incurred on fixed assets, which does not materially add to the value of the assets concerned, is charged against the fixed asset restatement reserve in the year in which it is incurred as a reduction in revaluation.

3.2 Measurement

De minimis levels have been set so that assets of small value do not have to be included in the balance sheet. This is done on the grounds that their exclusion has no material effect.

Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation, where appropriate.

Properties regarded by the Authority as operational have been valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

Vehicles and moveable plant are regarded as operational, and are included in the balance sheet at depreciated replacement cost. Where depreciated replacement cost is not available, historic cost has been used as a proxy.

Properties regarded by the Authority as non-operational have been valued on the basis of open market value.

Fixtures, fittings and immovable plant are included in the valuation of the buildings.

3.3 Revaluations

Where an asset is included in the balance sheet at current value, it should be formally revalued at intervals of not more than five years and the revised amount included in the balance sheet.

The value at which each category of assets is included in the balance sheet is reviewed at the end of each reporting period and where there is reason to believe that its value has changed materially in the period, and that the change is likely to be other than temporary, the valuation is adjusted accordingly. Any such general reductions in asset values are disclosed as impairment changes.

3.4 Disposals

Income from the disposal of fixed assets is credited to the usable capital receipts reserve, and accounted for on an accruals basis. Where applicable, the proportion reserved for the repayment of external loans is credited to the capital financing reserve.

Where a fixed asset is disposed of for other than a cash consideration, or payment is deferred, an equivalent asset is recognised and included in the balance sheet at its fair value.

3.5 Depreciation

Depreciation is now provided for all relevant categories of fixed assets with a finite useful life, including council dwellings. For council dwellings the Major Repairs Allowance (MRA) is used as a proxy for depreciation.

For other assets, provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. The depreciation methods used are the ones which are the most appropriate to the type of asset and their use in the provision of services.

The useful lives of assets are estimated on a realistic basis, reviewed regularly and, where necessary, revised.

Depreciation is not provided for freehold land (whether operational or non-operational). Depreciation is based on the amount at which the asset is included in the balance sheet, whether net current replacement cost or historical cost.

4 DEFERRED CHARGES

Deferred charges are payments of a capital nature where no fixed asset is created, and should be amortised to revenue over an appropriate period in a consistent and prudent manner.

All deferred charges created during the year, other than those relating to software, have been amortised to revenue in total, on the basis that there is no continuing benefit obtained from them for the Council in future years.

5 BASES FOR CHARGES FOR CAPITAL

Each service within the City Council is charged with a capital charge for all fixed assets used in the provision of that service. Such charges cover the annual provision for depreciation, where appropriate, plus a capital financing charge determined by applying a specified notional rate of interest to the net value at which the asset is included in the balance sheet.

6 DEBTORS AND CREDITORS

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and SSAP2. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. There are minor exceptions but these are not material compared with the total for the year.

7 STOCKS AND WORKS IN PROGRESS

Goods and materials chargeable to revenue, which have not been consumed by 31 March 2002, have been carried forward to be charged in the accounting period in which they are consumed. Stocks held in stores are shown in the accounts at their latest replacement cost net of provision for obsolescence / reduction in value. Whilst this may not be in strict accordance with SSAP9, which states that they should be shown at the lower of cost or net realisable value, this variation is not considered material and is analysed further in the notes to the consolidated balance sheet. Other stocks are shown at cost price.

Work in progress at the year end is included in the accounts at cost price.

8 OVERHEADS

Charges or apportionments covering all support service costs are made to all their users, including services to the public, divisions of services, trading undertakings, DSOs, capital accounts, services provided for other bodies and other support services.

The cost of service management (comprising all management except corporate management) is in the same way apportioned to the accounts representing the activities managed.

The bases of apportionment adopted is consistent for all the heads to which apportionments are made.

The costs of corporate management and unapportionable central overheads are allocated to separate objective headings kept for these purposes and are not reapportioned to any other heading.

9 PROVISIONS

Proper provisions are required for any liabilities or losses which are likely to be incurred, or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise. Provisions are charged to the appropriate revenue account and related expenditure is charged direct to the provision. Provisions are utilised only for the purpose for which they were established, except where a regular review to determine the appropriateness of the level of the charge and the balance of the provision properly requires a change. Any change in the use of a provision is disclosed in the notes to the consolidated balance sheet.

10 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

Provision has been made for doubtful debts, and known uncollectable debts have been written off during the year.

11 RESERVES

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves, and transfers to and from them are distinguished from service expenditure disclosed in the Statement of Accounts. No expenditure is charged directly to any reserve.

Capital reserves are not available for revenue purposes and certain elements of them can only be used for specific statutory purposes. The fixed asset restatement reserve, usable capital receipts, and capital financing reserves are examples of such reserves.

12 PENSIONS

The Council pays an employer's contribution of 13.1% of superannuable employees' reckonable pay to Lancashire County Council's Superannuation Fund. In addition, the Council also pays the cost of any retirement enhancements.

The scheme is a funded, defined benefit scheme, meaning that the Authority and employees pay contributions into the fund, calculated at a level estimated to balance the pension liabilities with investment assets.

The requirements of FRS17 will be incorporated into the statement of recommended practice on a staged basis, with full incorporation scheduled for 2003/2004.

Compliance in 2001/2002 requires no changes to accounting requirements but introduces a balance sheet note disclosing the Authority's net asset or liability in relation to retirement benefits.

13 INVESTMENT INTEREST

Interest is credited to the General Fund and the Housing Revenue Account based on the level of their respective fund balances.

14 INVESTMENTS

Current investments are shown in the Consolidated Balance Sheet at cost less any provision required for loss in value. Dividends on Longer Term Investments have been credited to revenue when paid. Details of the Council's holdings in any companies are set out in the notes to the Consolidated Balance Sheet.

15 GOVERNMENT GRANTS

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.

16 LEASES

Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of the liability to pay future rentals. The finance element of rentals is charged to the asset management revenue account.

Rentals payable under operating leases are charged to revenue on an accruals basis.

17 DEBT RESCHEDULING

Discounts or premiums resulting from the rescheduling debt are written off over the life of the replacement loans. This is consistent with CIPFA's recommended accounting treatment within the guidance for capital accounting under Part IV of the Local Government and Housing Act 1989 and satisfies both the accruals and prudence concepts of SSAP2.

18 MINIMUM REVENUE PROVISION

In accordance with the requirements of the Local Government and Housing Act 1989 the Authority is required to set aside a minimum revenue provision for repayment of debt. This is the aggregate of 4% of the Adjusted Credit Ceiling at the beginning of the year for the General Fund and 2% for the Housing Revenue Account. If depreciation does not equal this amount a transfer to/from the Capital Financing Reserve is required for the difference.

19 CAPITAL RECEIPTS

Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government and Housing Act 1989. For the 2001/02 year, 75% of council house sales receipts must be either set aside by way of provision for future credit liabilities or used to repay debt. Capital receipts other than from the sale of council houses can be fully utilised to finance capital expenditure. Capital receipts from asset sales are held in the usable capital receipts reserve until such time as they are required to fund other capital expenditure. There is a statutory de minimis level of £6,000 in respect of capital receipts and sums received up to this limit are credited into the appropriate revenue account.

20 VALUE ADDED TAX

VAT is fully recoverable from Customs and Excise except in certain exceptional cases. Consequently all expenditure, whether revenue or capital, is shown in the accounts as net of VAT.

21 EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

Exceptional items should be included in the cost of the service to which they relate or on the face of the consolidated revenue account if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item should be given within the notes to the accounts.

Extraordinary items should be disclosed and described on the face of the consolidated revenue account after dealing with all items within the ordinary activities of the authority and should be explained fully in a note to the accounting statements.

Prior year adjustments should be accounted for in the year in which they are identified and disclosed within the notes to the accounts or, where considered necessary for fair reporting, on the face of the appropriate revenue account. However, there should not be any adjustments to preceding year comparative figures or of the opening balances of funds.

22 POST BALANCE SHEET EVENTS

Where a material post balance sheet event occurs which:

- provides additional evidence relating to conditions existing at the balance sheet date;
or
- indicates that application of the going concern concept to a material part of the authority is not appropriate.

changes should be made in the amounts to be included in the Statements of Accounts.

The occurrence of a material post balance sheet event which concerns conditions which did not exist at the balance sheet date should be disclosed. The disclosure should state the nature of the event and, where possible, an estimate of the financial effect of the event.

23 FOREIGN CURRENCY TRANSLATION

Income and expenditure arising from a transaction denominated in a foreign currency should be translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred; if the rates do not fluctuate significantly, an average rate for a period may be used as an approximation. Where the transaction is to be settled at a contracted rate, that rate should be used.

At each balance sheet date, monetary assets and liabilities denominated in a foreign currency should be translated by using the closing rate or, where appropriate, the rates of exchange fixed under the terms of the relevant transactions.

24 CONTINGENT ASSETS

Contingent assets should not be accrued in the accounting statements, they should be disclosed by way of notes if the inflow of a receipt or economic benefit is probable.

25 CONTINGENT LIABILITIES

Contingent liabilities should not be accrued in the accounting statements, they should be disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits.

CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

2000/01 £000		EXP £000	INC £000	NET £000	Notes
	NET COST OF SERVICES				
827	Central Service to the Public	7,549	6,623	926	
11,588	Cultural, Environmental & Planning Services	16,612	4,598	12,014	
479	Highways, Roads & Transport Services	2,662	2,342	320	
4,982	Housing Services	39,296	33,975	5,321	
2,718	Corporate & Democratic Core	6,686	3,918	2,768	
868	Unapportionable Central Overheads	812	25	787	
21,462	NET COST OF SERVICES	73,617	51,481	22,136	
	CORPORATE INCOME & EXPENDITURE				
183	Precept of Local Precepting Authorities			192	4
(476)	(Surpluses) / Deficits on trading undertakings			(320)	2
1,482	Asset Management Revenue Account			(4,100)	1
36	Gross loss on Debt Rescheduling			89	
(1,182)	Interest and Investment Income			(1,511)	
21,505	NET OPERATING EXPENDITURE			16,486	
	APPROPRIATIONS				
(472)	Deficit (-)/Surplus transferred to HRA			(780)	
80	Contribution to or (from) HRA Earmarked Reserves			37	
83	Contributions to or (from) General Fund Earmarked Reserves			209	
126	Contributions to or (from) DSO Earmarked Reserves			(69)	
(5,149)	Contributions to or (from) Capital Reserves			56	
16,173	AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS			15,939	
(4,413)	Precept from Collection Fund			(4,741)	
13	Collection Fund Balance Transfer			--	
(6,467)	Revenue Support Grant			(7,046)	
(5,205)	Contribution from NNDR Pool			(5,190)	
101	(SURPLUS) / DEFICIT FOR YEAR			(1,038)	
(375)	Balance on General Fund brought forward			(274)	
(274)	Balance on General Fund carried forward			(1,312)	

DISCLOSURE NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The Accounting Code of Practice (ACOP) on Local Authority Accounting requires the publication of additional financial information as notes to the Consolidated Revenue Accounts. The figures contained in these notes are either not shown separately on the face of the main financial statements, or they disclose information in relation to responsibilities and functions which the Council undertakes on behalf of other bodies.

1 ASSET MANAGEMENT REVENUE ACCOUNT

The purpose of the Asset Management Revenue Account is to ensure that capital charges do not impact on the level of Council Tax and that the Council's accounts are charged only with the true capital financing costs. The account is summarised below:

Transactions on the Asset Management Revenue Account		
Income	£000	£000
Capital Charges and Adjustments:		
General Fund	(3,894)	
Housing Revenue Account	(4,740)	
		(8,634)
Expenditure		
Net Depreciation	1,171	
External Interest Charges	3,363	
		4,534
Balance to Consolidated Revenue Account		(4,100)

2 TRADING SERVICES

Trading services cover undertakings with the public or with other third parties, and include such activities as markets, trade refuse collection, industrial units and the former Direct Service Organisations (DSO's).

The DSO's were set up originally to allow the Council to bid for work under the Compulsory Competitive Tendering (CCT) legislation. However, from 2 January 2000 this legislation was abolished and replaced by a new Best Value system designed to establish a continuing process of cost effective service improvements.

For 2001/02, the Council has chosen to retain trading accounts for former CCT activities, although this will be reviewed during 2002/03 together with all other trading activities undertaken by the Council.

The following analysis shows that after taking account of asset rental costs, the former DSO's produced an overall surplus of £100,000.

	Income	Expenditure	Surplus/ (Deficit)
	£000	£000	£000
General highway and sewer work	1,727	1,547	180
Other maintenance work	2,972	2,723	249
Cleansing and Refuse Collection	3,211	3,270	(59)
Grounds maintenance	1,672	1,721	(49)
Building cleaning	221	216	5
Management of sports and leisure facilities	1,020	1,247	(227)
Vehicle Maintenance	404	387	17
New Deal Activities	40	56	(16)
Total Former DSO's for 2001/2002	11,267	11,167	100
Markets	697	867	(170)
Commercial Properties/Industrial Units	991	601	390
Total Surplus / (Deficit) on Trading Undertakings	12,955	12,635	320
Previous Year 2000/01–Former DSO's only	11,800	11,324	476

3 LEASING AND OTHER LONG TERM COMMITMENTS

The following table summarises current operating lease obligations for future years.

Leased Assets – Rentals (excluding staff car leases)	
	Operating Leases £000
Total rentals paid in 2001/02	330
Outstanding undischarged leasing obligations:	
2002/03	338
2003/04	346

At 31 March 2002, 79 cars were leased for staff. The total cost in 2001/02 was £251,000 and after contributions by staff of £31,000 resulted in a charge to the Authority of £220,000.

The Council had no outstanding obligations in respect of finance leases as at 31st March 2002, nor did it have any outstanding obligations arising from other long term contracts such as Private Finance Initiative agreements.

4 PARISH PRECEPTS

2001/02 was the sixth year that local parishes levied their own precept within their parish boundaries. In total the precepts levied amounted to £191,906. Full details of individual parish precepts are available from the Head of Financial Services at Lancaster Town Hall.

5 SECTION 137 EXPENDITURE

Under the powers granted by Section 137 of the Local Government Act 1972, the Council is empowered to incur expenditure which it considers to be in the interests of the inhabitants of its area. The Council is restricted by this law to spending a maximum of £ 1.90 per person living in Lancaster, which produces a spending limit for 2001/02 of £ 262,346. The actual expenditure under this provision in 2001/02 was £ 39,867, as analysed below -

Analysis	£
Victim Support	4,120
Council for Voluntary Service	16,500
Lancaster DISC	5,125
Relate	5,750
Miscellaneous Grants	4,852
Twinning	3,520
Total	39,867

In 2000/01, a similar sum of £35,037 was incurred.

6 PUBLICITY EXPENDITURE

The Council is required by Section 5(1) of the Local Government Act 1986 to provide details of its spending on Publicity. The Act does not provide a clear definition of Publicity, but the following analysis shows the elements of expenditure which are judged to be relevant.

2000/01	Section 5 Local Government Act 1986	2001/02
£000		£000
157	Promotions and Publicity	152
64	Recruitment Advertising	64
38	Other Advertising	41
259	TOTAL	257

7 BUILDING CONTROL TRADING ACCOUNT

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

	Chargeable	Non-	Total
	2001/02	Chargeable	Building
		2001/02	Control
	£000	£000	2001/02
	£000	£000	£000
Expenditure	266	138	404
Income	315	1	316
Surplus/(Deficit) for Year	49	(137)	(88)

8 AGENCY SERVICES

The Council undertakes work as highways agent for Lancashire County Council for which reimbursement is made subject to defined limits together with a contribution towards administrative costs based upon fixed percentages. Agency work is limited to the urban core area and the Overton peninsula, including maintenance and improvement to footways, carriageways, street lighting and the highways cleansing function. Expenditure, including administrative costs, on maintenance and improvements amounted to £2,455,006, of which £2,347,995 was reimbursed.

On behalf of the United Utilities, the Council carries out repair and maintenance of the sewer system and 60 sewerage pumping stations. Net revenue expenditure of £272,254 was fully reimbursed. Expenditure of £392,835 on capital works was also reimbursed.

In accordance with recommended accounting practice, only the net cost of agency activities is shown (where applicable) in the Consolidated Revenue Account.

9 PENSION COSTS

The Council pays contributions to Lancashire County Council's Pension Fund, which provides its members with defined benefits relating to pay and service. The contributions are based on rates determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund. The following financial details are based on the actuarial valuation completed in 2001.

In 2001/02 the Council paid an employer's contribution of £1,928,942 (2000/2001 £1,599,194) based on 13.1% of pensionable employees' reckonable pay.

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 £397,105.

The capital cost of discretionary increases in pensions payments agreed by the Council are set out below. These relate to enhanced retirement benefits for redundancies and retirements in the interest of the efficiency of the Council.

Capitalised cost of in year payments : £868,748

Capitalised cost of earlier years payments (still being made) : £4,710,333

Further details of the Superannuation Fund can be obtained from the County Treasurer, Lancashire County Council, County Hall, Preston.

10 MINIMUM REVENUE PROVISION (MRP)

The Authority is required by statute to set aside a minimum revenue provision for the redemption of external debt. The method of calculating the provision is defined by statute. For 2001/02 the amount is £628,611 (2000/01 £572,130) as set out below.

	2000/01	2001/02
	£000	£000
Non-housing amount - 4% of credit ceiling (adjusted re commutation)	121	203
Housing amount – 2% of credit ceiling	451	426
Minimum Revenue Provision	572	629
Amount charged as depreciation (net)	3,695	1,171
Net credit to Consolidated Revenue Account	(3,123)	(542)

11 OFFICERS' EMOLUMENTS

Regulation 6(2) of the 1996 Accounting and Audit Regulations require a specific disclosure of officers' annual remuneration in excess of £40,000. Only nine officers of the Council received in excess of this amount during 2001/02.

Remuneration Band	No. of Employees	
	2000/01	2001/02
£40,000 - £49,999	3	5
£50,000 - £59,999	1	3
£60,000 - £69,999	1	0
£70,000 - £79,999	0	0
£80,000 - £89,999	0	0
£90,000 - £99,999	0	1

"It should be noted that the emoluments for 2001/02 include elements of back pay relating to 2000/01 and any values associated with car benefits".

12 MEMBERS ALLOWANCES

The total amounts of allowances paid to Members during the 2001/02 financial year were as follows:

Type of Allowance	Amount Paid £
Basic Allowance	150,265
Special Responsibility Allowance	59,552
Carer Allowance	4,734
Total For All Members	214,551

13 EXCEPTIONAL ITEMS

There were no exceptional items during 2001/02.

14 RELATED PARTY TRANSACTIONS

Under the Accounting Code of Practice, the Council is required to disclose details of any material transactions with third parties. A number of these transactions have already been disclosed within the financial statements as follows:

- 1 Transactions with Central Government have been disclosed within both the Consolidated Revenue Account and the Cash Flow Statement, as well as in other notes to the accounts.
- 2 Transactions with other public bodies (i.e. Lancashire County Council, Lancashire Police Authority and other District Councils) have been disclosed within the Consolidated Revenue Account, the Collection Fund Accounts and the Cash Flow Statement as well as in other notes to the accounts.
- 3 Transactions with the Lancashire Pensions Fund have been disclosed within the Statement of Accounting Policies and the notes to the Consolidated Revenue Account.
- 4 Transactions with associated companies have been disclosed within the notes to the Consolidated Balance Sheet.

There are no material transactions to disclose in respect of Elected Members or Directors (including their close families), or regarding grants to voluntary and other organisations.

HOUSING REVENUE ACCOUNT

The purpose of the Housing Revenue Account is to record the expenditure and income relating to Council dwellings. The Council is obliged by law to fund revenue expenditure on Council dwellings only from housing rent income.

The expenditure and income on the Housing Revenue Account is brought into the Consolidated Revenue Account in order to include it within the total cost of services provided by the Council. The surplus or deficit is then appropriated from the Consolidated Revenue Account to the Housing Revenue Account working balance.

2000/01 £000		2001/02 £000	£000
	INCOME		
(8,932)	Gross rental income - dwellings	(9,112)	
(57)	- other	(130)	
(205)	Charges for services and facilities	(1,160)	
(8)	Contributions towards Expenditure	(7)	
(6,997)	HRA subsidy receivable	(6,619)	
(16,199)			(17,028)
	EXPENDITURE		
2,774	Repairs and maintenance	2,823	
1,557	Supervision and management	2,493	
162	Rents, rates, taxes and other charges	130	
6,546	Rent rebates	6,558	
150	Increased Provision for Bad or Doubtful Debts	204	
8,323	Cost of Capital Charge	4,739	
2,225	Depreciation and Impairments of Fixed Assets	2,243	
60	Debt management Costs	60	
21,797			19,250
5,598	NET COST OF SERVICES		2,222
(6,789)	Net Income or Expenditure on Asset Management Revenue Account		(3,377)
(123)	Transfers from General Fund as directed by Secretary of State		(120)
23	Amortised Premiums and Discounts		66
(45)	Investment Income		(46)
(1,336)	NET OPERATING EXPENDITURE		(1,255)
1,245	Revenue Contribution to Capital Expenditure		1,554
455	Contribution to Minimum Repayment Provision		444
-	Transfer from Major Repairs Reserve		(26)
108	Transfers to/from Earmarked Reserves		63
472	SURPLUS/DEFICIT FOR YEAR		780
(1,579)	HRA balance brought forward		(1,107)
(1,107)	HRA BALANCE CARRIED FORWARD		(327)

2001/02 is the first year for which the Housing Revenue Account has been prepared under the Government's new Resource Accounting guidelines. The 2000/01 accounts above have been restated in the new format as far as possible, but it should be noted that certain differences still exist.

NOTES TO THE HOUSING REVENUE ACCOUNT

1 As at 31st March 2002 the authority held the following dwellings:

Bedsits		127
1 Bedroom	Houses & Bungalows	660
	Flats & Maisonettes	506
2 Bedroom	Houses & Bungalows	546
	Flats & Maisonettes	711
3 Bedroom	Houses & Bungalows	1,542
	Flats & Maisonettes	8
4 or more bedroomed dwellings		102
TOTAL ALL DWELLINGS		4,202

The Balance Sheet value of assets held in the Housing Revenue Account was as follows:

	1 st April 2001 £'000	31 st March 2002 £'000
Operational Assets:		
Council Dwellings	135,873	75,179
Other land and buildings	338	463
	136,211	75,642
Non-operational Assets	310	577
TOTAL	136,521	76,219

Dwellings were revalued during the year on the basis of Existing Use Value (Social Housing) as at 1st April 2001 following the introduction of Resource Accounting in the Housing Revenue Account. This resulted in a reduction of asset values of £58,280,000. Non-dwelling assets were revalued as at 1st April 2001 resulting in an increase in asset values of £419,000. The Major Repairs Allowance has been used as a proxy for depreciation on dwellings.

The vacant possession value of dwellings held on 1st April 2001 was £132,085,000. The difference between this and the EUV-SH valuation of £77,930,000 represents the economic cost to the Government of providing Council Housing at less than open market rents.

2 Movements on the Major Repairs Reserve for the year were as follows:

Summary of Movements on Major Repairs Reserve 2001/02	£'000
Opening Balance 1st April	0
Transfer to MRR – Depreciation	2,243
Transfer to HRA - Depreciation Adjustment	(26)
Capital Expenditure - Land	(8)
- Houses	(1,119)
- Other property.	(1)
Closing Balance 31st March	1,089

- 3 Capital expenditure of £2,678,000 was incurred during the year being £2,546,000 on improvements to dwellings, £108,000 on works to land, and £24,000 on other property. This was financed as follows:

	£'000
Borrowing	-
Usable Capital Receipts	-
Direct Revenue Financing	1,407
Earmarked Reserves	147
Majors Repairs Reserve	1,128
Movement in Capital Creditors	(4)
Total Capital Financing	2,678

Capital receipts totalling £1,596,000 were received during the year from the following sources:

	£'000
Sale of dwellings	1,497
Repayment of Principal on Mortgages	91
Repayment of Right to Buy discounts	8
Total Capital Receipts	1,596

- 4 The Cost of Capital Charge is a notional interest charge of £8,370,000 representing 6% of the revalued opening asset values, which is credited to the Asset Management Revenue Account. Because this exceeds the actual interest payable on HRA-related debt which is £1,362,000, a compensating transfer of £7,008,000 is made from the Asset Management Revenue Account.

- 5 Total depreciation charges for the year were:

	£'000
Council Dwellings	2,217
Other land and buildings	16
Non-operational Assets	10
TOTAL	2,243

- 6 No charges were made during the year in respect of deferred charges or impairment of fixed assets.

- 7** The total Housing Subsidy receivable for the year was £6,619,000. This is analysed over the various elements as follows:

	£'000
Management Allowance	1,240
Maintenance Allowance	2,553
Major Repairs Allowance	2,217
Charges for Capital	2,346
Rent Rebates	6,709
Allowance for Tenant Participation Compacts	15
Allowance for Resource Accounting	30
Notional Rent	(8,403)
Interest on Receipts	(26)
Adjustment from Previous Year	(62)
Total Housing Subsidy	6,619

- 8** Total arrears of rent at 31st March 2002 amounted to £605,000. Against this an amount of £289,000 was held as provision for bad debts, representing 75% of arrears from former tenants and 25% of arrears from current tenants.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT 2001/02

This statement represents the transactions of the Collection Fund, a statutory account that must be kept separate from other Funds 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.

2000/01 £000	INCOME	See Note	2001/02 £000
	Council Tax		
32,699	Income from Council Tax	1	34,628
	Transfers from General Fund:		
5,502	Council Tax Benefits		5,695
	Council Tax Benefit Subsidy Limitation		
226	Contributions from other Local Authorities		184
	Business Rates		
39,604	Income from Business Ratepayers	2	41,420
	Contributions		
13	Towards previous year's Collection Fund deficit	5	11
(12)	Adjustment of previous years Community Charges	3	--
179	From Provisions for Council Tax Amounts Written Off		179
78,211	TOTAL INCOME		82,117

2000/01 £000	EXPENDITURE	See Note	2001/02 £000
	Precepts and Demands		
30,984	Lancashire County Council		32,603
4,413	Lancaster City Council (including parish precepts)		4,752
2,524	Lancashire Police Authority		2,783
	Business Rates		
39,386	Payment to National Pool		41,190
218	Cost of Collection Allowance		230
	Council Tax Bad and Doubtful Debts		
179	Write-offs		179
256	Contribution to Provision for Non-Collection		390
77,960	TOTAL EXPENDITURE		82,127

2000/01 £000	FUND BALANCE	See Note	2001/02 £000
(251)	(Surplus)/deficit for year		10
347	(Surplus)/deficit as at 01 April (Brought forward)		96
96	(Surplus)deficit as at 31 March (Carried forward)	6	106

NOTES TO THE COLLECTION FUND ACCOUNT

The following notes are intended to explain figures contained on the Collection Fund Summary Income and Expenditure Account.

1 COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 01 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lancashire County Council, Lancaster City Council and the Lancashire Police Authority for the forthcoming year and dividing this by the Council Tax base.

The Council Tax base represents the number of chargeable dwellings in each banding (i.e. the number of properties, adjusted for discounts etc.) multiplied by a set proportion to give the number of Band D equivalents. The estimated collection rate is then applied to the Band D equivalent total, to give the Council's Tax Base for that year. For 2001/02 the numbers are as follows:-

	Chargeable Dwellings	Band D Equivalents
Band A	16,369	10,896
Band B	12,611	9,808
Band C	9,406	8,361
Band D	5,168	5,168
Band E	3,112	3,803
Band F	1,509	2,179
Band G	680	1,134
Band H	32	65
Total	48,887	41,414
<i>Collection Rate</i>		99%
Council Tax Base		41,000

2 BUSINESS RATES

The City Council collects National Non-Domestic Rates (NNDR) for its area. NNDR is based on rateable values set by the Inland Revenue, multiplied by a Uniform Business Rate set by Central Government. This was set at 43p per £ for 2001/02 (41.6p for 2000/01). The rateable value at 31 March 2002 was £97,172,452 (£97,763,022 for 2000/01). The total amount due, after adjusting for certain reliefs and other deductions, is paid into a central pool (the NNDR pool) managed by Central Government. The Government redistributes the sums paid into the pool back to local authorities' in proportion to population. Lancaster's share of the pool for 2001/02, paid directly to the Consolidated Revenue Account, amounted to £5.190 M.

3 ADJUSTMENTS FOR PREVIOUS YEARS' COMMUNITY CHARGES

Although Council Tax has replaced Community Charge from 01 April 1993, the Council continues to account for residual adjustments in relation to the Community Charges raised in earlier years. No net adjustments regarding Community Charge collection were required in 2001/02.

4 DISTRIBUTION OF COLLECTION FUND SURPLUSES OR DEFICITS

Collection Fund Surpluses relating to Council Tax (i.e. excluding Community Charge items) are distributed to the billing and precepting authorities in proportion to the value of their respective precepts or demands on the Fund.

At 1 April 2001 the Council Tax deficit was shown as £84,000. During 2001/02 no distribution was made to precepting authorities, however.

5 DISTRIBUTIONS OF RESIDUAL COLLECTION FUND SURPLUSES OR DEFICITS

Lancaster City Council receives the full impact of surpluses and deficits relating to residual Community Charge transactions, unlike those relating to Council Tax, which are shared (see note 4 above).

At 1 April 2001 the residual Community Charge deficit was £12,000, and this was transferred to the City Council's General Fund during 2001/02.

6 CLOSING SURPLUS / DEFICIT BALANCES ON THE COLLECTION FUND

Surpluses and deficits relating to Community Charge transactions (residual) are administered separately from those surpluses and deficits relating to Council Tax transactions, as highlighted in notes 4 and 5 above.

The movements in the Collection Fund during 2001/02 are summarised below.

	Residual Community Charge £000	Council Tax £000	TOTAL £000
(Surplus)/Deficit 01/04/01	12	84	96
Distributions in Year	--	--	--
Net Transaction in Year	(12)	22	10
(Surplus)/Deficit 31/03/02	--	106	106

Of the £106,000 deficit as at 31 March 2002, £93,000 is attributable to other Local Authorities as follows:

	£000
Lancashire County Council	86
Lancashire Police Authority	7

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2002

This shows the financial position of the Council as a whole and summarises its assets and liabilities.

2000/01 £000		2001/02 £000	Notes
	Fixed Assets		
	Operational Assets :		
135,873	Council Dwellings	75,179	
26,356	Other Land and Buildings	27,493	
1,982	Vehicles, Plant and Equipment	1,874	
14,024	Infrastructure	18,951	
1,916	Community Assets	2,527	
20,645	Non Operational Assets	15,110	
200,796	TOTAL FIXED ASSETS	141,134	1
333	Deferred Charges	220	2
56	Long Term Investments	51	12
725	Long Term Debtors	570	13
201,910	TOTAL LONG TERM ASSETS	141,975	
	Current Assets		
544	Stocks and Work in Progress	484	14
10,532	Debtors	9,404	15
28,600	Investments	11,543	
38	Cash in Hand	31	
	Current Liabilities		
(3,252)	Borrowing (Amounts due within one year)	(1,525)	17
(25,805)	Creditors	(7,955)	16
(963)	Bank Overdraft	(1,103)	
211,604	TOTAL ASSETS LESS CURRENT LIABILITIES	152,854	
(50,747)	Long Term Borrowing	(49,222)	17
(575)	Deferred Liabilities	(523)	
(701)	Provisions	(611)	19
159,581	TOTAL ASSETS LESS LIABILITIES	102,498	
112,848	Fixed Asset Restatement Reserve	51,898	
26,017	Capital Financing Reserve	27,405	
317	Usable Capital Receipts Reserve	235	
17,887	Government Grants & Contributions Deferred	18,944	18
1,191	Earmarked Reserves	2,482	
36	Suspense	--	
274	Balances: General Fund	1,312	
1,107	Housing Revenue Account	328	
(96)	Collection Fund	(106)	
159,581	TOTAL EQUITY	102,498	

NOTES TO CONSOLIDATED BALANCE SHEET

1 FIXED ASSETS

Movements in fixed assets during the year were as follows:

	Council dwellings	Other land and buildings	Vehicles plant and equipment	Infra-structure assets	Comm-unity assets	Non-Operational properties	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Gross book value as at 01 April 2001	138,110	27,473	3,399	14,722	1,918	21,324	206,946
Additions	2,677	1,526	1,401	5,314	609	(5,389)	6,138
Disposals	(1,663)	--	--	--	--	(236)	(1,899)
Revaluations	(61,723)	135	--	--	--	277	(61,311)
Impairment	--	--	--	--	--	--	--
Transfers	--	--	160	--	--	12	172
Gross book value as at 31 March 2002	77,401	29,134	4,960	20,036	2,527	15,988	150,046

Depreciation as at 01 April 2001	(2,237)	(1,117)	(1,417)	(698)	(2)	(679)	(6,150)
Depreciation for year (on straight line basis)	(2,217)	(524)	(1,509)	(387)	--	(215)	(4,852)
Depreciation on assets sold	2,232	--	(160)	--	2	16	2,090
Balance as at 31 March 2002	(2,222)	(1,641)	(3,086)	(1,085)	0	(878)	(8,912)

Net book value as at 31 March 2002	75,179	27,493	1,874	18,951	2,527	15,110	141,134
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2 DEFERRED CHARGES

Deferred charges result from expenditure of a capital nature which does not impact on the acquisition or enhancement of fixed assets owned by the City Council. These primarily relate to housing improvement grants of a capital nature and other capital grants to external organisations.

	Improvement Grants	Other Deferred Charges	Total
	£000	£000	£000
Balance as at 01 April 2001	--	333	333
Amounts written off to Consolidated Revenue Account			
Expenditure during the year	806	603	1,409
Income during the year	(806)	(716)	(1,522)
Balance as at 31 March 2002	--	220	220

3 CAPITAL EXPENDITURE AND FINANCING

Capital expenditure incurred during the year was £6.767M. The following table sets out how this was funded.

	£000		£000
		Credit Approvals	818
		Grant	1,595
Capital Expenditure	6,407	Capital Receipts	1,094
Unfinanced b/f	360	Revenue/Reserves	1,714
		Major Repairs Allow.	1,128
		Other Contributions	282
		Unfinanced c/f	136
TOTAL	6,767	TOTAL	6,767

4 CAPITAL COMMITMENTS

As at 31 March 2002 the Council was contractually committed to capital works which amounted to approximately £1.4M. Major contracts included the following schemes:-

Capital Projects	£000
Branksome Estate Refurbishments Phase 2	425
Carnforth Estate Renewals Phase 2	118
Ripley Court Refurbishment	86
Cable St / Water St Refurbishments	118
Ryelands Regeneration	168
Energy Efficiency Works	49
Westgate Environmental Improvements	41
River Lune Millennium Bridge	98

5 MAJOR FIXED ASSETS

The Council is required to disclose details of the major fixed assets that support its functions. The following table shows the number of each type of asset.

	Number as at 31/03/01	Number as at 31/03/02
COUNCIL DWELLINGS	4,272	4,202
OPERATIONAL BUILDINGS		
Town Halls	2	2
Other Offices	8	8
Sports Centres without Pool	--	--
Sports Centres with Pool	1	1
Depots	4	4
Surface Car Parks	37	37
Multi-Storey Car Parks	2	2
Cemeteries	7	7
Museums	3	3
Public Conveniences	33	33
Other Leisure Facilities	1	1

	Number as at 31/03/01	Number as at 31/03/02
OPERATIONAL EQUIPMENT		
Vehicles	143	139
Heavy Plant	72	72
COMMUNITY ASSETS		
Community Centres	1	1
Parks	15	15
Playing Fields	6	6
NON OPERATIONAL ASSETS		
Commercial/Investment/Properties	129	128

6 FIXED ASSET VALUATION

The freehold and leasehold properties which comprise the Authority's property portfolio were originally valued as at 01 April 1994 by the City Council's Estates and Valuation Officer, G J Cox, ARICS, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors, except that not all the properties were inspected. This was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation.

Since then, all assets held have been revalued within the last five years. This is in accordance with the requirements of the Accounting Code of Practice. It should be noted that as at 1 April 2001, council dwellings were revalued under resource accounting arrangements on an Existing Use Value – Social Housing basis. This has reduced the balance sheet values dramatically between 2000/01 and 2001/02

The Council is not aware of any other circumstances that would have any material impact on the asset values as disclosed on the balance sheet.

New additions during the year have been included at historic cost, and these will be formally valued in the future, as part of the rolling revaluation exercise. Specific valuation bases are disclosed within the Statement of Accounting Policies.

7 FINANCE LEASES

At the end of 2001/02 there were no assets held under finance leases.

8 PRIVATE FINANCE INITIATIVE (PFI)

The PFI is a mechanism by which private sector investment is used to assist in the delivery of public services, normally for large schemes such as new schools, etc. The Council has not entered into any PFI arrangements and therefore there are no PFI related assets as at 31st March 2002.

9 PROVISION FOR CREDIT LIABILITIES (MEMORANDUM ACCOUNT)

This account is required in accordance with the Local Government and Housing Act 1989 and is shown as a memorandum only. The balance on this account represents amounts set aside for debt repayment, in accordance with legislation. These relate to a proportion of the receipts from asset sales, together with amounts set aside from revenue accounts (see also note 10 to the Consolidated Revenue Account).

	2000/01	2001/02
	£000	£000
Balance brought forward as at 01 April 2001	12,426	13,976
Amount set aside for MRP	572	629
Reserved capital receipts	978	1,240
	13,976	15,845
LESS: Amounts applied to repay loans	--	--
Balance carried forward at 31 March 2002	13,976	15,845

10 NET ASSETS EMPLOYED

This summary gives details of the net assets employed during the year analysed over the Council's three major accounts, namely General Fund, Housing Revenue Account and the Direct Service Organisations.

	31/03/01	31/03/02
	£000	£000
General Fund	40,933	41,702
Housing Revenue Account	115,515	57,630
Direct Service Organisation	3,207	3,259
	159,655	102,591
Proportion of Collection Fund Surplus/(Deficit) not attributable to the City Council	(74)	(93)
	159,581	102,498

11 RELATED COMPANIES

Local authorities with material interests in subsidiary and associated companies must prepare, as supplementary information, a summarised set of accounts. These Group Accounts comprise of the local authority itself and its interests in any companies that would be regarded as its subsidiaries or associates within the Companies Act.

Lancaster City has relevant interests in the following companies:

- Williamson Park
- Dukes Playhouse Ltd

None of the Council's interests in the above Companies are considered material, however, when the tests as set out in the Code of Practice are applied. Consequently no Group Accounts are required to be prepared for the 2001/02 financial year.

11.1 WILLIAMSON PARK LTD

A company limited by guarantee with no share capital, set up to restore and revitalise the park with the ultimate aim of creating a major visitor centre. The Company's financial accounting period ended on 31 January 2002. Consequently the information below for 2001/02 differs slightly from the other financial information in this summary. The City Council provided grant support of £83,000 to the company during the Council's 2001/2002 financial year (2000/2001 £83,000).

	31/03/01	31/01/02
	£	£
Net assets	80,634	86,562
Profit/(Loss) before taxation	(2,577)	6,548
Profit/(Loss) after taxation	(2,577)	5,928

11.2 DUKES PLAYHOUSE LTD

The Company is limited by guarantee without share capital by the City and County Councils. It is also a registered charity.

The principal activity and objective of the charity is to promote and advance artistic and aesthetic education and the public appreciation of the arts and manage a theatre which is at the service of the whole community. The City Council provided support totalling £168,163 to the company during the 2001/2002 financial year (2000/2001 £164,766)

	31/03/01	31/03/02
	£	£
Net Liabilities	348	(33,083)
Profit/(Loss) before taxation	49,755	33,431
Profit/(Loss) after taxation		

12 LONG TERM INVESTMENTS

The Council holds a number of other miscellaneous investments of which one relates to Chancery Plc under the terms of a voluntary arrangement with the Company's Administrators. These miscellaneous investments consist of:

	Cost Price	Nominal Value	Value at 31/03/02
	£	£	£
Chancery PLC			
Share Capital	27,039	--	See
Loan Capital	19,000	--	Below
Other miscellaneous small investments consist of:-			
3% London Consolidated Stock	4,444	5,000	2,750
3% Lincoln Redeemable Stock	606	700	385
BALANCE SHEET VALUE OF ASSETS	51,089	5,700	3,135

The investments outstanding in respect of Chancery are included in the balance sheet at cost price, and for future years this will be reviewed on receipt of further information from the Company's Administrators.

13 LONG TERM DEBTORS

Long term debtors represent the value of long term loans granted by the Council to external organisations. The main element comprises mortgages granted to occupiers of council dwellings under the council house "right to buy" scheme, and mortgages granted to housing associations.

Also included within this item is a loan of £112,000 to the Buildings at Risk Trust (BART) approved by the Council on 26 April 1995 to enable the Victoria Pavilion (Winter Gardens) to be renovated. Under the terms of the loan agreement the money will be repayable from grant monies received by BART on the Phase II redevelopment of the complex.

In addition, the Council approved on 3 July 1998 a £200,000 loan repayable over 10 years to Morecambe Football Club, to assist in the development of a new stand.

14 STOCKS AND WORK IN PROGRESS

At 31 March 2002 the City Council held stocks and work in progress to the value of £484,000, after allowing for the provision of £40,000 for obsolescence / reductions in value (£544,000 2000/01).

15 ANALYSIS OF DEBTORS

Since the Council's Balance Sheet represents assets at the end of the financial year (31 March 2002), there are outstanding monies owed to the Council in respect of the 2001/02 financial year which at that date were yet to be received as cash. The amount in the Consolidated Balance Sheet therefore, represents amounts owed **to** the Council, which had not been received at 31 March 2002.

The Council makes provision for outstanding monies which it anticipates will not be recovered. The amount in the Consolidated Balance Sheet is net of such provisions.

The debtors balances as at 31 March 2002 is analysed as follows.

	£000
Government Departments	1,225
Other Local Authorities	573
Commercial Ratepayers	655
Council Taxpayers	3,636
Housing Rents	920
Sundry Debtors and Accruals	4,689
Provision	(2,294)
Total	9,404

16 ANALYSIS OF CREDITORS

Since the Council's Balance Sheet represents liabilities at the end of the financial year (31 March 2002), there are outstanding monies owed by the Council in respect of the 2001/02 financial year which at that date were yet to be paid. The amount in the Consolidated Balance Sheet therefore, represents amounts owed **by** the Council, which had not yet been paid as at 31 March 2002.

The Creditors balances as at 31 March 2002 is analysed as follows.

	£000
Government Departments	969
Other Local Authorities	153
Commercial Ratepayers	381
Council Taxpayers	856
Housing Rents	541
Sundry Creditors and Accruals	5,055
Total	7,955

17 BORROWING

The tables below show the Council's Capital Related Longer Term Borrowing by lender and maturity.

	2000/01	2001/02
	£000	£000
Public Works Loan Board	53,999	50,747

LOAN MATURITY ANALYSIS	2000/01	2001/02
	£000	£000
Maturing within one year	--	--
Maturing in 1 - 2 years	1,525	609
Maturing in 2 - 5 years	5,248	813
Maturing in 5 – 10 years	174	--
Maturing in 10 – 15 years	--	--
Maturing in more than 15 years	43,800	47,800
TOTAL BORROWING (DUE AFTER ONE YEAR)	50,747	49,222
Maturing within one year	3,252	1,525
TOTAL BORROWING (DUE WITHIN ONE YEAR)	3,252	1,525

It should be noted that loan repayments due within one year have been classified on the balance sheet under Current Liabilities – Borrowing (Amounts due within one year).

18 DEFERRED GOVERNMENT GRANTS AND CONTRIBUTIONS

The balance on this account represents, in general terms, the value of capital grants and contributions that have been applied to finance the acquisition or enhancement of fixed assets held in the asset register. A proportion of the balance on this account is released to revenue in line with any depreciation charges on such assets. Where no depreciation charges have been made for assets financed by grants and contributions, the related financing remains within the balance on this account.

19 PROVISIONS SUMMARY

	Balance 01/04/01 £000	Expenditure £000	Transfers £000	Income £000	Balance 31/03/02 £000
Revenue Provisions:					
General Fund	121	(182)	257	--	196
Capital Provisions:					
General Fund Clawback	580	(209)	--	42	413
Long Term Investments	--	--	2	--	2
TOTAL	701	(391)	259	42	611

The closing balance of General Fund Revenue Provisions as at 31 March 2002 relates to an Insurance Provision in respect of outstanding insurance claims to be settled by the Council.

The capital Clawback provision is in respect of outstanding liabilities, where the Council has sold land originally financed by Derelict Land Grant. In certain cases, the Council is required to pay a proportion of the disposal proceeds to English Partnerships.

20 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2002.

21 EURO COMPLIANCE

The adoption of operational and information systems to accommodate the Euro continues to be considered by the Council as part of its computing strategy. Undertakings from software suppliers are requested to the effect that systems upgrades will be received when the exact criteria for the operation of the Euro are resolved.

At present no expenditure has been specifically incurred or committed in respect of the Euro and no specific provision has been made for estimated future costs relating to its possible introduction. The Council will continue to monitor this position.

22 PENSIONS FUND

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until the employees retire, the Authority has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in one pension scheme:

The Local Government Pension Scheme, administered by Lancashire County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pension liabilities with investment assets.

In 2001/02, pension costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to the Lancashire County Council pension scheme (based on a formal actuarial valuation for 31 March 2001) and the pensions payable in the year to retired officers. However, at 31 March 2002, the Authority had the following overall assets and liabilities for pensions that have not been included in the balance sheet :

	Local Government Pension Scheme £000
Estimated liabilities in scheme	82.0
Estimated assets in scheme	74.8
Net asset/(liability)	(7.2)

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Mercer Human Resource Consulting Ltd., an independent firm of actuaries. The main assumptions used in their calculations are set out overleaf, but it should be noted that as such, the position presented above represents a snapshot position as at 31st March 2002, based on prevailing market and other economic conditions. Furthermore, it is highly improbable that all liabilities as shown above would fall due immediately, simultaneously.

	Local Government Pension Scheme
Financial Assumptions	
Rate of inflation	2.5%
Rate of increase in salaries	4.0%
Rate of increase in pensions	2.5%
Rate of discounting scheme liabilities	6.0%
Expected rate of return on assets	
Equity investments	8.0%
Bonds	6.0%
Other assets	6.0%
Split of assets between investment categories	
Equity investments	73.4%
Bonds	15.5%
Other assets	11.1%
	100%



STATEMENT OF TOTAL MOVEMENT IN RESERVES

The statement of total movements in reserves brings together all the recognised gains and losses of the Authority during the period and identifies those which have and have not been recognised in the Consolidated Revenue Account. The statement separates the movements between revenue and capital reserves.

		2001/02	2000/01
		£000	£000
Surplus/(deficit) for the year:			
- General Fund		1,038	(101)
- Housing Revenue Account		(780)	(472)
<i>add back</i> Movements on specific revenue reserves (and suspense)		1,256	299
Total increase/(decrease) in revenue resources		1,514	(274)
Increase/(decrease) in usable capital receipts		(82)	297
Increase/(decrease) in unapplied capital grants and contributions		--	--
Total increase/(decrease) in realised capital resources	Note 1	(82)	297
Gains/(losses) on revaluation of fixed assets		(59,068)	3,557
Impairment losses on fixed assets due to general changes in prices		--	--
Total increase/(decrease) in unrealised value of fixed assets	Note 2	(59,068)	3,557
Value of assets sold, dispose of or decommissioned (note 3)	Note 3	(1,882)	(3,650)
Capital receipts set aside		2,287	3,123
Revenue resources set aside		3,471	1,860
Reconciling amount regarding deferred charges & depreciation		(4,370)	(5,765)
Movement on Government Grants Deferred		1,057	2,323
Total increase/(decrease) in amounts set aside to finance capital investment	Note 4	2,445	1,541
TOTAL RECOGNISED GAINS AND LOSSES		(57,073)	1,471

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS ON RESERVES

1 MOVEMENT IN REALISED CAPITAL RESOURCES DURING 2001/02

	<i>Usable Capital Receipts</i>	<i>Unapplied Capital Grants and Contributions</i>
	£000	£000
Amounts receivable	1,012	--
Amounts applied to finance new capital investment	(1,094)	--
Total increase/(decrease) in realised capital resources	(82)	--
Balance brought forward at 1 April 2001	317	--
Balance carried forward at 31 March 2002	235	--

The usable capital receipts reserve represents the balance of capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans, and any amounts repayable to Government departments.

The Council does not hold any non-specific, unapplied capital grants and contributions as at 31st March 2002.

2 MOVEMENT IN UNREALISED VALUE OF FIXED ASSETS DURING 2001/02

	<i>Fixed Asset Restatement Reserve</i>
	£000
Gains/losses on revaluation of fixed assets	(61,311)
In year capital expenditure not resulting in valuation changes	2,243
Impairment losses on fixed assets due to general changes in prices	--
Total increase/(decrease) in unrealised capital resources	(59,068)

3 VALUE OF ASSETS SOLD, DECOMMISSIONED OR DISPOSED OF IN 2001/02

Amounts written off fixed asset balances for disposals in 2001/02	(1,882)
Total movement on reserve	(60,950)
Balance brought forward at 1 April 2001	112,848
Balance carried forward at 31 March 2002	51,898

The Fixed Asset Restatement Reserve represents mainly the difference between the valuation of assets under the previous capital accounting system, and the revaluation of assets as at 1 April 1994, in accordance with the current system of capital accounting.

In addition, the reserve is written down by both the net book value of assets as they are disposed of, and by any capital expenditure incurred on fixed assets which does not materially add to the value of the assets concerned. Also, the reserve is debited or credited with the deficits or surpluses arising on any other revaluation of assets undertaken, including deficits as a result of impairment. This reserve cannot be used to finance any revenue or capital expenditure.

4 MOVEMENTS IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT DURING 2001/02

	<i>Capital Financing Reserve</i>	<i>Government Grants Deferred</i>	<i>Total</i>
	£000	£000	£000
Capital receipts set aside:			
- Reserved receipts	1,240		
- Usable receipts applied	1,094		
Less reduction in associated debtors	(47)		
Total net capital receipts set aside	2,287		2,287
Revenue resources set aside:			
- Capital expend. financed from revenue	2,842		
- Revenue provisions for loan repayment	629		
Total revenue resources set aside	3,471		3,471
Grants applied to capital investment		1,877	
Less grants applied against deferred charges		(549)	
Less credits to the asset mgmt. revenue a/c		(271)	
Movement on government grants deferred		1,057	1,057
Reconciling amount regarding deferred charges & depreciation	(4,370)		(4,370)
Total increase/(decrease) in amounts set aside to finance capital investment			2,445
Total movement on reserve	1,388	1,057	
Balance brought forward at 1 April 2001	26,017	17,887	
Balance carried forward at 31 March 2002	27,405	18,944	

The capital financing reserve contains the amounts which are required by statute to be set aside as a Provision for Credit Liabilities, less the amount charged as depreciation. It is also increased by the amount of capital receipts, other reserves and revenue contributions that have been used in the financing of capital expenditure. Again, this reserve cannot be used to support any other revenue or capital spending.

The Government Grants Deferred balance as at 31st March 2002 represents the amount of capital expenditure that has been financed by grant in recent years, less any amounts that have been applied to offset associated deferred charges or asset depreciation charges.

5 EARMARKED REVENUE RESERVES

These represent monies which have been earmarked for specific spending purposes and they can be used to meet both revenue and capital expenditure. Most of such reserves held by the Council have relatively small balances; however, the major reserves are listed below:-

	Balance as at 31/03/02 £ 000's
Major Repairs Reserve	1,089
City Contract Services Reserves	85
Housing Revenue Account Reserves	674
Vehicle and Equipment Replacement	98
BEST Centre	110
Industrial Aid	53
Marsh Capital	48
Open Spaces	253
Storm Damage	29
Other Minor Reserves	43
	2,482

CASH FLOW STATEMENT

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

	Notes	2000/01		2001/02	
		£000	£000	£000	£000
Revenue Activities					
Cash Outflows					
Cash paid to and on behalf of employees		(17,295)		(18,167)	
Other operating cash payments		(47,505)		(45,278)	
Housing Benefit paid out		(21,881)		(22,192)	
Non-Domestic Rates payments to National Pool		(22,510)		(41,194)	
Precepts paid to the County		(33,508)		(35,386)	
TOTAL PAYMENTS			(142,699)		(162,217)
Cash inflows					
Rents (after rebates)		2,149		2,350	
Council Tax receipts		38,391		40,546	
NNDR receipts		39,812		41,604	
NNDR receipts from National Pool		5,205		5,190	
Revenue Support Grant		6,466		7,046	
DSS grants for benefits		20,345		20,671	
Other government grants		4,772		4,402	
Cash received for goods and services		7,507		8,052	
Other operating cash receipts / payments		42,428	167,075	22,040	151,901
NET CASH INFLOW FROM REVENUE ACTIVITY	1		24,376		(10,316)
Returns on Investments and Servicing of Finance					
Cash outflows : Interest paid		(3,635)		(3,484)	
Cash inflows : Interest received		1,019	(2,616)	1,875	(1,609)
Capital Activities					
Cash outflows : Purchase of fixed assets		(5,193)		(3,154)	
Other capital cash payments		(5,036)		(3,341)	
TOTAL PAYMENTS		(10,229)		(6,495)	
Cash inflows : Sale of fixed assets		3,797		2,209	
Capital grants received		4,187		2,217	
Other capital cash receipts		45		42	
TOTAL RECEIPTS		8,029		4,468	
NET CASH OUTFLOW FROM CAPITAL ACTIVITIES			(2,200)		(2,027)
NET CASH INFLOW/OUTFLOW(-) BEFORE FINANCING	5		19,560		(13,952)
Management of Liquid Resources					
Net increase / decrease in short term deposits			(22,300)		17,057
Financing					
Cash outflows					
Repayments of amounts borrowed		(3,515)		(7,252)	
Cash inflows					
New Loans Raised		7,000	3,485	4,000	(3,252)
NET CASH INFLOW/OUTFLOW(-)			(18,815)		13,805
INCREASE IN CASH AND CASH EQUIVALENTS			745		147

NOTES TO THE CASH FLOW STATEMENT

1 RECONCILIATION OF REVENUE CASH FLOW

The surplus/deficit on the Consolidated Revenue Account includes transactions which do not result in cash flows. The following table identifies these transactions and reconciles the Consolidated Revenue Account surplus with the actual net revenue cash flows.

NOTE I: These figures are shown gross of provisions whereas they are shown net on the Consolidated Balance Sheet. Provisions are shown separately in the above reconciliation.

NOTE II: Debtors and creditors also excludes capital debtors and creditors which are shown under capital transactions on the above reconciliation.

	2000/01		2001/02	
	£000	£000	£000	£000
General Fund Surplus / (Deficit)		(101)		1,038
Housing Revenue Account Surplus / (Deficit)		(472)		(780)
Collection Fund Surplus / (Deficit)		251		(10)
ADD				
Provision for Debt Redemption	572		629	
Direct Revenue Financing of Capital Expenditure	1,245		1,407	
Contribution from / (to) Earmarked Provisions	102		(90)	
Contribution from / (to) Earmarked Reserves	341	2,260	2,691	4,637
Decrease / (Increase) in Debtors	(354)		424	
Decrease / (Increase) in Stocks	75		60	
Increase / (Decrease) in Creditors	20,101	19,822	(17,295)	(16,811)
ADD				
Financing items shown elsewhere -				
External Interest Paid	3,635		3,507	
Finance Lease Interest Paid	--			
Interest Received	(1,019)	2,616	(1,397)	2,110
Other Financing Adjustments	--	--		
Revenue Activities Net Cash Flow		24,376		(9,816)

2 GOVERNMENT GRANTS

The Government grants shown on the Cash Flow Statement represent the cash received by the City Council and may differ from the actual amounts included within gross income figures in the City Council's Revenue Account, which is prepared on an accruals basis.

Government grants in cash terms are outlined below.

	2000/01 £000	2001/02 £000
Revenue Support Grant	6,466	7,046
DSS Grants - Housing Benefits and Council Tax	20,345	20,671
Council Tax Collection		
Council Tax Preparation Grant		
Benefit Fraud Grant		
Benefit Administration Grant		
Housing Subsidy	4,772	4,402
	31,583	32,119

3 MOVEMENT IN LONG TERM BORROWING

	As at 31/03/01 £000	As at 31/03/02 £000	Movement in cash £000
Public Works Loans Board	50,747	49,222	1,525

4 MOVEMENT IN OTHER CURRENT ASSETS AND LIABILITIES

	As at 31/03/01 £000	As at 31/03/02 £000	Movement in Cash £000
Stocks and Work in Progress	584	524	(60)
Debtors	9,014	8,590	(424)
Creditors	(25,194)	(7,899)	17,295
TOTAL	(15,596)	1,215	16,811

5 RECONCILIATION OF THE NET CASH FLOW

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties. This movement in cash should be reflected in the increase or decrease in cash and cash equivalent between the 2000/01 and the 2001/02 Consolidated Balance Sheets.

The table below reconciles these movements in cash and cash equivalent:

	As at 31/03/01 £000	As at 31/03/02 £000	Movement in Cash £000
Short Term Borrowing	(3,252)	(1,525)	1,727
Long Term Borrowing	(50,747)	(49,222)	1,525
Temporary Investments	28,600	11,543	(17,057)
Cash in Hand and at Bank	(925)	(1,072)	(147)
TOTAL	(26,324)	(40,276)	(13,952)

BEQUESTS, ENDOWMENTS AND TRUST FUNDS

The Council is responsible for the administration of a number of trust funds on behalf of their specified trustees. These funds do not represent assets of the Council and are therefore not included in the Council's Balance Sheet.

At 31 March 2002 the Council was responsible for 43 of these Trust Funds, the balances of which are shown below.

Revenue Accounts	Balance b/f 01/04/01 £	Income £	Expenditure £	Balance c/f 31/03/02 £
Bequests and Endowments				
(a) Council sole trustee				
Ashton Memorial	--	1,336	1,336	--
Williamson Park	--	1,924	1,924	--
Other	1,331	1,132	1,061	1,402
(b) Council not sole trustee	5,992	397	--	6,389
School etc. Prize Funds				
(a) Council sole trustee	15,622	884	--	16,506
(b) Council not sole trustee	1,248	75	--	1,323
TOTAL	24,193	5,748	4,321	25,620

	Fund Balances £	Cash and Fund Investments £
Bequests and Endowments		
(a) Council sole trustee		
Capital		
Ashton Memorial	15,602	
Williamson Park	18,343	
Other	13,955	1,962
Revenue	1,402	
Cash and Debtors		47,340
(b) Council not sole trustee		
Capital	2,045	
Revenue	6,389	2,037
Cash and Debtors		6,397
School etc. Prize Funds		
(a) Council sole trustee		
Capital	2,496	
Revenue	16,506	1,089
Cash		17,913
(b) Council not sole trustee		
Capital	358	
Revenue	1,323	
Cash and Debtors		1,681
TOTAL	78,419	78,419

Below is a list and description of Bequests & Endowments where the Capital value exceeds £1,000.

Ashton Memorial

The Ashton Memorial, a historic folly, was built in 1907 and given to the City of Lancaster by Lord Ashton. The building is open to the public on 362 days a year and has free access. The interest is passed on annually to the management company Williamson Park Ltd and is used for general maintenance of the building and annual upkeep ie decoration.

Williamson Park

The annual interest is used for the cutting, pruning, trimming, hedging and the general upkeep of the grounds within Williamson Park.

William Smith Festival

The annual interest is used to provide prizes etc. at the Annual Easter Festival for schoolchildren.

Whalley Playground

The annual interest is used for the upkeep, maintenance and supervision of the Whalley Playground.

Lune Bank Gardens

The annual interest is available for the upkeep of Lune Bank Gardens.

Crook of Lune

The interest is passed to Lancashire County Council contributing towards the Hermitage Field Access for all and environmental enhancement works.

The Council also holds a further 36 trust funds which have individual values of less than £1,000, and these are predominantly held for educational purposes.