

CONTENTS

	<u>PAGE</u>
CONTENTS	1
FOREWORD	2
RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	7
STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL	8
AUDITORS REPORT TO NORTHUMBRIA POLICE AUTHORITY	10
ACCOUNTING POLICIES	11
REVENUE EXPENDITURE	17
CAPITAL EXPENDITURE	27
CONSOLIDATED BALANCE SHEET	29
STATEMENT OF TOTAL MOVEMENT ON RESERVES	41
CASHFLOW STATEMENT	45

FOREWORD

INTRODUCTION

The purpose of this foreword is to explain briefly, in financial terms, the Authority's activities during 2002/03 and its financial position as at 31 March 2003.

Under the Police Act 1996, the Police Authority and its officers have defined responsibilities, which are distinct from the operational management of the police force under the Chief Constable. The general functions of police authorities include securing the maintenance of an efficient and effective police force, determining (in consultation with the Chief Constable and local community) local policing objectives and publishing the local policing plan. The Police Authority is also responsible for preparing and publishing the statement of accounts.

Financial Statements

The financial statement of accounts as presented in the following pages has been compiled in accordance with and as required by the Accounts and Audit Regulations 1996 and the Code of Practice on Local Authority Accounting in Great Britain, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). It shows the financial affairs of the Northumbria Police Authority in 2002/2003 and the financial position as at 31 March 2003.

When read in conjunction with the Northumbria Police Authority joint Annual Review 2002/2003, the publications provide an insight into the many activities and achievements of the Authority during the year.

The statements that follow this explanatory foreword relate to:-

Statement of Responsibilities for the Statement of Accounts (Page 7)

This statement sets out the respective responsibilities of the Authority and its Treasurer.

Statement on the System of Internal Financial Control (Page 8)

This statement outlines the Authority's system of internal financial control

Auditors Report to the Authority (Page 10)

This report details the basis of the Auditor's opinion on the Financial Statements.

Statement of Accounting Policies (Pages 11 – 16)

This explains the basis of the figures in the accounts. The accounts can only be properly appreciated if the policies which have been followed in dealing with material items are explained.

FOREWORD

Revenue Account (Pages 17 – 26)

The purpose of this account is to report expenditure and income relating to the Police Authority and how the net cost of the Police Authority has been financed by local taxpayers and Central Government Grants.

The revenue account is presented using the Service Expenditure Analysis set out in CIPFA's Best Value Accounting Code of Practice (BVACOP) and in the traditional format.

Capital Expenditure (Pages 27 – 28)

This statement reports expenditure (and its associated financing) on fixed assets.

Consolidated Balance Sheet (Pages 29 – 40)

This shows the Authority's financial position at 31 March 2003. It summarises the assets, both fixed and current, used in carrying out the Authority's activities together with its liabilities and shows what its net assets are.

Statement of Total Movement on Reserves (Pages 41 – 44)

This statement shows all the recognised movements during the year on both revenue and capital reserves.

Cashflow Statement (Pages 45 – 46)

This summarises the cash receipts and payments of the Authority arising from transactions for both revenue and capital purposes.

FINANCIAL PERFORMANCE

Revenue Account

The Police Authority approved a net revenue budget of £115.397m for the year comprising a total police expenditure requirement of £228.585m; with Home Office grant funding of £113.188m. The revised estimate that the Authority later agreed recognised that an underspend of £0.835m was likely resulting in a total police expenditure requirement of £227.750m.

Effective budget monitoring and budgetary control during the year has ensured that expenditure has been contained within the revised estimate. In addition, circumstances particular to 2002/03 have also led to the revenue outturn for the year being £7.5m under the revised estimate. However, it is necessary to recognise that in overall terms, the variance reflects these particular circumstances and is not typical of the Authority's medium term financial position.

The main variations from the revised budget are detailed overleaf:

FOREWORD

Revenue Contributions to Capital Outlay (RCCO) were £2.0m lower than the budgeted level as a direct consequence of slippage on the capital programme.

The incidence of commutations during 2003/04 was lower than the budgeted level, resulting in an underspend against this budget for the year of £1.9m.

The level of interest received in relation to the Authority's cash balances increased by £1.0m as a result of having more funds available for investment in the money markets.

Similarly, investment of the funds which represent the Authority's provisions that are held in its balance sheet have yielded additional income of £0.7m.

Airwave is underspent by £0.5m as a result of slippage in certain elements of the implementation of the project, in particular work surrounding the investigation of use of digital radio technology at special sites.

The underspend against the Authority's insurance budget is matched by an appropriation of £1.1m to the Authority's insurance reserve, in line with CIPFA's guidance on accounting for the cost of self-insurance.

Appropriations to / (from) Reserves

Appropriations to reserves are as follows:-

In line with a provisional outturn report to the Police Authority, it was agreed to appropriate £2.0m to the capital development reserve.

In light of an assessment of the number of Police Officers who are eligible to retire as at 31st march 2003, an appropriation of £2.4m has been made to the pensions commutations reserve.

In line with CIPFA guidance on accounting for self-insurance, an appropriation of £1.1m has been made to the insurance reserve.

An appropriation of £2.8m has been made to the Authority's General Reserve.

FOREWORD

Income from local taxpayers

The Authority received £24.375m from the precept it levied on billing authorities within its area during 2002/03. A breakdown is provided in note 9 to the revenue account.

Capital Expenditure and Borrowing Limits

Capital expenditure for the year totalled £6.428m. A summary of how this was financed is shown below:

	£000
Capital Grant	1,770
Borrowing	2,698
Revenue	<u>1,960</u>
	<u>6,428</u>

The relatively modest capital expenditure incurred during 2002/2003 was largely due to an ongoing review of the police estate, which until resolved has put a hold on major capital works. As a consequence, the Authority has, as at 31 March 2003, unapplied capital receipts and capital grant of £6.497m and £17.539m respectively. £3.565m of capital grant is earmarked to finance future capital expenditure on Airwave (the new radio communication's system). The balance can be used to support the implementation of the estate strategy.

With regard to borrowing, the Police Authority is required under Part IV of the Local Government and Housing Act 1989 to determine its borrowing limits each financial year. In doing so, the Authority must consider its overall borrowing requirement, its short term borrowing limit and the limit on the proportion of interest payable at variable rates. For 2002/03 these were £105m, £65m and 25% respectively.

Material Assets and Liabilities

At 31 March 2003, the Authority holds £47.396m of fixed assets, has investments of £17.989m and short term deposits amounting to £83.193 m.

The Authority also has current liabilities of £18.682m, long term borrowing of £33.526m and provisions for future liabilities of £2.714m as at 31 March 2003.

A full description of the Authority's material assets and liabilities is provided in the notes to the consolidated balance sheet.

Cashflow

During 2002/03 the Authority's cash balances increased by £13.852m. Major influences on this increase relate to the surplus generated in 2002/03, capital grant of £2.354m, capital receipts of £2.299m and revenue grant relating to Airwave of £0.159m received but not applied in year

EURO CURRENCY

Costs associated with the potential introduction of the Euro Currency into the UK are not considered significant and when incurred will be charged to the Revenue account.

FOREWORD

IMPACT OF FINANCIAL REPORTING STANDARD 17 – RETIREMENT BENEFITS (FRS17)

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 employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. This is a requirement of Financial Reporting Standard 17 – Retirement Benefits (FRS17).

The disclosure requirement for the financial year 2002/03 is a note to the balance sheet of the overall assets and liabilities for pensions whether they relate to the Police Pension Scheme or the Local Government Pension Scheme. From 2003/04, the net deficit will need to be included within the balance sheet, represented by a negative reserve. As at 31 March 2003, Northumbria Police Authority has a net pension deficit of £1,030.4m.

Further details are shown in note 27 to the balance sheet.

PROSPECTS FOR 2003/2004 AND BEYOND

For the financial year 2003/04 Northumbria Police Authority has approved a revenue budget of £241.230m.

Included within the budget, growth initiatives of £1.285m have been approved. The most significant growth item relates to additional staffing of £0.8m, which will be used primarily to create support staff posts previously occupied by police officers thereby increasing the operational resources available to the Chief Constable. Furthermore, it has also been possible to maintain the level of revenue contributions to capital outlay (RCCOs) at £4.0m to help finance the estate strategy.

The Authority approved a capital budget of £13.4m for 2003/04. Within this estimate the major schemes programme at £3.8m includes £1.8m for the Premises Improvement Programme to create additional operational space at 12 locations for which the Home office have approved grant funding of £0.5m and £2.0m to fund the initial implementation of the estate strategy.

The programme for Minor Building Works, Vehicles, Plant and Equipment and Computers and Communications totals £9.6m. This is made up of £3.009m relating to Airwave and £6.591m reflecting operational requirements as assessed by the Chief Constable.

The Authority's strategy and its resource allocation is continuing to impact on the level of crime and its detection, helping to make the Northumbria Police Authority area a safer place to live and work.

D V Coates BA CPFA
Treasurer

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:-

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- to manage its affairs to secure economic and effective use of resources and safeguard its assets.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code"), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March.

In preparing this statement of accounts the Treasurer has:-

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

The Treasurer has also:-

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

Chief Finance Officer's Certificate

I hereby certify that the Statement of Accounts for the year ended 31 March 2003, required by the Accounts and Audit Regulations are set out in the following pages.

I further certify that the Statement of Accounts presents fairly the financial position of Northumbria Police Authority at 31 March 2003, and its income and expenditure for the year ended 31 March 2003.

D V Coates BA CPFA
Treasurer

Date :

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the Statement of Accounts 2002/2003 for the Northumbria Police Authority. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

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

The system of internal financial control is set out in the Authority's Standing Orders and Financial Regulations supported by a framework of regular management information, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. The development and maintenance of the system is undertaken by managers within the Authority. In particular, the system includes:-

- A clear scheme of delegation incorporated within the Authority's Standing Orders;
- Comprehensive budgeting systems;
- A robust system of financial planning and budgetary control including formal monitoring of periodic and annual reports to indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- A corporate performance management system to measure financial and other performance;
- The adoption of CIPFA capital expenditure guidelines;
- Use as appropriate of formal project management disciplines;
- Strict adoption of the CIPFA Code of Practice for Treasury Management in Public Services; and
- Participation in the National Fraud Initiative.

In order to ensure the independent review of the adequacy, or otherwise, of the system of internal financial control, the Authority maintains an adequate and effective internal audit. The Internal Audit Service works in compliance with the CIPFA Code of Practice for Internal Audit in Local Government 2000 and other professional standards.

The work of the Internal Audit Service is based upon a risk based three-year Strategic Audit Plan that covers all areas of the Authority's operations.

Under the Authority's Standing Orders, the Internal Audit Service reports upon its planning and performance to the Audit Committee.

The Chief Internal Auditor reports to me as the Authority's Chief Finance Officer, but in order to ensure independence has direct access to the Clerk to the Authority, the Chief Constable and Members of the Authority.

The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal financial control, which is incorporated in the Annual Internal Audit Report to the Authority's Audit Committee.

The Annual Internal Audit Report for 2002/2003, which was presented to Committee on 16 July 2003, concluded that, based on the work undertaken the Authority's system of internal financial control is both sound and fit for purpose.

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

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

- The work of managers within the Authority;
- The work of the Internal Audit Service as described above; and
- The external auditors in their annual audit letter and other reports.

Whilst the work of the Internal Audit Service has concluded that the Authority's system of internal financial control is both sound and fit for purpose, the dynamic nature of financial systems and environment in which they operate, requires that controls are always improved upon. In conjunction with the Authority's Senior Management, I will ensure that any recommendations for improvement to the financial control system arising from internal audit activity are implemented.

D V Coates BA CPFA
Treasurer

(Dated)

AUDITOR'S REPORT TO THE NORTHUMBRIA POLICE AUTHORITY

Independent Auditor's Report to Northumbria Police Authority

I have audited the financial statements on pages 17 to 46 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 11 to 16.

This report is made solely to Northumbria Police Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective Responsibilities of the Treasurer and Auditor

As described on page 7 the Treasurer is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority and its income and expenditure for the year.

I review whether the statement on pages 8 and 9 reflects compliance with the requirements of the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002'. I report if it does not meet the requirements specified by CIPFA/LASAAC or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement on internal financial control covers all risks and controls, or to form an opinion on the effectiveness of the Authority's system of internal financial control. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted 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 issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion the financial statements present fairly the financial position of Northumbria Police Authority as at 31 March 2003 and its income and expenditure for the year then ended.

Certificate

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

Signature: _____ Date: **30th December 2003**
Name: **Cameron Waddell**
Audit Manager
Audit Commission

ACCOUNTING POLICIES

GENERAL PRINCIPLES

The main policies adopted in compiling the accounts are set out below. They follow the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and conform with the Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) relevant to Local Authorities.

Any departure from the relevant SSAPs/FRSs will be stated in the notes below:-

CIPFA's BEST VALUE ACCOUNTING CODE OF PRACTICE

In line with CIPFA's best practice approach to accounting for best value, the revenue account is presented using the Service Expenditure Analysis set out in CIPFA's Best Value Accounting Code of Practice (BVACOP) as well as in the traditional format.

INCOME AND EXPENDITURE

Revenue

The revenue accounts are maintained on a receipts and payments basis during the year and converted at the end of the year to an income and expenditure basis by the creation of debtors and creditors.

As a general principle a full year's charge is included in the accounts for those services used continuously eg gas, electricity and telephones, although the period covered does not always coincide with the financial year.

Police and Civilian salary costs are paid on a 4 weekly basis rather than on a calendar month basis. This will create an anomaly in 2015/16 when an extra payment will need to be made. Although under accruals accounting methodology there is no liability to be recognised in these accounts, sufficient cash will need to be maintained to make this additional payment in the year in question.

Police overtime is adjusted from a payments basis in the accounts so that it is charged to the financial year that the liability is incurred.

Capital

Capital transactions are accounted for on an accrual basis during the year. Capital expenditure which does not result in the creation of a fixed asset is treated as a deferred charge. In 2002-03, deferred charges were amortised to the revenue account in-year.

Support Services

The Police Authority's revenue account includes support services and advice to the Police Authority recharged by Gateshead Council. For technical staff the allocation is based upon actual time spent with their administrative staff being allocated pro rata. With other professional staff, allocation is based on estimated time spent and is calculated at the year end. Office accommodation is allocated on a floor area basis.

ACCOUNTING POLICIES

CURRENT ASSETS

Stocks and Stores are included in the accounts at net realisable value.

REDEMPTION OF DEBT

The Police Authority has obtained loan finance from Gateshead Council. The revenue account of the Police Authority is charged with the minimum revenue provision calculated at 4% of outstanding debt except for those loans made under a borrowing approval of less than 10 years. These loans have been amortised and are repaid by equal instalments over the financial years starting 1990/91 and ending in the year in which the borrowing period would have come to an end. Interest is also charged to the revenue account, the average rate being 8.38% (2001/02 8.31%).

The Police Authority's revenue account also includes charges in respect of debt that the Authority has with the Public Works Loan Board. Principal was repayable at maturity and the average rate of interest charged was 4.11% (2001/02 7.84%).

CAPITAL ASSETS

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 benefits to the Authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to the revenue account.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting.

- operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost or net realisable value;
- non-operational properties (including investment properties) and other non-operational assets that are surplus to requirements, are included in the balance sheet at net realisable value.

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.

ACCOUNTING POLICIES

The freehold and leasehold properties which comprise the Authority's property portfolio were last re-valued as at 1 April 1998 by the Clerk (Estates) who is L.Pringle LLB, FRICS. The valuation was in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. It was neither practicable nor considered by the valuer to be necessary to inspect each property for the purposes of the valuation.

When an asset is included in the balance sheet at current value, it is formally re-valued at intervals of not more than five years and the revised amount is included in the balance sheet with any surpluses arising on the re-valuation being credited to the fixed asset restatement reserve. Full valuations are programmed every five years. In addition, the Police Headquarters is valued annually.

Depreciation

Financial Reporting Standard 15 (FRS15 *Tangible Fixed Assets*) requires depreciation to be provided for all fixed assets with a finite useful life (which is determined at the time of acquisition or revaluation) according to the following policy:-

- a full years depreciation is charged on newly acquired assets in the year of acquisition, although assets in the course of construction are not depreciated until they are brought into use.
- depreciation is calculated using the straight-line method.

Generally, assets are depreciated in accordance with the following estimate of useful lives:-

- Police Houses : 50 years
- Police Stations : 10 or 30 years depending on use, construction type and condition
- Computer and other Equipment : 5 years
- Communication Towers : 8 - 13 years depending on condition
- Vehicles : 3 years

The residual value adopted for all land and buildings is 10%. All other assets have a zero residual value.

Another requirement of FRS15 is that separate charges should be made for the depreciation of major elements of a single asset which have materially useful economic lives. This requirement has been complied with in 2002/03.

Revaluations and Impairment

Financial Reporting Standard 11 (FRS11 *Impairment of Fixed Assets and Goodwill*) requires the Authority to consider on an annual basis whether there has been a permanent diminution in the value of its assets to ensure that assets recorded in its accounts are at no more than realisable value and any impairment loss is measured and recognised on a consistent basis.

A review of the Authority's fixed assets in 2002/03 revealed no instances of impairment.

ACCOUNTING POLICIES

Charges to Revenue

The revenue account is 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 asset values. The aggregate charge to the service is determined on the basis of the capital employed.

External interest payable and the provision for depreciation are charged to the asset management revenue account, which is credited with capital charges charged to revenue. 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 appropriate.

Capital Grants

Statement of Standard Accounting Practice No.4 (SSAP 4) requires grants relating to fixed assets to be credited to revenue over the useful life of the project. Capital grants received by the Authority are in general used to finance the assets to which they relate.

Government Grants

Where the acquisition of a fixed asset is financed wholly or in part by a Government grant, the amount of the grant 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. These amounts, released to the asset management revenue account are then credited to the capital financing reserve.

Private Finance Initiative (PFI)

The Authority has entered into a PFI arrangement in respect of its Mounted Section Facility at Kirkley Hall. This arrangement represents a continuing commitment by the Authority for 15 years and is accounted for as an operating lease in accordance with Statement of Standard Accounting Practice No.21 (SSAP 21). There is therefore no direct impact on the balance sheet, the revenue commitment is given in a note to the revenue account.

Capital Receipts

Receipts from the sale of capital assets are excluded from the revenue account. They are held in accounts until such time as they are used to finance new expenditure. Interest earned on the capital receipts is however, credited to the revenue account.

Disposal of Assets

Upon the disposal of assets the fixed assets account is reduced by the book value of the asset.

ACCOUNTING POLICIES

PROVISIONS AND RESERVES

Provisions

Financial Reporting Standard 12 (FRS12 *Provisions, Contingent Liabilities and Contingent Assets*), requires that provisions are established for any material liabilities of uncertain timing or amount to be settled by the transfer of economic benefits.

In accordance with Audit Commission guidance relating to the introduction of Financial Reporting Standard 17: (FRS17 – Retirement Benefits), the Authority has reclassified as reserves two balances which were shown as provisions in the 2001/02 statement of accounts. Full details are disclosed in note 10 to the balance sheet.

Reserves

The types of reserve that the Authority has are differentiated below:-

- those representing unrealised gains e.g. fixed asset restatement reserve
- those containing resources available to finance future revenue or capital expenditure e.g. balances earmarked from revenue, usable capital receipts
- those containing resources that have been applied to past expenditure e.g. capital financing reserve

PENSIONS COSTS

Scheme Participation

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. To do this, it participates in two different pension schemes which both offer defined benefits related to pay and service.

The Police Pension Scheme is an unfunded, defined benefit scheme, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall.

The Local Government Pension Scheme (Tyne and Wear Pension Fund) which is administered by South Tyneside Metropolitan Borough Council is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

Although retirement benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed in accordance with Financial Reporting Standard 17 (FRS17 - Retirement Benefits) at the time that employees earn their future entitlement. This liability is partly offset by the authority's share of assets in the Tyne and Wear Pension Fund and is disclosed by means of a note to the consolidated balance sheet.

ACCOUNTING POLICIES

Pensions – Uniformed Police Officers

As indicated above, the Authority does not operate a pension fund for police officers, instead the cost of pensions paid to ex-employees is charged to the revenue accounts and partly offset by existing employees contributions.

Pensions – Support Staff

The pension costs that are charged to the Authority's accounts in respect of its civilian employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

Investments

Funds of the Authority are deposited with Gateshead Council with the status of a temporary loan. These funds are invested on behalf of the Authority as part of the support services arrangement with the Council.

Value Added Tax (VAT)

Under Section 33 of the 1994 VAT Act, the Authority is able, in its capacity as a police authority, to reclaim input tax on all non-business activities.

Post balance sheet events

Post balance sheet events are defined as those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer. In accordance with CIPFA's Statement of Recommended Practice (SORP), material post balance sheet events which are not reflected in the financial statements are disclosed as a note to the balance sheet. There was only one such event in relation to the 2002/03 Statement of Accounts, as disclosed in note 29 to the balance sheet.

Financial Relationships

Gateshead Council provides advice to the Police Authority and also a range of support services in accordance with s.113 of the Local Government Act 1972.

NORTHUMBRIA POLICE AUTHORITY

REVENUE EXPENDITURE – BVACOP SUMMARY

2001/2002 Net Expenditure £000	Best Value Accounting Code of Practice Service Expenditure Analysis	Note 1	2002/2003 Gross Expenditure £000	2002/2003 Specific Government Grants £000	2002/2003 Other Income £000	2002/2003 Net Expenditure £000
				(59)	(1,486)	14,202
			£000	(186)	(4,658)	44,534
				(30)	(755)	7,220
	Call Handling		15,747	(262)	(6,573)	62,842
15,557	Crime Investigation & Reduction		49,378	(8)	(195)	1,869
53,689	Traffic & Road Safety		8,005	(332)	(3,043)	28,882
9,737	Public Order and Reassurance		69,677	(129)	(3,252)	31,077
59,142	Community Involvement		2,072	(1)	(26)	253
2,331	Patrol		32,257	0	(13,502)	33,305
26,122	Custody & Court Preparation		34,458	<u>0</u>	<u>0</u>	<u>0</u>
16,408	Licenses		280	(1,007)	(33,490)	224,184
0	Police Pensions		46,807	0	(4,155)	(784)
34,651	National Police Services Undertaken Locally		<u>0</u>	0	0	1,793
<u>0</u>	Total Cost of Services		258,681	<u>0</u>	<u>(922)</u>	<u>316</u>
217,637				(1,007)	(38,567)	225,509
	Levies to National Police Services			0	0	0
	Corporate and Democratic Core			0	(3,701)	(3,701)
4,619	Unallocated Central Overheads	2	3,371	<u>0</u>	<u>(657)</u>	<u>(657)</u>
2,850	Net Police Expenditure	3	1,793			
<u>769</u>			<u>1,238</u>			225,758
225,875	Trading Accounts		265,083			
0	Interest on Balances					113,188
(3,327)	Surplus from Asset Management Account		0			55,804
(303)	Net Total Cost of Service		<u>0</u>			35,218
222,245	Government Grants Applied		265,083			<u>24,375</u>
95	Contribution to Earmarked Reserves					228,585
4,827	Provision for Repayment of Debt					2,827
(3,466)	Revenue Contributions					15,633
<u>2,190</u>	Amount to be met from Government Grants and Local Taxes					18,460
225,891	Financed By:					
	Police Grant					
	Revenue Support Grant					
113,786	National Non-Domestic Rates					
58,067	Precepts					
32,586						
<u>23,195</u>						
227,634	Surplus for the year					
	Balance brought forward 1/4/01					

<p>1,743 13,890 15,633</p>	<p>Balance carried forward 31/3/02</p>					
------------------------------------	--	--	--	--	--	--

NORTHUMBRIA POLICE AUTHORITY

REVENUE EXPENDITURE

<u>2001/2002</u>		<u>2002/2003</u>
£000		£000
EMPLOYEES		
112,073	Operational Personnel	117,142
25,155	Support Staff	26,211
10,840	National Insurance	10,752
1,122	Support Staff Pensions (note 4)	4,832
47,080	Police Pensions (note 5)	46,807
<u>6,828</u>	Allowances	<u>7,443</u>
203,098		213,187
PREMISES		
3,622	Maintenance and Improvements	4,099
1,136	Energy Costs	1,385
355	Furniture and Fittings	250
2,500	Rent and Rates	2,088
<u>1,435</u>	Contract Cleaning	<u>1,385</u>
9,048		9,207
SUPPLIES AND SERVICES		
1,229	Computer Equipment	1,370
2,330	Communications	3,076
1,280	Equipment and Materials	2,593
134	Catering	130
732	Clothing and Uniforms	1,817
<u>608</u>	Education and Training	<u>1,048</u>
6,313		10,034
TRANSPORT		
2,784	Vehicle Running Expenses	3,028
935	Car Allowances/Vehicle Hire	1,047
<u>1,463</u>	Air Support Services	<u>1,460</u>
5,182		5,535
ESTABLISHMENT EXPENSES		
1,328	Printing, Stationery & Advertising	1,250
1,442	Travelling & Subsistence	1,410
2,591	Insurances	1,658
<u>3,062</u>	Support Services	<u>2,647</u>
8,423		6,965

<u>REVENUE EXPENDITURE</u>			
<u>2001/2002</u>		<u>2002/2003</u>	
£000		£000	£000
	AGENCY SERVICES (note 6)		
3,413	National Crime Squad	0	
1,481	National Criminal Intelligence	0	
354	Consortium Charges	140	
3,367	Forensic Science Service	4,199	
536	Other National Police Services	551	
<u>137</u>	Airwave	<u>944</u>	
9,288			5,834
	MISCELLANEOUS		
1,836	Surgeons & Pathologists Fees	1,896	
1,038	Community Safety	387	
633	Crime Management	428	
<u>3,175</u>	Other Expenses	<u>3,237</u>	
6,682			5,948
	CAPITAL ACCOUNTING CHARGES		
5,285	Depreciation	5,379	
<u>2,969</u>	Interest	<u>2,994</u>	
8,254			8,373
<u>256,288</u>	TOTAL EXPENDITURE		<u>265,083</u>
	INCOME		
(1,935)	Fees and charges	(3,024)	
(3,898)	Secondments	(4,155)	
(12,428)	Pension Contributions	(13,502)	
(405)	Rents	(369)	
<u>(11,747)</u>	Grant & Other Income	<u>(18,524)</u>	
(30,413)	TOTAL INCOME		<u>(39,574)</u>
225,875	NET POLICE EXPENDITURE		225,509
(113,786)	HOME OFFICE GRANT		(113,188)
<u>112,089</u>	NET EXPENDITURE		<u>112,321</u>

		<u>REVENUE EXPENDITURE</u>	
<u>2001/2002</u>		<u>2002/2003</u>	
£000		£000	£000
(3,327)	INTEREST RECEIVABLE	(3,701)	
(303)	TRANSFER TO/FROM ASSET MANAGEMENT REVENUE ACCOUNT (note 7)	<u>(657)</u>	(4,358)
APPROPRIATIONS			
2,190	Contribution to Capital Reserves	1,911	
0	Deferred Charges Applied	50	
0	Contribution to Pensions Commutations Reserves	2,406	
1,689	Contribution to Pensions General Reserve	0	
0	Contribution to Airwave Reserve	0	
(85)	Contribution to/from Air Support Unit Reserve	15	
314	Contribution to Devolved Budget Reserve	(38)	
2,885	Contribution to Capital Development Reserve	2,000	
24	Contribution to Trading Reserve	34	
0	Contribution to Insurance Reserve	1,135	
95	Reversal of Government Grants Applied	504	
	<u>Less:</u>		
(3,466)	Provision for Repayment of External Loans (note 8)	<u>(3,410)</u>	4,607
3,646			
112,105	TOTAL NET POLICE AUTHORITY EXPENDITURE		112,570
58,067	Revenue Support Grant	55,804	
32,586	National Non-Domestic Rates	35,218	
<u>23,195</u>	Proceeds of Police Authority Precepts (note 9)	24,375	
113,848			<u>115,397</u>
1,743	SURPLUS FOR THE YEAR		2,827
<u>13,890</u>	BALANCE BROUGHT FORWARD		<u>15,633</u>
<u>15,633</u>	BALANCE CARRIED FORWARD		<u>18,460</u>

NOTES TO THE REVENUE ACCOUNTS

1. Best Value Accounting Code of Practice

In line with CIPFA's best practice approach to accounting for best value, the revenue account is presented using the Service Expenditure Analysis set out in CIPFA's Best Value Accounting Code of Practice (BVACOP).

2. Corporate and Democratic Core

Corporate and Democratic Core is defined in two divisions of service, Democratic Representation and Management (DRM) and Corporate Management (CM). These service divisions accommodate the wide range of governance structures adopted by local authorities. DRM includes all aspects of members' activities and the officer time in the provision of advice and support to members. CM concerns those activities that provide the infrastructure that allows services to be provided, whether by the Authority or not, and the information that is required for public accountability.

3. Unallocated Central Overheads

The Best Value Accounting Code of Practice treats pension costs relating to past service contributions, charges for added years and early retirement as unallocated central overheads.

4. Pensions – Support Staff

In 2002/03 the Authority paid an employer's contribution of £2.483m, representing 10.45% of employees' pensionable pay into the Tyne & Wear Pension Fund, which provides civilian employees 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 2001. Under Pension Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund. In addition to this, the Authority made an additional monetary payment of £1.364m in 2002/03 in light of the 2001 valuation.

The Authority is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 2002/2003 these amounted to £0.985m representing 4.15% 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 £2.452m, representing 10.32% of pensionable pay.

Further information on the Tyne and Wear Pension Fund can be found in the Annual Report which is available upon request from:-

South Tyneside Metropolitan Borough Council
Town Hall and Civic Offices
Westoe Road
South Shields
Tyne & Wear
NE33 2RL

Full consideration of pensions costs (in line with FRS17 – Retirement Benefits) is given in note 27 to the balance sheet.

NOTES TO THE REVENUE ACCOUNTS

5. Pensions – Police Officers

In 2002/2003 the net costs of pensions and other benefits amount to £38.739m, representing 34.92% of pensionable pay. The regular cost of the pension scheme calculated in accordance with SSAP 24 “Accounting for Pension Costs” would have been an annual £21.630m representing 19.5% of pensionable pay. The cost of spreading the unfunded accrued liability over 40 years would have been an annual £37.810 representing 34.1% of pensionable pay. The total cost of the pension scheme calculated in accordance with SSAP 24 would therefore have been £59.4m representing 53.6% of pensionable pay.

Full consideration of pensions costs (in line with FRS17 – Retirement Benefits) is given in note 27 to the balance sheet.

6. Agency Services

National Crime Squad (NCS) / National Criminal Intelligence Service (NCIS)

At 1 April, 1998 NCS / NCIS were established under Part II of the Police Act 1997 and took over the responsibility for all services previously delivered by Regional Crime Squads. The Police Authority no longer pays a levy toward the national cost of the services as funding is received directly from the Secretary of State.

Consortium Charges

The Authority entered into an agency agreement with the National Automated Fingerprint Identification System (NAFIS) in 2002/03 to provide fingerprinting services. These services had previously been provided by the Automatic Fingerprinting Recognition Consortium (AFRC) until its closure in June 2001.

Other National Police Services

The Authority made a subscription payment for the Police National Computer of £0.551m in 2002/03 (£0.536m in 2001/02).

Forensic Science Service

The Authority has an agency agreement with the Forensic Science Service in Wetherby, North Yorkshire. Payments in 2002/03 amounted to £4.199m (£3.367m in 2001/02).

NOTES TO THE REVENUE ACCOUNTS

7. Asset Management Revenue Account

This account, enables the Authority to offset the impact of the capital charges in arriving at the total level of expenditure to be financed from Government Grant and Police Authority precepts.

<u>2001/02</u>		<u>£000</u>	<u>2002/03</u>	<u>£000</u>
	<u>Income</u>			
	Capital Charges:-			
5,285	Depreciation	5,379		
<u>2,969</u>	Interest	<u>2,994</u>		
8,254			8,373	
<u>95</u>	Transfer from Government Grants Deferred		<u>504</u>	
8,349			8,877	
	<u>Expenditure</u>			
5,285	Provision for Depreciation	5,379		
<u>2,761</u>	External Interest Charges	<u>2,841</u>		
<u>8,046</u>			<u>8,220</u>	
<u>303</u> CR	Balance to Revenue Account		<u>657</u> CR	

8. Minimum Revenue Provision

The Local Government Housing Act requires an Authority to set aside an amount from revenue, the minimum revenue provision (MRP) for the repayment of external loans. This is calculated by applying specified percentage rates to the Authority's approved level of Capital Expenditure.

		<u>2001/02</u>		<u>2002/03</u>
		£000		£000
Minimum Revenue Provision	- Managed Debt	602		742
	- General	1,217		1,227
Amount Charged as Depreciation		<u>5,285</u> CR		<u>5,379</u> CR
Transfer to Revenue Account		<u>3,466</u> CR		<u>3,410</u> CR

NOTES TO THE REVENUE ACCOUNTS

9. Police Authority Precept

The Police Authority precept generated proceeds as outlined below:

<u>2001/2002</u>		<u>Surplus on</u> <u>Collection Funds</u>	<u>2002/2003</u> <u>Precept</u> <u>Levied</u>
<u>£000</u>		<u>£000</u>	<u>£000</u>
3,175	Gateshead MBC	185	3,168
4,093	Newcastle CC	0	4,263
3,393	North Tyneside MBC	34	3,521
2,439	South Tyneside MBC	0	2,546
4,429	Sunderland CC	46	4,618
645	Alnwick DC	1	675
516	Berwick Upon Tweed BC	1	538
1,309	Blyth Valley BC	0	1,375
1,045	Castle Morpeth BC	6	1,101
1,186	Tynedale DC	14	1,241
<u>965</u>	Wansbeck DC	<u>25</u>	<u>1,017</u>
<u>23,195</u>		<u>312</u>	<u>24,063</u>

10. Publicity

The Local Government Act 1986 Section 5 requires the Authority to keep a separate account of expenditure on publicity. The Authority spent £243,559 on all forms of publicity in 2002/03 (2001/02 £268,601), the majority of this being staff and non staff advertising.

11. Officer Emoluments

The number of employees whose remuneration, excluding pension contributions was £40,000 or more in bands of £10,000 were:

<u>Remuneration Band</u>	<u>Number of Employees</u>	
	<u>2001/02</u>	<u>2002/03</u>
£40,000 - £49,999	54	82
£50,000 - £59,999	29	31
£60,000 - £69,999	1	-
£70,000 - £79,999	3	4
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
£100,000 - £109,999	1	1

12. Members Allowances

The total of members allowances paid during 2002/03 was £162,954 (2001/02, £85,221).

NOTES TO THE REVENUE ACCOUNTS

13. Related Party Transactions

During the year material transactions with related parties arose as follows and are included within the Revenue Account:

Government Departments

Police Grant	£113,187,850
Revenue Support Grant	£55,803,830
NNDR	£35,218,031
Crime Fighting Fund	£5,651,606
DNA Expansion	£1,067,178

Precepts

The Authority obtains part of its income from precepts levied on the collection authorities in its area. During the year transactions with these related parties were as previously shown in note 9 to the revenue account.

Gateshead Council

Gateshead Council provides advice to the Police Authority and also a range of support services. The necessary power for this exists within s.113 of the Local Government Act 1972.

The combined cost of support services and advice to the Police Authority amounted to £2.647m in 2002/03 (£3.062m in 2001/02). The reduction from the 2001/02 figure can be attributed to a £0.5m contribution which was paid in 2001/02 towards the acquisition and implementation of the new financial system, Agresso.

In respect of this:-

The Clerk of the Police Authority is also Gateshead Council's Chief Executive.

The Deputy Clerk and Solicitor of the Police Authority is also Gateshead Council's Strategic Director, Legal and Corporate Services.

The Treasurer of the Police Authority is also Gateshead Council's Strategic Director, Finance and ICT.

The Deputy Treasurer of the Police Authority is also Gateshead Council's Corporate Head of Finance.

The Personnel and Management Services Adviser of the Police Authority is also Gateshead Council's Strategic Director, Human Resources.

The Architect and Technical Adviser to the Police Authority is also Gateshead Council's Director of Property Services.

In addition, a survey of members and chief officers declared interests has been carried out and there are no disclosures to be made under FRS8 in respect of material transactions with members and chief officers.

NOTES TO THE REVENUE ACCOUNTS

14. Private Finance Initiative (PFI)

On 15 May 1998 an agreement for the provision of Mounted Section Facilities at Kirkley Hall was signed. The arrangement is for 15 years commencing 13 October 1998. The annual payment in accordance with the original agreement comprises an availability element and service charge as follows:-

	<u>Availability</u>	<u>Service</u>	<u>Total</u>
Annual Payments	£81,778	£173,997	£255,775

Actual payments are linked to fluctuations in the GDP Deflator and performance targets of the lessor and this was reflected in the 2002/03 payments of £284,629.

CAPITAL EXPENDITURE

The Law and Order Service operates under the Local Government and Housing Act system of capital controls. Expenditure for capital purposes is financed from Home Office approvals relating to capital grant and borrowing approvals. The balance of capital must be met from either revenue contributions or capital receipts. The Police Authority's capital payments made during 2002/03 are summarised below together with the method of financing.

<u>2001/02</u>		<u>2002/03</u>	
£000		£000	£000
	MAJOR SCHEMES		
52	Bedlington Command HQ	0	
12	Newcastle North Command HQ	0	
13	AOR Force HQ Phase 3	55	
60	Ponteland HQ Development	15	
<u>0</u>	Premises Improvement Fund	<u>60</u>	
137			130
	MINOR BUILDINGS WORKS		
0	North Shields – Cell Extension	76	
225	Hexham Police Station Custody Suite	9	
35	Washington Cell Extension	7	
18	Clifford Street AOR/Refurbishment	22	
0	Westgate Road – Heating & Windows	14	
0	Westgate Road – Locker & Changing Rooms	9	
0	Whickham – Locker & Changing/Cell Extension	87	
10	Gilbridge Police Station–Upgrade of Services	65	
0	Refurbishment of HQ Dining Facilities	3	
<u>0</u>	Marine Activities Centre – Lease Surrender	<u>50</u>	
288			342
	COMPUTERS AND COMMUNICATIONS		
3	Radio Communications	15	
101	Computer Equipment	29	
436	Airwave	1,770	
32	I2 Project	146	
94	Crime Management	0	
50	Clue 2	0	
80	Socrates System	46	
0	Holmes II	98	
356	Technology Upgrade	487	
0	Central Ticket Office IT Application Changes	94	
<u>0</u>	S7000 Tandem Mainframe Upgrade	<u>960</u>	
1,152			3,645

CAPITAL EXPENDITURE

<u>2001/02</u> £000		£000	<u>2002/03</u> £000
	VEHICLES AND EQUIPMENT		
2,503	Vehicles & Equipment	2,307	
<u>0</u>	Air Support	<u>4</u>	
2,503			2,311
<hr/>			<hr/>
<u>4,080</u>	TOTAL CAPITAL PAYMENTS		<u>6,428</u>
	 FINANCING		
436	Capital Grant		1,770
1,454	Borrowing		2,698
<u>2,190</u>	Revenue		<u>1,960</u>
<u>4,080</u>			<u>6,428</u>

CONSOLIDATED BALANCE SHEET

AT 31/03/02

AT 31/03/03

£000s	Long Term Assets	£000s	£000s	
2,574	Net Fixed Assets: Police Houses	1,932		1
37,278	Net Fixed Assets: Other Land / Buildings	37,870		1
5,628	Net Fixed Assets: Vehicles	7,594		1
<u>191</u>	Long Term Debtors	<u>107</u>		2
45,671			47,503	
	Current Assets			
498	Stocks and Stores	651		3
8,450	External Debtors & Borrowers	12,758		4
25,353	Investments	17,989		5
<u>69,341</u>	Short Term Deposits	<u>83,193</u>		6
103,642			114,591	
	Current Liabilities			
<u>18,474</u>	External Creditors and Lenders		<u>18,682</u>	7
130,839	ASSETS LESS CURRENT LIABILITIES		143,412	
	Long Term Liabilities			
33,033	Long Term Borrowing		33,526	8
679	Government Grants Deferred		1,945	9
<u>3,073</u>	Provisions		<u>2,714</u>	10/28
<u>94,054</u>	NET ASSETS		<u>105,227</u>	
	Represented by:			
24,851DR	Fixed Asset Restatement Reserve		23,934DR	11
35,874	Capital Financing Reserve		34,879	12
16,955	Capital Grants Unapplied		17,539	13
4,198	Capital Receipts Unapplied		6,497	14
15,633	General Reserve		18,460	15
10,480	Insurance Reserve		11,615	16/17
154	Trading Reserve		188	18
1,684	Devolved Budget Reserve		1,646	19
193	Air Support Unit General Reserve		208	20
13,830	Pensions Reserve		13,830	21
4,092	Support Staff Pensions Reserve		4,092	10
10,824	Pensions Commutations Reserve		13,230	10
1,000	Airwave Reserve		1,000	22
524	Revenue Equalisation Reserve		524	23
3,385	Capital Development Reserve		5,385	24
<u>79</u>	Other Funds		<u>68</u>	25
<u>94,054</u>			<u>105,227</u>	

D V Coates BA CPFA
Treasurer

NOTES TO THE BALANCE SHEET

1 Fixed Assets

	POLICE HOUSES	OTHER LAND/ BUILDINGS	VEHICLES ETC	TOTAL
	£000	£000	£000	£000
Valuation at 01/04/02	2,696	40,565	32,070	75,331
Additions	-	423	5955	6,378
Disposals	(597)	(162)	-	(759)
Revaluations	-	1676	-	1,676
Value at 31/03/2003	2,099	42,502	38,025	82,626
Depreciation at 01/04/02	(122)	(3,287)	(26,442)	(29,851)
Charge for the Year	(45)	(1,345)	(3,989)	(5,379)
Depreciation at 31/03/2003	(167)	(4,632)	(30,431)	(35,230)
Net Book Value at 31/03/2003	1,932	37,870	7,594	47,396
	=====	=====	=====	=====
Net Book Value at 31/03/02	2,574	37,278	5,628	45,480

Fixed Assets Held

	Number at 31/03/02	Number at 31/03/03
Designated Police Stations	26	26
Police Houses	103	81
Other Police Stations and Buildings	124	121
	<u>253</u>	<u>228</u>
Cars	528	587
Vans and Heavy Goods Vehicles	118	151
Motor Cycles	26	24
Aircraft	2	2
	<u>674</u>	<u>764</u>

The freehold and leasehold properties which comprise the Authority’s property portfolio were last re-valued as at 1 April 1998 by the Clerk (Estates) who is L.Pringle LLB, FRICS. The valuation was in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. It was neither practicable nor considered by the valuer to be necessary to inspect each property for the purposes of the valuation.

When an asset is included in the balance sheet at current value, it is formally re-valued at intervals of not more than five years and the revised amount is included in the balance sheet with any surpluses arising on the re-valuation being credited to the fixed asset restatement reserve. Full valuations are programmed every five years. In addition, the Police Headquarters is valued annually.

NOTES TO THE BALANCE SHEET

Plant and machinery is included in the valuation of the buildings.

Properties regarded by the authority as operational were valued on the basis of the lower of net current replacement cost and net realisable value.

Properties regarded by the authority as non-operational have been valued on the basis of net realisable value.

Police houses have been valued on the basis of vacant possession.

The main items of capital expenditure related to :-

	£000
Building works	472
Communications and Information Technology	3,645
Vehicles	<u>2,311</u>
	<u>6,428</u>

The Authority has budgeted capital expenditure as at 31 March 2003 of £3.009m in respect of Airwave.

2 <u>Long Term Debtors</u>	<u>31/03/02</u>	<u>31/03/03</u>
	£000	£000
Amounts falling due after one year:-		
Car Loans to Employees	<u>191</u>	<u>107</u>
3 <u>Stocks and Stores</u>		
Clothing and Other	395	499
Motor Vehicle Parts	<u>103</u>	<u>152</u>
	<u>498</u>	<u>651</u>
4 <u>External Debtors and Borrowers</u>		
Amounts falling due in one year:-		
Government Departments	1,009	3,825
Other Local Authorities	421	1,539
Sundry Debtors and Prepayments	6,989	7,399
Car Loans to Employees	<u>131</u>	<u>95</u>
	8,550	12,858
Less Bad Debt Provision	<u>100</u>	<u>100</u>
	<u>8,450</u>	<u>12,758</u>

5 Investments

Funds of the Authority are deposited with Gateshead Council with the status of a temporary loan.

NOTES TO THE BALANCE SHEET

6 Short Term Deposits

The Authority's surplus cash balances are deposited by Gateshead Council with UK banks and building societies for periods ranging from overnight up to a maximum of 364 days.

As per the accounting policy on payment of police and civilian salaries, the cash balance includes an amount, which will be required to pay for future salaries. An extra payment will need to be made in 2015/16, which is currently valued at £7.4m.

7 External Creditors and Lenders

These amounts represent sums owing to various sources and receipts in advance.

	<u>31/03/02</u>	<u>31/03/03</u>
	£000	£000
Government Departments	2,976	3,363
Inland Revenue	3,548	2,186
Other Local Authorities	2,845	3,202
Sundry Creditors	<u>9,105</u>	<u>9,931</u>
	<u>18,474</u>	<u>18,682</u>

8 Long Term Liabilities – Borrowing

<u>Source of Loan</u>	<u>Range of Interest Rates Payable (%)</u>	<u>1-2 yrs</u>	<u>2-5 yrs</u>	<u>5-10 yrs</u>	<u>10 yrs+</u>	<u>Total</u>
		£000	£000	£000	£000	£000
Gateshead Council	8.38	1,061	8	10,596	20,484	32,149
Transferred Debt:						
- PWLB	3.75 – 9.50	<u>813</u>	<u>562</u>	<u>2</u>	<u>-</u>	<u>1,377</u>
		<u>1,874</u>	<u>570</u>	<u>10,598</u>	<u>20,484</u>	<u>33,526</u>

9 Government Grants Deferred

	£000
Balance Brought Forward	679
Less Transfer to Asset Management Revenue Account	504
Grant Received in Year	<u>1,770</u>
	<u>1,945</u>

NOTES TO THE BALANCE SHEET

10 Provisions

Pensions Provisions: Prior Period Adjustment

Pending the full introduction of Financial Reporting Standard No.17 (FRS17 – Retirement Benefits) in the 2003/04 statement of accounts, the Audit Commission have issued guidance which recommends that all pensions provisions held in respect of lump sum payments should be reclassified as reserves.

In accordance with this guidance, the Authority has reclassified as reserves two balances which were shown as provisions in the 2001/02 statement of accounts:

- **Police Officers Pensions Provision** – this provided for the cost of the lump sum payments in respect of those officers eligible to retire as at the balance sheet date. This balance has been reclassified as a Police Officers' Pensions Commutations Reserve.
- **Support Staff Pensions Provision** – this provided for the additional monetary payments due from the Authority in respect of the cost of lump sum payments which may be required in respect of actuarial valuations of the Tyne & Wear Pensions Fund. This balance has been reclassified as a Support Staff Pensions Reserve.

Had this adjustment been carried out in the financial year 2001/02, the balances which were shown as provisions as at 31st March 2002 (£14.916m in total) would have been classified as reserves in the Authority's balance sheet. Furthermore, movements in these balances (total £6.370m) would not have been considered in the Authority's net expenditure figure, and would instead have been presented as appropriations to reserves.

Insurance Provision

This exists to cover the estimated cost of outstanding liability claims as at 31 March 2003 as informed by the Authority's insurers. These outstanding liability claims have been received from claimants, the level of the potential cost has been estimated by insurers and the cost of future claim settlements will be met by the Authority.

	£000
Balance Brought Forward	(3,073)
Payments in Year	<u>359</u>
	<u>(2,714)</u>

NOTES TO THE BALANCE SHEET

11 <u>Fixed Asset Restatement Reserve</u>	<u>31/03/03</u>
	£000
Balance Brought Forward	24,851 DR
Disposals in Year	759 DR
Revaluation in Year	<u>1,676 CR</u>
	<u>23,934 DR</u>

12 <u>Capital Financing Reserve</u>	£000
Balance Brought Forward	35,874
2002/03 Capital Financing:	
- Grant	0
- Revenue	1,911
Usable Capital Receipts	0
Transfer from Asset Management Revenue Account	504
Less Depreciation Provision in Excess of MRP	<u>3,410 DR</u>
	<u>34,879</u>

13 Capital Grants Unapplied

This represents capital grants currently held by the Authority in order to finance future capital expenditure.

14 Capital Receipts Unapplied

This represents capital receipts currently held by the Authority in order to finance future capital expenditure.

15 General Reserve

The general reserve exists to protect the authority against unexpected events and to finance future revenue or capital expenditure.

16 Insurance Reserve

The insurance reserve is maintained for potential liabilities and costs which fall onto the Authority where no external insurance cover is arranged by or available to the Authority. Potential liabilities include storm damage, business interruption and claims that would fall within the Authority's policy excess limits.

NOTES TO THE BALANCE SHEET

17. Accounting for Self-Insurance

<u>Internal Insurance Account</u>	
Premium Received	2,234Cr
Death in Service	10Cr
Movement in Provision	359Cr
Current Years Claims Settled	<u>1,468Dr</u>
Revenue Surplus	1,135Cr
Appropriation to Reserves	1,135Dr

<u>Insurance Provision</u>		<u>Insurance Reserve</u>	
Balance b/fwd	3,073Cr	Balance b/fwd	10,480Cr
Movement in Outstanding Claim Position	<u>359Dr</u>	Appropriations Received	<u>1,135Cr</u>
Balance c/fwd	2,714Cr	Balance c/fwd	11,615Cr

18 Trading Reserve

This reserve represents the cumulative operating surplus achieved by the Authority's Cleaning of Buildings Trading organisation

19 Devolved Budget Reserve

This amount represents the cumulative net unspent element of the budget devolved to specific departments which is carried forward into the following financial year.

20 Air Support Unit General Reserve

This represents the cumulative net unspent element of the Air Support Unit (pertinent to Northumbria) that is carried forward into the next financial year. The reserve is maintained to allow for future unexpected events.

21 Pensions Reserve

The pensions reserve is maintained to allow for future increases in pension commitments.

22 Airwave Reserve

The Airwave reserve is maintained to allow for the future costs associated with the new radio communications system.

NOTES TO THE BALANCE SHEET

23 Revenue Equalisation Reserve

The Revenue Equalisation Reserve is to assist in financing additional revenue expenditure commitments relating to job evaluation during future financial years.

24 Capital Development Reserve

The Capital development reserve is to assist in developing and improving the capital assets of the Authority.

25 Other Funds

Balance 01/04/02 £000		Receipts In Year £000	Payments In Year £000	Balance 31/03/03 £000
51	Police Property Act	99	95	55
28	Police Charities	9	24	13
79	Total	108	119	68

26 Movement in Revenue Reserves

Balance 01/04/02 £000		Receipts In Year £000	Payments In Year £000	Balance 31/03/03 £000
15,633	General Reserve	2,827	0	18,460
10,480	Insurance Reserve	1,135	0	11,615
154	Trading Reserve	34	0	188
1,684	Devolved Budget Reserve	331	369	1,646
193	Air Support Unit General Reserve	15	0	208
13,830	Pensions Reserve	0	0	13,830
10,824	Pensions Commutations Reserve	2,406	0	13,230
4,092	Support Staff Pensions Reserve	0	0	4,092
1,000	Airwave Reserve	0	0	1,000
524	Revenue Equalisation Reserve	0	0	524
79	Other Funds	108	119	68
58,493		6,856	488	64,861

The total movement on revenue reserves during 2002/03 amounts to £6.368m.

NOTES TO THE BALANCE SHEET

27 Pensions

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 employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. This is a requirement of Financial Reporting Standard 17 – Retirement Benefits (FRS17).

As explained in Accounting Policies on Page 15 the Authority participates in two schemes:

- The Local Government Pension Scheme (Tyne and Wear Pension Fund) for Police support staff, administered by South Tyneside Metropolitan Borough Council – this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- the Police Pension Scheme for police officers – this is an unfunded, defined benefit scheme, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

In 2002/03, pensions costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to the Tyne and Wear Pension Fund (based on a formal actuarial valuation for 31 March 2001) and the pensions payable in the year to retired officers. However, at 31 March 2003, the Authority had the following overall assets and liabilities for pensions that have not been included in the balance sheet:-

		Local Govt Pension Scheme		Police Pension Scheme		Total
	31 March 2003	31 March 2002	31 March 2003	31 March 2002	31 March 2003	31 March 2002
		£m		£m		£m
Estimated liabilities in scheme	(96.9)	(90.2)	(990.0)	(1,033.0)	(1,086.9)	(1,123.2)
Estimated assets in scheme	56.5	64.9	0	0	56.5	64.9
Net asset / (Liability)	(40.4)	(25.3)	(990.0)	(1,033.0)	(1,030.4)	(1,058.3)

Note: range of reasonable estimates for the liability in Police Pension Scheme at 31st March 2003 is £940.5m to £1,039.5m (31 March 2002 £1,002.0m to £1,064.0m).

NOTES TO THE BALANCE SHEET

In respect of the Police Scheme, an actuarial valuation has not been carried out as at 31 March 2003. Instead, the Authority has followed the approach set out in the joint Government Actuary's Department (GAD) / CIPFA paper "Assessment of Pension Liabilities for Disclosures for the Year 2002/03", as realised in GAD's model. This model values liabilities on an actuarial basis using the Projected Unit Method model and satisfies the disclosure requirements of CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2002, A Statement of Recommended Practice (the SORP).

Watson Wyatt, an independent firm of actuaries, has valued the Tyne and Wear Fund assets and liabilities in respect of Police Support Staff. In accordance with FRS17, their calculations are based on an update of the preceding actuarial valuation of the fund (as at 31st March 2001). Watson Wyatt acknowledge that such an approach introduces a significant element of approximation relative to the result of a hypothetical full actuarial valuation for FRS17 at the measurement date.

The main actuarial assumptions used in both calculations are shown below:

	Local Government Pension Scheme		Police Pension Scheme	
	2002/03	2001/02	2002/03	2001/02
Rate of inflation	2.5%	2.5%	3.4%	3.4%
Rate of increase in salaries	4.3%	4.3%	4.9%	4.9%
Rate of increase in pensions	2.5%	2.5%	3.4%	3.4%
Rate for discounting scheme (NB based on 3.5% real rate)	6.1%	6.1%	7.0%	7.0%

The Police Pension Scheme has no assets to cover its liabilities. Assets in the Tyne & Wear Pension Fund are valued as shown below

	At 01/04/2002		At 31/03/2003	
	Market Value (£m)	Expected rate of return % p.a.	Market Value (£m)	Expected rate of return % p.a.
Equities (UK)	842.9	7.50	557.5	8.50
Equities (overseas)	643.1	7.50	562.9	8.50
Property	158.4	6.00	189.0	7.00
Fixed interest gilts	58.9	5.25	118.3	4.50
Index linked gilts	24.3	5.25	94.3	4.50
Other bonds	401.6	6.00	300.1	5.50
Cash	65.2	4.50	45.2	4.00
TOTAL	2,194.4	7.00	1,867.3	7.30

NOTES TO THE BALANCE SHEET

The movement in the net pension liability for the year to 31st March 2003 is as follows:

	Police Pension Scheme (£m)	Local Government Pension Scheme (£m)
Net pensions liability at 1 April 2002	(1,033)	(25.3)
Movements in the year:		
• current service cost	(35)	(3.2)
• contributions payable to scheme	0	5.6
• retirement benefits payable	34	0.0
• past service costs	0	0.0
• curtailment cost	0	(1.0)
• interest cost	(72)	(4.8)
• expected return on assets	0	4.7
• actuarial gains / (losses)	116	(16.4)
Net pensions liability at 31 March 2003	(990)	(40.4)

The actuarial loss in respect of the Local Government Pension Scheme can be analysed as follows:

	<u>£m</u>
<i>(Gain) / loss on Fund assets</i>	
Amount	16.3
% of Fund assets at end of period	28.85%

<i>Experience (gain) / loss on scheme liabilities</i>	
Amount	0.1
% of Fund liabilities at end of period	0.10%

Total actuarial (gain) / loss recognised in Statement of Total Recognised Gains and Losses	
Amount	16.4
% of Fund liabilities at end of period	16.92%

The actuarial gain in respect of the Police Pension Scheme can be further analysed as follows:

Actual less expected return on pension assets	-
Experience gains and losses arising on the pension liabilities	116
Changes in assumptions underlying the present value of the pension liabilities	-
Actuarial gain / (loss)	116

NOTES TO THE BALANCE SHEET

The Local Government Pension Scheme figures shown above have been provided by the actuaries to the Tyne and Wear Pension Fund using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary.

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

28 Provision for Credit Liabilities (Memorandum Account)

	£'000
Amount set aside for Minimum Revenue Provision	<u>1,969</u>
Total	1,969

The whole of the provision was applied in the year for the redemption of external debt of the Authority.

29 Post Balance Sheet Event

The primary cause of the change in the Authority's share of the Local Government Pension Scheme from an estimated net liability of £25.3m at 31st March 2002 to an estimated net liability of £40.4m at 31st March 2003 has been the reduction in the capital value of the Fund's investment assets, arising from a fall in equity markets.

The £40.4m net liability represents the difference between the value of the Authority's pension fund assets at 31st March 2003 and the estimated present value of the future pension payments to which it was committed at that date. These pensions liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in global equity markets after 1st April 2003 would also have an impact on the capital value of the pension fund assets.

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities will be considered by the actuaries in their next full actuarial review of the Pension Fund, due to be carried out as at 31st March 2004. Their advice on whether or not there is any anticipated shortfall in the funding of the scheme at that time will determine the future level of pension contributions.

STATEMENT OF TOTAL MOVEMENTS ON RESERVES

	2001/2002 £000s	2002/2003 £000s
Surplus/(Deficit) for the Year:		
- General Fund	1,743	2,827
<i>add back</i> Movements on specific revenue reserves (note 5)	<u>8,533</u>	<u>3,541</u>
Total increase/(decrease) in revenue resources	10,276	6,368
Increase/(decrease) in useable capital receipts	2,232	2,299
Increase/(decrease) in unapplied capital grants and contributions	<u>10,401</u>	<u>2,584</u>
Total increase/(decrease) in realised capital resources (note 1)	12,633	4,883
Gains/(losses) on revaluation of fixed assets	1,563	1,676
Impairment losses on fixed assets due to general changes in prices	<u>0</u>	<u>0</u>
Total increase/(decrease) in unrealised value of fixed assets (note 2)	1,563	1,676
Value of assets sold, disposed of or decommissioned (note 3)	(968)	(759)
Capital receipts set aside	0	0
Revenue resources set aside	(1,181)	(995)
Movement on Government Grants Deferred	341	1,266
	<u> </u>	<u> </u>
Total increase/(decrease) in amounts set aside to finance capital investment (note 4)	(840)	271
Total recognised gains and losses	<u><u>22,664</u></u>	<u><u>12,439</u></u>

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS ON RESERVES

	Useable capital Receipts £000s	Unapplied Capital grants And Contributions £000s
NOTE 1 – Movements in realised capital resources		
Amounts receivable in 2002/03	2,299	4,354
Amounts applied to finance new capital investment in 2002/03	0	(1,770)
Total increase/(decrease) in realised capital resources in 2002/03	2,299	2,584
Balance brought forward at 1 April 2002	4,198	20,340
Balance carried forward at 31 March 2003	<u>6,497</u>	<u>22,924</u>

Capital Receipts Unapplied

This represents capital receipts currently held by the Authority in order to finance future capital expenditure.

Capital Grants Unapplied

This represents capital grants currently held by the Authority in order to finance future capital expenditure.

Capital Contributions Unapplied

This represents contributions held by the Authority to finance future capital expenditure.

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS ON RESERVES

	Fixed Asset Restatement Reserve £000s
NOTE 2 – Movements in unrealised value of fixed assets	
Gains / losses on revaluation of fixed assets in 2002/03	1,676
Impairment losses on fixed assets due to general changes in prices in 2002/03	0
Total increase / (decrease) in unrealised capital resources in 2002/03	<hr/> 1,676
NOTE 3 – Value of assets sold, disposed of or decommissioned	
Amounts written off fixed assets balances for disposals in 2002/03	(759)
Total movement on reserve in 2002/03	<hr/> 917
Balance brought forward at 1 April 2002	(24,851)
Balance carried forward at 31 March 2003	<hr/> <hr/> (23,934)

Fixed Asset Restatement Reserve

This represents the surplus/deficit on revaluation of fixed assets and will be written down by the net book value of assets as they are disposed of.

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS ON RESERVES

	Capital Financing Reserve £000s	Government Grants Deferred £000s	Total £000s
NOTE 4 – Movements in amounts set aside to finance capital investment			
Capital receipts set aside in 2002/03:			
- reserved receipts	0		0
- useable receipts applied	0		0
Total capital receipts set aside in 2002/03	0		0
Revenue resources set aside in 2002/03:			
- capital expenditure financed from revenue	1,911		1,911
- reconciling amount for provisions for loan repayment	(2,906)		(2,906)
Total revenue resources set aside in 2002/03	(995)		(995)
Grants applied to capital investment in 2002/03		1,770	1,770
Amounts credited to the asset management revenue account in 2002/03		(504)	(504)
Movement on Government Grants Deferred		1,266	1,266
Total increase / (decrease) in amounts set aside to finance capital investment			271
Total movement on reserve in 2002/03	(995)	1,266	
Balance brought forward at 1 April 2002	35,874	679	
Balance brought forward at 31 March 2003	<u>34,879</u>	<u>1,945</u>	

Capital Financing Reserve

This represents the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

Government Grants Deferred

Government grants and other contributions are credited to the balance sheet and amortised to revenue over the life of the relevant assets to offset provisions made for depreciation.

Note 5

The movement on specific revenue reserves includes the effect of the reclassification of pensions provisions as reserves (total adjustment of £14.916m), as per the prior period adjustment described in note 10 to the balance sheet.

CASHFLOW STATEMENT

<u>2001/02</u>		<u>2002/2003</u>	
£000		£000	£000
	REVENUE ACTIVITIES		
	Cash Inflow		
58,067	Revenue Support Grant	55,804	
114,729	Other Government Grants	114,195	
32,586	Redistributed Non-Domestic Rates	35,218	
22,872	Precepts	24,064	
322	Share of Net Surplus on District Council Collection Funds	313	
<u>28,132</u>	Sales, Fees & Charges	<u>33,878</u>	263,472
256,708			
	Cash Outflow		
202,184	Cash paid to and on behalf of employees	213,390	
<u>43,033</u>	Other operating costs	<u>42,593</u>	<u>255,983</u>
245,217			
<u>11,491</u>	CR Net Cash Inflow – Revenue Activities		<u>7,489</u> CR
	SERVICING OF FINANCE		
	Cash Inflow		
3,327	Interest Received	3,701	
	Cash Outflow		
<u>2,761</u>	Interest Paid	<u>2,841</u>	
<u>566</u>	CR Net Cash Outflow/ (Inflow) – Servicing of Finance		<u>860</u> CR
	CAPITAL ACTIVITIES		
	Cash Inflow		
2,232	Sale of Fixed Assets	2,299	
<u>7,952</u>	Capital Grants Received	<u>2,354</u>	4,653
10,184			
	Cash Outflow		
3,924	Purchase of Fixed Assets	7,182	
<u>0</u>	Other Capital Cash Payments	<u>50</u>	<u>7,232</u>
3,924			
<u>6,260</u>	CR Net Cash Outflow/ (Inflow) – Capital Activities		<u>2,579</u>
18,317	CR Net Cash Inflow Before Financing		5,770 CR
	MANAGEMENT OF LIQUID RESOURCES		
154	CR Net Increase In Short Term Investments		7,364 CR
	FINANCING		
	Cash Inflow		
1,454	New loans raised		2,698
	Cash Outflow		
1,820	Repayments of amounts borrowed	1,969	
<u>53</u>	Other Funds	<u>11</u>	<u>1,980</u>
<u>419</u>			<u>718</u> CR
18,052	CR (Increase)/Decrease in Cash		13,852 CR

NOTES TO CASH FLOW STATEMENT

£000		£000	£000
1,743	Surplus for the year		2,827
	Non-cash transactions		
5,285	Depreciation	5,379	
2,190	Direct Revenue Funding	1,911	
0	Deferred Charge	50	
7,364 CR	Provisions Set Aside	359 CR	
11,160	Movement on Reserves	5,552	
<u>3,466</u> CR	Depreciation in Excess of MRP	<u>3,410</u> CR	9,123
7,805			
	Items on an accruals basis		
13 CR	(Increase) / Decrease in Stocks	153 CR	
3,823	Increase / (Decrease) in Creditors	776	
104 CR	(Increase) / Decrease in Long Term Debtors	84	
<u>1,197</u> CR	(Increase) / Decrease in Debtors	<u>4,308</u> CR	3,601 CR
2,509			
	Items classified elsewhere in Cash Flow Statement		
2,761	Interest Paid	2,841	
<u>3,327</u> CR	Interest Received	<u>3,701</u> CR	<u>860</u> CR
<u>566</u> CR			
<u>11,491</u>	Net Cash Inflow from Revenue Activities		<u>7,489</u>
	ANALYSIS OF OTHER GOVERNMENT GRANTS		
	Home Office		
113,786	Principal Formula		113,188
-	Additional Grant Rule 2		-
730	Loan Charges		796
<u>213</u>	Private Finance Initiative		<u>211</u>
<u>114,729</u>			<u>114,195</u>
	(INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS		
Movement		Balance	Movement
2001/2002		01/04/02	2002/2003
<u>18,052</u>	Short Term Bank Deposits	69,341	13,852
		83,193	
	INCREASE IN LIQUID RESOURCES		
154	Short Term Investments	25,353	17,989
			7,364
	RECONCILIATION OF NET CASH FLOW TO THE MOVEMENT		
	IN NET DEBT		
18,052 CR	(Increase)/Decrease in cash per Cash Flow Statement		13,852 CR
	Less		
154	Management of Liquid Resources	7,364	
11,491	Revenue Activities	7,489	
6,260	Capital Activities	2,579 CR	
<u>566</u>	Servicing of Finance	<u>860</u>	<u>13,134</u>
<u>419</u>			<u>718</u> CR
	Movement in Net Debt:		
Movement		Balance	Movement
2001/2002		01/04/02	2002/2003
503	Financing:		
	Long Term Borrowing	33,033	493
137 CR	Borrowing due within 1 yr	744	236
<u>53</u>	Other Funds	<u>79</u>	<u>11</u> DR
<u>419</u>		<u>33,856</u>	<u>718</u>
		<u>34,574</u>	