



**STATEMENT OF ACCOUNTS
FOR 2001/02**

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EXPLANATORY FOREWORD

1. Introduction

This foreword provides a brief explanation of the Council's accounts for 2001/02 which are set out on pages 10 to 27 of this document and supported by the Statement of Responsibilities (page 6) and the Statement of Accounting Policies (pages 7 to 9).

2. Consolidated Revenue Account

This account covers operating income and expenditure on General Fund services. It shows how the net cost of all the Council's revenue activities has been financed from government grants and income from local taxpayers.

The Consolidated Revenue Account, together with accompanying notes, is set out on pages 10 to 13.

Further details of the cost of services provided by the Council and the income collected to pay for the services are shown graphically on pages 4 and 5.

3. Collection Fund

This account records all council tax and business rate income collected on behalf of the District Council, local town and parish councils, Hampshire County Council, Hampshire Police Authority, and Central Government. Details can be found on pages 14 and 15.

4. Consolidated Balance Sheet

This statement sets out the overall financial position of the Council as at 31st March 2002 and incorporates the value of all assets and liabilities at the year end.

The Consolidated Balance Sheet is set out on page 16 and is supported by notes on pages 17 to 20 and the Statements of Movements in Capital and Revenue Reserves on pages 21 to 23.

5. Cash Flow Statement

All revenue and capital activities are included in this statement which shows cash flows between the Council and third parties. Details can be found on pages 24 and 25.

6. Capital Expenditure

The Council has an approved capital programme with projected spending of £23m over the six year period 1998/99 to 2003/04. Included in the programme are a variety of projects and schemes, such as the construction and improvement of leisure facilities, grants to parish councils and voluntary organisations, social housing schemes, home improvement grants, recycling initiatives, drainage schemes and economic development projects.

Details of spending on capital projects in 2001/02 can be found on pages 26 and 27.

7. Accounting Policies

The accounting policies which support the accounts are set out on pages 7 to 9. There have been no material changes to accounting policies in 2001/02.

8. Financial Performance

There are three main areas to report on -

General Fund - the operating costs and income on General Fund services are set out in the Consolidated Revenue Account on page 10 and a graphical presentation is shown on pages 4 and 5. The General Fund summary shows a deficit for the year of £659k compared to the deficit of £484k forecast in the budget (2001/02 probable estimate). The overspend of £175k referred to above is the result of a large number of variances between revised budget and outturn, the most significant of which are highlighted below.

Savings/Underspends on Expenditure/Additional Income

- (a) Community Centres - operational savings, salary vacancies and additional income from lettings (£41k)
- (b) Harlington Centre - operational savings and salary vacancies (£37k)
- (c) IT Support - operational savings and salary vacancies (£30k)
- (d) Frogmore Leisure Centre - salary vacancies and operational savings (£23k)
- (e) Mapping Services - underspend on purchase of IT equipment and other operational savings (£17k)
- (f) Human Resources - salary vacancies (£14k)

Total of main savings
£162k

Lower Income Levels/Overspends on Expenditure

- (a) Fraud Prevention - anticipated levels of subsidy did not materialise (£100k)
- (b) Benefits - anticipated levels of subsidy did not materialise (£35k)
- (c) Revenues Administration - level of court costs anticipated in the budget did not materialise and there were additional software support costs in connection with replacement computer systems (total for both £67k).
- (d) Building Control - level of income from fees was lower than had been anticipated in the budget (£38k)
- (e) Hart Leisure Centre - lower income from courses than had been expected (£26k)
- (f) Investment income - lower interest rates resulted in less income (£19k)
- (g) Open Spaces - contribution from Open Spaces Maintenance Fund was less than expected (£19k)
- (h) Community Safety - budget for grants and loans had been understated (£15k)
- (i) Development Control - legal fees and award costs in connection with appeals (£12k)

Total of main overspends £331k

Council Tax collection - the collection rate for council tax in 2001/02 was 98.9% against 99.1% for the previous year. The Collection Fund achieved a net surplus of £452k in 2001/02.

Capital expenditure - details of how much the Council spent on capital projects and how it was financed are set out on pages 26 and 27. The capital programme provided for expenditure of approximately £4.6m in 2001/02, but actual spending in the year was £5.2m. Most of the additional expenditure in the year was to do with social housing initiatives which were self funded by the generation of capital receipts.

9. Funding of future capital expenditure

The Council had funds and reserves of £10.3m at the 31st March 2002 to finance capital expenditure, made up mainly of useable capital receipts (£6.8m) and surplus provision for credit liabilities (£2.8m) created following the redemption of external debt. Further details of these reserves can be found in the Statement of Movements in Capital Reserves on pages 21 and 22.

Future capital resources will be generated from right to buy proceeds from the sale of ex-council houses by Hart Housing Association, housing association grant from social housing schemes, developers' contributions, miscellaneous capital receipts from the sale of assets and grants and contributions from the government and central agencies. In the short term, borrowing approvals and revenue contributions are unlikely.

Projected future capital resources, together with the capital resources that the Council has in its possession at the 31st March 2002, will enable the Council to finance its current approved capital programme.

10. Planned future developments in service delivery

The Council's approved six year capital programme has many planned developments for the future. Significant projects include the following -

Social housing schemes	Grants to voluntary organisations
Frogmore gymnasium extension	Environmental enhancement schemes
Refurbishment of play areas	Economic development
Cycleways	Adoption of Private Sewers
Renovation Grants	

With regard to revenue plans, the Council's main priorities are to maintain existing standards of service. Future plans will be restricted by the Government's Standard Spending Assessment for the District and pressure to keep council tax levels down. Developments that exist are in areas such as leisure (e.g. countryside recreation, arts, promotion of the Harlington Centre), town centre security, recycling and environmental issues and planning guidance and control (e.g. Local Plan).

11. Borrowing

The Council achieved debt free status when it repaid all its outstanding external debt in 1994/95.

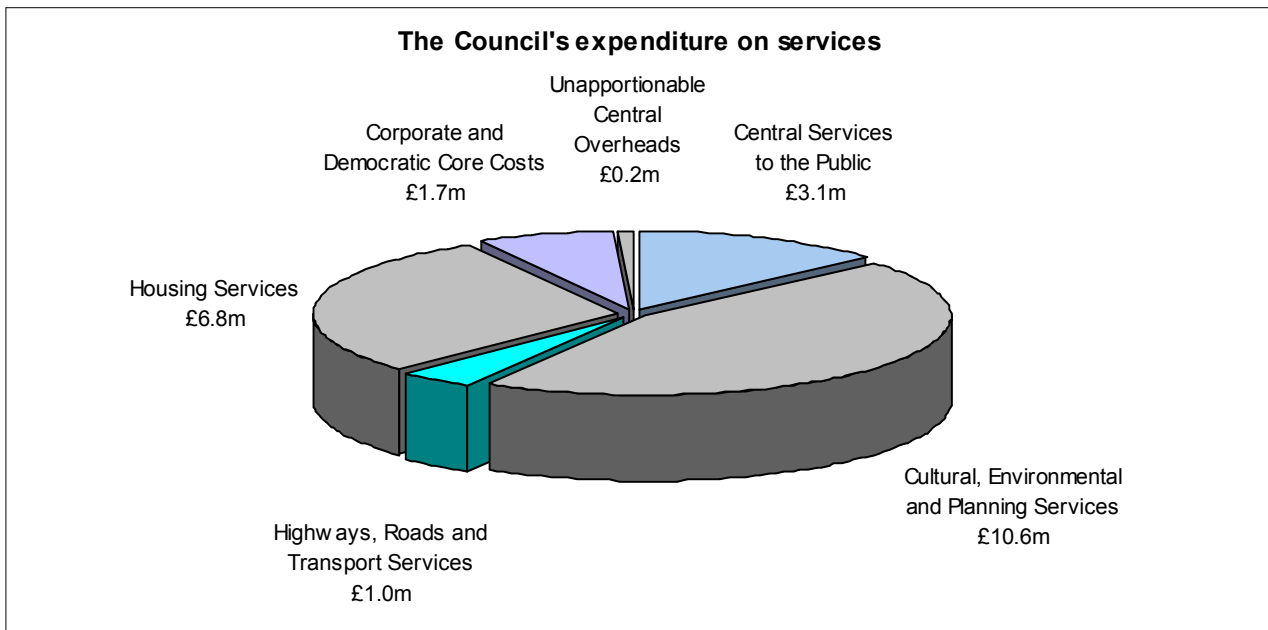
12. Issues related to the Euro

The Council is continuing to monitor the possible introduction of the common European currency which may have an impact on commercial arrangements and financial systems. No costs, other than a minimal amount of staff time, have been incurred to date.

13. The Council's Expenditure on Services

In 2001/02 the Council spent £20.3m providing services to the residents and business organisations living or operating within the District. A brief explanation of the main services provided together with a more detailed analysis of expenditure (and income) can be found in the Consolidated Revenue Account on pages 10 to 13. A broad analysis of the £20.3m is shown below -

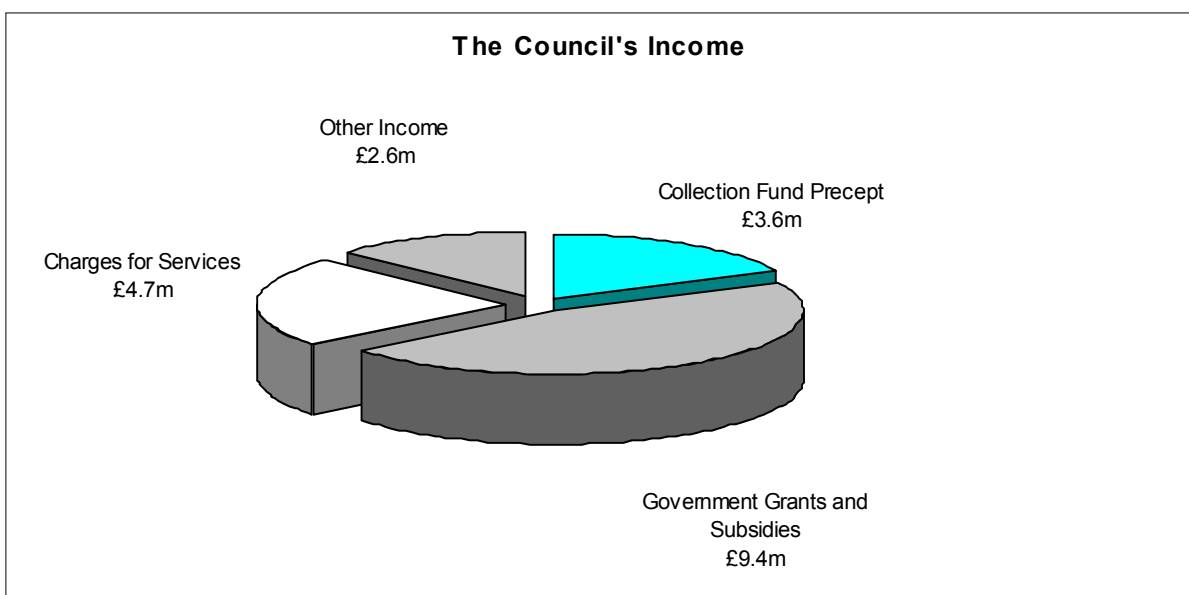
	£m
Central Services to the Public	3.1
Cultural, Environmental and Planning Services	10.6
Highways, Roads and Transport Services	1.0
Housing Services	6.8
Corporate Democratic Core	1.7
Unallocated Central Overheads	0.2
	<hr/> 23.4
Less accounting for capital	3.1
	<hr/> 20.3 <hr/>



14. The Council's Income

The money to pay for these services came from the following sources -

	£m
Collection Fund precept	3.6
Government grants and subsidies	9.4
Charges for services	4.7
Other income (including transfers and contributions from other funds and reserves)	2.6
	<hr/>
	20.3
	<hr/>



15. Further Information

Further information about the accounts can be obtained from the Head of Finance, Civic Offices, Harlington Way, Fleet, Hants.

David Skelton
Head of Finance
09/10/02

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required :

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

The Head of Finance's Responsibilities

The Head of Finance 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, is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2002.

In preparing this statement of accounts, the Head of Finance has :

- * selected suitable accounting policies and then applied them consistently,
- * made judgements and estimates that were reasonable and prudent,
- * complied with the Code of Practice on Local Authority Accounting

The Head of Finance has also :

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

David Skelton
Head of Finance
Date : 09/10/02

STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, the Best Value Accounting Code of Practice and guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the application of those Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRS's) relevant to local authorities. Any significant non compliance is disclosed below.

2. 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 which is charged direct to service revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Fixed assets are classified into the groupings required by the Code of Practice. Assets are valued on the following bases:

Land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value.

Non-operational assets, including assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value.

Infrastructure assets have been valued, using as a base, the amount of debt brought forward on the 1st April 1994 that related to those assets.

Community assets are included in the balance sheet at a nominal value of £1 per asset to allow an entry to be made in the register of assets and to enhance control.

The surplus that arose on the initial revaluation of fixed assets was credited to the Fixed Asset Restatement Reserve. Subsequent revaluations are planned on a rolling basis to ensure all assets are revalued within a five year period, although material changes to asset valuations will be adjusted as they occur.

3. Depreciation

The policy for depreciating fixed assets is as follows -

Buildings - All buildings are depreciated on a straight line basis over their estimated lifespan.

Other Assets - where depreciation is charged, it is calculated using a straight line method, with equal instalments of depreciation being charged to revenue for each year of the assets' lives. Although depreciation is charged on the estimated life of the specific individual assets concerned, approximation of average depreciation periods are as follows -

Vehicles : 3 years

IT equipment : 3 years

Furniture : 15 years

CCTV : 7 years

Newly acquired assets are depreciated from the 1st April of the following financial year.

4. Charges to Revenue for Fixed Assets

General fund service revenue accounts, central support services and statutory trading accounts and DSOs are charged with capital charges for the 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 is determined on the basis of capital employed in each service.

Provision for depreciation is charged to the Asset Management Revenue Account which is credited with the capital charges charged to services. The surplus on the account is transferred to the Consolidated Revenue Account at the year end to ensure that capital charges have a neutral impact on the amounts required from local taxation.

5. Deferred Charges

Deferred charges are payments of a capital nature where no fixed assets are created that directly benefit the Authority, but which may be properly capitalised. An example is the awarding of grants to private house-holders where properties lack basic amenities. In line with the advice of CIPFA's Capital Accounting Working Group, most deferred charges are written out to revenue accounts in the year the expenditure is incurred.

6. Leasing

The Council acquires the use of a variety of vehicles, plant and equipment by means of operating leases. These assets do not appear in the Balance Sheet as the Council does not own them. The revenue accounts are charged with the annual rentals as and when they become due.

The Council has not acquired assets by means of finance leases for some years. Those assets that the Council still has in its possession are now in secondary leasing periods. As a result their residual value is minimal, so their valuation has been excluded from fixed assets.

7. Government grants and contributions

Government grants and other contributions are accounted for on an accruals basis (see paragraph 10 below) 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.

8. Capital Receipts

Income from the disposal of fixed assets is accounted for on an accruals basis (see paragraph 10 below). In accordance with Government regulations, capital receipts from the disposal of land, buildings and vehicles are apportioned between usable capital receipts and those which are set aside for the repayment of debt forming part of the capital financing reserve. As a debt free authority, the only receipts which the Council has to set aside is the grant received from the Housing Corporation to fund advances to housing associations.

All capital receipts, whether usable or set aside, are invested until such time as they are needed to finance new capital expenditure.

9. Stocks and Stores

Stocks are valued in the accounts on the lower of historic cost and net realisable value.

10. Debtors and Creditors

All the accounts (revenue and capital) of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and SSAP2. This means that sums due to or from the Council during the financial year are included whether or not the cash has actually been received or paid in the year.

There are some exceptions to this principle -

- (a) weekly paid and four weekly paid employees are charged relative to the tax year in which payment is made.
- (b) quarterly payments for electricity, gas and telephone accounts are charged at the date of meter reading rather than being apportioned between financial years.
- (c) income for pre-booked courses at leisure centres tends to be credited to the year of receipt, rather than the year in which the course took place.

The above exceptions are consistently applied each year and therefore do not have a material effect on the year's revenue accounts.

11. Support Services and Corporate Costs

Support services were fully allocated to services in 2001/02. Corporate and democratic core costs were not allocated to services in 2001/02 in accordance with the guidance of CIPFA.

12. Reserves

The Council maintains reserves to meet general rather than specific future expenditure. The reserves the Council maintains are analysed in detail in the Statements of Movements in Capital and Revenue Reserves which can be found on pages 21 - 23.

13. Investments

Investments are shown in the balance sheet at cost with the exception of investments held by fund managers which are shown at cost plus accrued income. The investment values included in the Consolidated Balance Sheet are shown on page 16.

14. Investment Interest

Investment income is calculated on the following basis - for funds managed directly by the Council, income is the interest accrued to the Authority in that year ; for funds managed by fund managers, income is the interest accrued in that year plus the difference between cost and market value of investments held at 31st March 2002.

15. Pensions

To provide for their future pensions and benefits, employees pay a percentage of their pay into the County Council's Superannuation Fund (salaried staff 6% and manual workers 5%).

In addition, the Council made contributions equivalent to 195% of the employee contributions into the Fund in 2001/02.

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

These costs have been determined on the basis of contribution rates that are set to meet less than 100% of the liabilities of the Superannuation Fund. As a result the Council does not comply with the accounting requirements of SSAP 24 (Accounting for Pension Costs) and the liabilities included in the balance sheet are understated in respect of pension costs. The Fund's actuary has advised that the additional pension costs that it would have been necessary to provide for in the year to comply with SSAP 24 are £680,000, representing 17.1% of pensionable pay. In addition, the Council pays for all added years benefits which have been awarded and related increases. In 2001/02 these were £125,756, representing 3.2% of pensionable pay.

CONSOLIDATED REVENUE ACCOUNT

2000/01 Net £000	Expenditure	2001/02 Gross Expenditure £000	2001/02 Income £000	2001/02 Net Expenditure £000
2,279	Central Services to the Public	3,151	(1,792)	1,359
7,015	Cultural, Environmental & Planning Services	10,550	(3,598)	6,952
236	Highways, Roads and Transport Services	994	(820)	174
1,362	Housing Services	6,816	(5,613)	1,203
	Corporate and Democratic Core	1,723	(24)	1,699
	Unallocated Central Overheads	181	0	181
<u>10,892</u>	Net Cost of Services	<u>23,415</u>	<u>(11,847)</u>	<u>11,568</u>
923	Parish Precepts			943
(1,528)	Transfer from Asset Management Revenue A/c			(1,571)
(903)	Interest and Investment Income			(710)
(1)	Increase/(Decrease) in Provision for Bad Debts			3
0	Refuse Vehicle Compensation			(40)
(11)	Business Rates Rebates			0
<u>9,372</u>	Net Operating Expenditure			<u>10,193</u>
	APPROPRIATIONS			
	Contributions (from)/to Reserves			
(118)	- Open Spaces Maintenance			(119)
1	- DSO Reserves			0
40	- On-Street Parking Account			(26)
58	Contribution to Capital Financing Reserve			58
(1,035)	Transfer of Surplus Minimum Revenue Provision			(1,015)
(469)	Deferred Charges Written Off			(532)
<u>7,849</u>	Amount met from Government Grants and Local Taxpayers			<u>8,558</u>
(4,261)	Collection Fund Precept			(4,540)
(107)	Contribution to/(from) Collection Fund (Community Charge)			0
31	Contribution to/(from) Collection Fund (Council Tax)			(35)
(58)	Contribution to/(from) from Collection Fund (NNDR)			0
0	Revenue Support Grant			0
(3,284)	Distribution from Non Domestic Rate Pool			(3,325)
<u>170</u>	(Surplus)\deficit for the Year			<u>659</u>
(2,185)	General Fund Balance at 1st April			(2,015)
170	(Surplus)\Deficit for the Year			659
<u>(2,015)</u>	General Fund Balance at 31st March			<u>(1,356)</u>

NOTES TO CONSOLIDATED REVENUE ACCOUNT

1. Description of Services

Service expenditure has been analysed under new headings in line with the CIPFA Best Value Accounting Code of Practice.

Central Services to the Public

Services included here comprise the cost of local Council Tax and Business Rate collection, elections, local land charges and emergency planning.

Cultural, environmental and planning services

Cultural Services includes the costs of leisure and community centres, open spaces, tourism, playing fields and playschemes.

Environmental Services includes the costs of environmental health, waste collection, community safety, land drainage, environmental improvement schemes, CCTV and cemeteries.

Planning Services includes planning policy, building control, development control and economic development.

Highways, roads and transport services

The Council provides car parks and street furniture and participates in the County wide concessionary travel scheme. It also has agency responsibilities for highways with the County.

Housing services

The Council delivers a strategic housing service which incorporates the provision of housing advice, homelessness and housing register service, the funding of new affordable housing by housing associations, liaison with other statutory and voluntary agencies and the promotion of the Council's overall housing objectives.

The costs associated with administering housing benefit payments together with the net cost of the benefits is also included under this heading.

This heading also includes the cost of welfare services such as meals on wheels and the careline service.

Corporate and Democratic Core

This heading includes the cost of corporate management, members expenses, public accountability, representing local interests, committee servicing, external audit and treasury management. In accordance with the Code, these are not allocated to services.

Unallocated Central Overheads

This heading mainly comprises cost of backfunding pensions and early retirement. These are not allocated to services as the cost relates to previous years.

2. Agency Services

The Council has agency responsibilities for some highway matters with Hampshire County Council. Expenditure in 2001/02 was £50,500 which is reimbursed by the County Council.

3. Section 137 Expenditure

Section 137 of the Local Government Act 1972 as amended by Section 36 of the Local Government and Housing Act 1989 enables the Council to spend up to £1.90 per head of resident population (£166,000 in 2001/02) for the benefit of people in the area on activities or projects not specifically authorised by other powers. The amount actually spent in 2001/02 was £154,352 (grants and loans to local voluntary organisations).

4. Asset Management Revenue Account

This account is central to the implementation of the capital accounting requirements of the Accounting Code of Practice.

The Consolidated Revenue Account gross expenditure includes capital charges which reflect the effective cost to the Council of acquiring, retaining and using its present assets in the delivery of services. This normally exceeds the real cost to the authority of depreciation on those assets. As the Council has paid off its external debt it does not have any external interest cost for its assets. The Asset Management Revenue Account surplus represents the difference between the full economic cost and the real cost of depreciation of assets.

The surplus on the account is transferred to the Consolidated Revenue Account so that the inclusion of capital charges in gross expenditure does not impact on the financing requirement from local taxation.

The Asset Management Revenue Account is maintained separately within the Council's accounting system and the transactions in the account for 2001/02 are as follows -

	£000
Capital charges included in cost of services	(2,528)
Release of deferred grant	(58)
	<u>(2,586)</u>
Provision for depreciation	1,015
Surplus transferred to Consolidated Revenue Account	<u>(1,571)</u>

5. Operating Leases

There are outstanding commitments of £337,000 in respect of operating leases on seven refuse vehicles and two mechanical sweepers. The annual installments payable are -

2002/03 ...	£156,000	2003/04	£156,000	2004/05	£25,000
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During 2001/02, the Council also acquired four vans on annual renewable leases. The cost per annum of these is £15,800.

6. Publicity

The Council spent £197,500 on advertising and publicity in 2001/02. This is included within the service expenditure shown on page 10 and was spent in the following ways:

Recruitment advertising	£86,900
Other advertising & promotions	£110,600

7. Remuneration

The Council is required to disclose the number of employees whose remuneration in 2001/02 fell in each bracket of a scale in multiples of £10,000, starting with £40,000 -

£40,000 - £50,000	7	£70,000 - £80,000	0
£50,000 - £60,000	2	£90,000 - £100,000	0
£60,000 - £70,000	0	£100,000 - £110,000	1
£70,000 - £80,000	0		

8. Related Party Transactions

The intention of FRS 8 (Related Party Transactions) is to bring to the attention of users of the statement of accounts relationships that might materially prevent the Authority from reporting its interests independently and the possibility that the reported financial position and results may have been affected by the existence or related parties and by material transactions.

No related party transactions involving officers or members have occurred in 2001/02.

9. Pensions

In 2001/02 the Council paid an employer's contribution of £464,584, representing 11.7% of pensionable pay, into the Superannuation Fund administered by Hampshire County Council, which provides members with defined benefits based upon pay and service.

The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations. The employers' contribution rate payable in 2001/02 was based on the valuation as at 31 March 1998, when the actuary recommended an employers' rate of 195% of employees' contributions. The actuary has since carried out a valuation as at 31 March 2002, the results of which will be applied from 1 April 2002. Statutory Instrument 1997/1612 Regulation 78 (3)(b) permits the amendment of contribution rates between valuations should it become necessary. In the review as at 31 March 2001, the Actuary has calculated that to make the Fund 100% solvent will require increasing contributions by the Council until 2004/05 and deficit contributions at that level for a further 10 years.

Hampshire County Council have advised that the amount that would have had to be provided for under SSAP 24 (Accounting for Pension Costs) in 2001/02 is £680,000 representing 17.1% of pensionable pay. In addition, the Council pays for all added years benefits which have been awarded and the related increases. In 2001/02 these were £125,756, representing 3.2% of pensionable pay.

In order to comply with FRS 17, Hampshire County Council have advised that as at 31st March 2002, the total assets held by the Fund amounted to £1.894bn and the expected rate of return is 7.5%. Hart District Council's share of assets in the Pension Fund amounted to £25.5m against £29.7m liabilities, representing a deficit of £4.2m.

The main assumptions that were adopted as at 31 March 2002 were as follows -

Inflation	2.80%	Increase in pensions	2.80%
Pay increase	4.30%	Discount rate	6.30%

Further information can be found in the actuary's valuation report and the County Council's Pension Fund Annual Report, which are available from the County Treasurer, The Castle, Winchester, Hants, S023 8UB.

10. Members Allowances

The Council is required to disclose the total value of members' allowances paid in 2001/02.

Special responsibility allowances	£71,802
Attendance allowances	£77,718
Chairman's allowance	£243
Vice-Chairman's allowance	£0
	<u>£149,763</u>

11. Internal Trading Accounts

The Council maintains an internal trading account for the Refuse and Cleansing service.

During the year 2001/02 the expenditure and income was as follows -

Expenditure	£1,519,827
Income and recharges	<u>£1,519,827</u>
Net Deficit	<u>0</u>

12. Building Control (Fee Earning)

The Council is required to report whether Building Control expenditure and income have 'broken even' in the year. The results for 2001/02 were as follows -

Expenditure	£304,168
Income from Fees	<u>£281,739</u>
Net Expenditure	<u>£22,429</u>

COLLECTION FUND

2000/01 £000		2001/02 £000
	<u>Income</u>	
27,932	Income from council tax	29,663
1,073	Council tax benefits	1,112
20,407	Income collectable from business ratepayers (note 2)	23,054
49,412		53,829
	<u>Expenditure</u>	
	Precepts and demands	
22,289	- Hampshire County Council	23,595
1,904	- Hampshire Police Authority	2,047
4,261	- Hart District Council, Parishes and Town Councils	4,540
	Business rate	
19,949	- payment to national pool	22,815
65	- interest on refunds	11
96	- costs of collection	96
(65)	- movement on provision for bad and doubtful debts	(12)
362	- bad debts written off	144
	Council Tax	
(25)	- movement on provision for bad and doubtful debts	65
68	- bad debts written off	76
48,904		53,377
(508)	Surplus for the year	(452)
	Fund Movements	
(453)	Balance b/fwd 1st April	(1,062)
	Community Charge	
107	- previous years (deficit)/surplus	0
	Distribution of previous years (deficit)/surplus	
(163)	- Hampshire County Council	188
(14)	- Hampshire Police Authority	16
(31)	- Hart District Council	35
(554)	Balance remaining after distribution of previous years surplus	(823)
(508)	Surplus for the year	(452)
(1,062)	Balance carried forward 31st March (note 4)	(1,275)

NOTES TO COLLECTION FUND

1. The Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non - domestic rates and the council tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the billing authority.

2. Non - Domestic Rates

NNDR is organised on a national basis. The Government specifies a national non - domestic multiplier for the year (0.430 in 2001/02) and local business rates are then calculated by reference to the multiplier and their rateable value. The Council is responsible for collecting rates due from its business ratepayers, but pays the collected revenue into the NNDR pool administered by the Government. The funds are then redistributed back to local authorities on the basis of a fixed amount per head of population. The NNDR income for the year was based on a total rateable value of £63,544,621 as at 31st March 2002.

3. Council Tax Base

The residential properties in the District have been classified into 8 valuation bands. The number of chargeable dwellings in each valuation band are converted into an equivalent number of band D dwellings by multiplying by specified proportions. The illustration below demonstrates how the council tax base for 2001/02 was calculated -

	No. of Net <u>Dwellings</u>	Specified <u>Proportio</u> <u>n</u>	Equivalent <u>Band D</u>
Band A	468.00	6/9	312.0
Band B	1,237.30	7/9	962.3
Band C	6,791.30	8/9	6,036.7
Band D	7,025.80	9/9	7,025.8
Band E	6,287.80	11/9	7,685.0
Band F	5,535.50	13/9	7,995.7
Band G	2,983.80	15/9	4,972.9
Band H	192.80	18/9	385.5
			<hr/>
			35,375.9
Collection rate			98.0
Tax base (equivalent Band D)			34,668.4

4. Surplus for the Year and Collection Fund Balance

The Collection Fund made a net surplus of £452,000 in 2001/02. The balance on the Fund at the year end was £1,275,000, of which approximately 85% will be distributed in due course to the major precepting authorities, i.e. Hampshire County Council and Hampshire Police Authority.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH

2001 £000			£000	2002 £000
	Fixed Assets			
	Operational			
250	- Council Dwellings			240
21,193	- Other Land and Buildings			22,434
1,043	- Vehicles, Plant, Furniture and Equipment			998
0	- Infrastructure Assets			0
124	- Community Assets			114
859	Non Operational			453
<u>23,469</u>		Notes 1 - 5		<u>24,239</u>
0	Deferred Charges	Note 6		0
10,275	Long Term Investments	Note 7		10,789
461	Long Term Debtors	Note 8		355
<u>34,205</u>	Total Long Term Assets			<u>35,383</u>
	Current Assets			
57	- Stocks and Work in Progress		157	
4,406	- Debtors	Note 9	3,217	
1,034	- Investments	Note 10	2,325	
96	- Cash in Hand		<u>72</u>	5,771
<u>39,798</u>	Total Assets			<u>41,154</u>
	Current Liabilities			
(2,735)	- Creditors	Note 11	(3,795)	
0	- Cash Overdrawn		0	(3,795)
<u>37,063</u>	Total Assets less Current Liabilities			<u>37,359</u>
(346)	Deferred Government Grants	Note 12		(287)
(407)	Deferred Capital Receipts	Note 13		(305)
<u>36,310</u>	Total Assets less liabilities			<u>36,767</u>
2,819	Fixed Asset Restatement Reserve	Note 14		2,358
19,257	Capital Financing Reserve	Note 14		20,547
2,810	Surplus Provision for Credit Liabilities	Note 14		2,680
6,623	Usable Capital Receipts Reserve	Note 14		6,826
660	Earmarked Capital Reserves	Note 14		766
4,141	Revenue Fund Balances and Reserves	Note 14		3,590
<u>36,310</u>	Total Equity			<u>36,767</u>

David Skelton
Head of Finance
09/10/02

NOTES TO CONSOLIDATED BALANCE SHEET

1. Fixed Assets

The construction, improvement and purchase of assets are regarded as capital transactions, the expenditure and financing of which are recorded separately in the balance sheet.

The movements in fixed assets during the year were as follows -

	Council Dwellings £000	Other Land & Buildings £000	Vehicles Plant & Equip. £000	Comm unity Assets £000	Non Oper ational £000	Total £000
Net book value as at 31.3.01	250	21,191	1,044	124	860	23,469
Revaluation and restatements	0	510	0	0	(510)	0
Value as at 1.4.01	250	21,701	1,044	124	350	23,469
Additions and enhancements	0	78	334	0	7	419
Disposals	0	0	0	0	0	0
Revaluations	0	1,258	0	0	108	1,366
Gross value as at 31.3.2002	250	23,037	1,378	124	465	25,254
Depreciation for the year	(10)	(603)	(380)	(10)	(12)	(1,015)
Net book value as at 31.3.2002	240	22,434	998	114	453	24,239

2. Fixed Asset Valuation

The freehold and leasehold properties, which comprise the Authority's property portfolio, were first valued in 1994/95 by an external independent valuer - Lambert, Smith and Hampton - on the undermentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

The Council has a five year rolling programme of revaluations to ensure that the values of all its fixed assets are maintained up to date. Most assets have been revalued since 1994. In 2001/02 the following assets were revalued - Citizens Advice Bureau at Yateley, Southwood sportsground and five public conveniences (Reading Road, Hook ; High Street, Hartley Wintney ; Victoria Road, Fleet ; Church Road, Fleet ; King Street, Odiham). In addition, a new asset, Elvetham Heath Community Centre, was valued for the first time. With regard to all other assets, the Authority is not aware of any material change in values and therefore the valuations of those assets have not been updated.

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

Properties regarded by the Authority as operational were 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.

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

3. Finance Leases

All the assets that the Council has acquired through finance leases in the past are now in secondary leasing periods. As a result their residual value is minimal, so valuations of these assets have been excluded from the fixed assets figures in the Consolidated Balance Sheet. The capital value of items acquired through finance leases in previous years, which the Council still had in its possession at 31st March 2002, was £7,750. Rental payments for these leases in 2001/02 amounted to £41. There were no outstanding obligations as at 31st March 2002.

4. Capital Commitments

At 31st March 2002, the Council had major contractual commitments on social housing schemes totalling £1,493m. These are expected to be completed within nine months of the financial year 2002/03.

5. Information on Assets Held

Fixed assets owned by the Council -	No.at <u>31.3.01</u>	No.at <u>31.3.02</u>
Council Dwellings	2	2
Operational Buildings		
- Civic Offices	1	1
- Harlington Centre	1	1
- Community Centres	2	3
- Leisure Centres	2	2
- Outdoor Sports Facilities	6	6
- Car Parks	12	10
- Public Conveniences	5	5
- Depots	1	1
- Cemeteries	1	1
Operational Equipment		
- Vehicles	12	9
- Plant & Equipment	0	5
Infrastructure Assets		
- Amenity Footpaths	32	32
- Street Nameplates	3,240	3,265
Community Assets		
- Common Land (hectares)	226	226
- Open Spaces incl. Sports Pitches & Play Areas (h/a's)	108	108
- Fleet Pond (hectares)	54	54
- Childrens Play Areas	17	18
Non - Operational Assets		
- Yateley CAB Building	1	1
- Frogmore Daycare Centre	1	0
- Peter Driver Sports Ground Bungalow	0	1
- Recreational Land occupied by Hook Bowling Club	0	1
- Economic Development	0	1

6. Deferred Charges

A definition of deferred charges appears on page 8. The movements in deferred charges during the year were as follows -

	£000	£000
Balance as at 1st April 2001		0
Expenditure in the year - improvement grants	311	
- other	<u>221</u>	532
Amounts written off to Consolidated Revenue Account		(532)
Balance as at 31st March 2002		<u>0</u>

7. Long Term Investments

This amount represents the sum invested with appointed fund managers. The amount shown at 31st March 2002 represents the cost price plus accrued income.

8. Long Term Debtors

The Council had the following long term debtors -	31.3.01	31.3.02
	£000	£000
Mortgages (mainly from the sale of council houses)	410	308
Car Loans (repayable over more than 1 year)	51	47
	<u>461</u>	<u>355</u>

9. Current Assets (Debtors)

Debtors are analysed below -	31.3.01	31.3.02
	£000	£000
Community Charge Arrears	1	1
NNDR Arrears	1,376	747
Council Tax Arrears	1,823	1,606
Government Departments	502	163
Hampshire County Council	62	22
Rents from Council owned properties	175	185
Car Loans (repayable in less than 1 year)	28	33
Sundry Debtors	895	947
Payments in Advance	307	328
	<u>5,169</u>	<u>4,032</u>
Less provision for bad and doubtful debts		
- Community Charge	1	1
- NNDR	170	158
- Council Tax	265	330
- Sundry	17	20
Debtors		
- Housing Benefit overpayments	147	133
- Rents from temporary accommodation	163	173
	<u>763</u>	<u>815</u>
Net Debtors	<u>4,406</u>	<u>3,217</u>

10. Current Assets (Investments)

The Council invests surplus funds temporarily. The amounts invested at the 31st March 2001 and 2002 are shown below -

	31.3.01	31.3.02
	£000	£000
Banks	34	35
Building Societies	1,000	0
Treasury Deposits	0	1,290
Other Local Authorities	0	1,000
	<u>1,034</u>	<u>2,325</u>

11. Current Liabilities (Creditors)

Creditors are analysed below -	31.3.01	31.3.02
	£000	£000
NNDR Payments in Advance	683	120
Council Tax Payments in Advance	579	254
Government Departments	142	1,047
Hampshire County Council	0	25
Sundry Creditors	1,331	2,349
	<u>2,735</u>	<u>3,795</u>

12. Government Grants - Deferred

Grants received by the Council towards the cost of capital expenditure are shown in this account and released to the relevant account over the useful life of the asset to partly offset the depreciation related to the asset. An analysis of the 2001/02 transactions is shown below -

	£000
Balance as at 1st April 2001	346
DETR Public Sector Renewal Grant	(15)
Release of Sports Council grant re Southwood pavilion	(10)
Release of CCTV grant to offset depreciation	(34)
Balance as at 31st March 2002	<u>287</u>

13. Deferred Capital Receipts

Deferred capital receipts are amounts derived from the sale of assets which will be received in instalments over agreed periods of time. They arise mainly from mortgages on the sale of council houses prior to the transfer of housing stock to Hart Housing Association.

14. Balances and Reserves

Details of all balances and reserves are analysed in the Statements of Movement in Capital and Revenue Reserves on pages 21-23.

15. Analysis of Net Assets Employed

The Council is required under the Code of Practice to disclose the net assets employed by the General Fund, Housing Revenue Account and the Direct Service Organisations. An analysis of net assets employed is shown below -

	31.3.01	31.3.02
	£000	£000
General Fund	36,302	36,767
Direct Service Organisations	8	0
	<u>36,310</u>	<u>36,767</u>

Net assets employed represent the aggregate of reserves attributable to the Council and equal the taxpayers equity shown in the Balance Sheet.

STATEMENT OF MOVEMENTS IN CAPITAL RESERVES

	----- ACCOUNTING -----		----- USABLE -----		
	Fixed Asset Restatement Reserve £000	Reserve £000	Surplus Provision for Credit Liabilities £000	Usable Capital Receipts Reserve £000	Earmarked Capital Reserves £000
Balances as at 1st April 2001	2,819	19,257	2,810	6,623	660
Net surplus/(deficit) for the year		1,090			
Value of assets disposed of	(1,765)				
Unrealised gains/(losses) on revaluation of fixed assets	1,304				
Set aside of Housing Corporation Grant			2,449		
Proceeds from disposal of fixed assets.				2,550	
Other capital receipts & contributions				102	131
Interest					20
Financing of capital expenditure		200	(2,579)	(2,449)	(45)
Balances as at 31st march 2002	<u>2,358</u>	<u>20,547</u>	<u>2,680</u>	<u>6,826</u>	<u>766</u>

Notes

1. Fixed Asset Restatement Reserve

Prior to 1994/95, a local authority's assets were recorded in the balance sheet only to the extent that debt was outstanding against them. The Accounting Code of Practice requires all fixed assets to be stated at current cost.

The opening balance on the Fixed Asset Restatement Reserve was created when assets were restated in the 1994/95 Balance Sheet at current value. After this initial revaluation, the Reserve is credited annually with any increase in the value of fixed assets when they are revalued and debited with any reductions in value. When assets are disposed of, the Reserve is reduced by the net book value of those assets. The Reserve, therefore, reflects the true value of assets at the end of the financial year as compared to the beginning of the year. The Reserve is purely of an accounting nature and does not represent real cash resources that are available to fund future capital expenditure.

2. Capital Financing Reserve

The Capital Financing Reserve is an accounting reserve integral to the system of capital accounting. Again, as an accounting reserve it does not represent resources available to fund future expenditure. The Reserve records the following -

- (1) the amounts required to be set aside from capital receipts for the repayment of debt.
- (2) the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external debt.
- (3) the financing of capital expenditure from revenue and from capital receipts.
- (4) the amounts required to write down deferred charges.

3. Surplus Provision for Credit Liabilities

All local authorities are required to provide for the repayment of external debt (termed in legislation as providing for credit liabilities). This provision normally forms part of the Capital Financing Reserve described in 2 above. There are regulations which state the contributions that have to be made into the provision (e.g. contributions from revenue and setting aside proportions of capital receipts from the sale of assets). The legislation dictates that the provision cannot be spent on any purpose other than debt repayment, until such time as the local authority concerned repays all its debt and becomes debt free.

The Council transferred its housing stock to Hart Housing Association in March 1994 and in consideration received a capital receipt of £23m (gross). The Council had to set aside a specified proportion (approx, 75%) of this sum for debt repayment and as a result the total amount of provision that had been made greatly exceeded the actual debt outstanding. It was, therefore, in the Council's interest to repay its debt, because the surplus left after repayment would be available to help finance the capital programme.

The Council decided to repay all of its remaining external debt in 1994/95 and thereby achieved debt free status. Following this, there was just over £7m surplus provision. Even though the Council is now debt free, regulations still require the Council to set aside certain receipts into this Reserve, namely 100% of the payment of Social Housing Grant by the Housing Corporation.

£2.6m was used from this Reserve in 2001/02 to finance capital expenditure and the balance on the Reserve at the 31st March 2002 was £2.7m.

4. Usable Capital Receipts Reserve

This Reserve comprises proceeds from the sale of assets, repayments of loans and mortgages and the Council's share of Right to Buy proceeds from houses sold by Hart Housing Association. Because the Council is debt free, all capital receipts are placed in this Reserve (apart from Housing Association Grant - see 3 above).

The Reserve can be used to finance capital expenditure of any nature. The Council used this Reserve to finance £2.449m of social housing schemes in 2001/02 and obtained 100% reimbursement from the Housing Corporation in the form of Housing Association Grant. The balance on the Reserve at the 31st March 2002 was £6.8m.

5. Earmarked Capital Reserves

As at the 31st March 2002, the Council also had the following reserves which are earmarked for specific capital schemes and projects -

	£000
S106 Developers Contributions (Leisure)	547
S106 Developers Contributions (Highways)	219
	<hr/>
	766
	<hr/>

Developers contributions are received under Section 106 agreements for specific projects to enhance development sites (e.g community buildings, children's playgrounds, highway improvements, etc).

STATEMENT OF MOVEMENTS IN REVENUE RESERVES

	General	Open Spaces	Collectio n	Vehicle	On Street	Total
	<u>Fund</u> £000	<u>Maint.</u> £000	<u>Fund</u> £000	<u>Refit</u> £000	<u>Parking</u> £000	<u>£000</u>
Balances as at 1st April 2001	2,015	1,016	1,062	8	40	4,141
Net Surplus/(Deficit) in the year	(659)		452			(207)
Interest		48				48
Developers' contributions						-
Transfers/redistributions		(119)	(239)	(8)	(26)	(392)
Balances as at 31st March 2002	<u>1,356</u>	<u>945</u>	<u>1,275</u>	<u>0</u>	<u>14</u>	<u>3,590</u>

Notes

1. General Fund Working Balance

This reserve is the cumulative surplus of General Fund revenue income over revenue expenditure which has not been set aside in a specific reserve. The Reserve is used to support future years revenue expenditure and to protect the Council against unexpected events. Further details of the General Fund Revenue Account can be found on page 10.

2. Open Spaces Maintenance Fund

This fund is used to finance the cost of maintaining open spaces on or around development sites. The Fund is credited with financial contributions from developers and interest thereon and an annual contribution is made to the General Fund to offset grounds maintenance expenditure.

3. Collection Fund

Further details as to why the Council maintains this fund can be found on pages 14 - 15. The balance on the Fund as at 31st March 2002 was £1,275,000. Approximately 85% of this (£1,084,000) was due to Hampshire County Council and Hampshire Police Authority, leaving £191,000 available for this Council to reduce council tax bills in the future.]

4. The Vehicle Refit Fund was used to fund major repairs to the Council's vehicle fleet. In 2001/02 the final contribution of £8,000 was made to fund vehicle expenditure. The Fund was closed down at the end of 2001/02.

5. On Street Parking Fund

The On Street Parking Fund was set up during 2000/01 to finance the setting up costs of introducing the decriminalised parking scheme. An initial contribution of £40,300 was made in 2000/01. £26,500 was appropriated in 2001/02 to assist with the funding arrangements of the new scheme, leaving £13,800 available for funding expenditure in 2002/03.

CASH FLOW STATEMENT

2000/01		2001/02
£'000		£'000
	Revenue Activities	
	Cash Outflows	
6,296	- Cash paid to and on behalf of employees	7,025
8,448	- Other operating cash payments	4,067
6,190	- Housing & Council Tax Benefits paid out	6,477
19,894	- NNDR payments to the National Pool	21,903
24,939	- Precepts paid	30,386
65,767		69,858
	Cash Inflows	
0	- Revenue Support Grant	0
(6,189)	- DSS subsidies for benefits	(6,211)
(406)	- Other government grants	(329)
(3,284)	- NNDR receipts from the National Pool	(3,325)
(234)	- Rents	(276)
(27,637)	- Council Tax receipts	(29,611)
(20,457)	- Non domestic rate receipts	(23,119)
(4,253)	- Cash received for goods and services	(4,885)
(620)	- Other operating cash receipts	(2,053)
(63,080)		(69,809)
2,687	Revenue Activities Net Cash Flow	49
	Returns on Investments & Servicing of Finance	
	Cash Outflows	
65	- Interest paid	11
	Cash Inflows	
(1,030)	- Interest received	(809)
	Capital Activities	
	Cash Outflows	
613	- Purchase of fixed assets	2,239
718	- Purchase of long term investments	514
2,352	- Other capital cash payments	2,272
	Cash Inflows	
(1,611)	- Sale of fixed assets	(823)
(1,658)	- Capital Grants Received	(2,524)
(1,500)	- Sale of long term investments	0
(426)	- Other capital cash receipts	(2,196)
210	Net cash (inflow)/outflow before financing	(1,267)
	Management of Liquid Resources	
(930)	Increase/(Decrease) in Short Term Deposits	1,291
(720)	Decrease in cash	24

NOTES TO THE CASH FLOW STATEMENT

2000/2001		2001/2002	
	1. Reconciliation of revenue cash flow		
£'000		£'000	£'000
170	Surplus/(Deficit) on Consolidated Revenue Account		659
(508)	Collection Fund Surplus	(452)	
(177)	Collection Fund Distribution re Prior Years	204	
903	Interest included in income	710	
(65)	Interest included in expenditure	(11)	
0	Capital Charges (net)	0	
(14)	Increase in Stock	100	
498	Increase/(Decrease) in Debtors	(902)	
1,591	(Increase)/Decrease in Current Liabilities	(317)	
0	Transfer (to)/from DSO Reserve	0	
(40)	Developers Contributions	0	
329	Contributions from Other Provisions and Reserves	58	
		<hr/>	(610)
<hr/>	Revenue Activities Net Cash Flow		<hr/>
2,687			49
	2. Cash and Net Funds		
Balance At		Balance At	Movement
31/3/01		31/3/02	In Year
£'000	Net Funds	£'000	£'000
96	Cash In Hand and At Bank	72	(24)
1,034	Liquid Resources	2,325	1,291
<hr/>		<hr/>	<hr/>
1,130		2,397	1,267
10,275	Long Term Investments	10,789	514
<hr/>		<hr/>	<hr/>
11,405	Net Funds and Long Term Investments	13,186	1,781
	3. Liquid Resources		
Balance At		Balance At	Movement
31/3/01		31/3/02	In Year
£'000		£'000	£'000
1,034	Short Term Deposits	2,325	1,291
<hr/>		<hr/>	<hr/>
1,034		2,325	1,291
	4. Analysis of Other Government Grants		
Balance At		Balance At	
31/3/01		31/3/02	
£'000		£'000	
40	Home Improvement/Housing Defects Act	45	
36	Defects Repurchases Loans	36	
24	Community Schemes	81	
80	Fraud Prevention	(40)	
185	Benefits Administration	168	
41	NNDR Discretionary Relief	39	
<hr/>		<hr/>	
406		329	
<hr/>		<hr/>	

CAPITAL EXPENDITURE for the year ended 31st March 2002

1. Expenditure in the year

The spending on capital projects and schemes in 2001/02 is shown in the statement below-

Fixed Assets	£000
Environmental Health and Housing	
- Community Alarms	9
- Social Housing	1,765
Leisure Services	
- Hart Leisure Centre Improvements	1
- Southwood Pitch Surround	21
Planning and Infrastructure	
- Car Parks	23
- Decriminalised Car Parking Equipment	5
Policy and Resources	
- IT systems	13
- IT - Anite	262
- Election System	29
- Vehicles & Equipment	26
- Civic Offices - Canteen	6
- Civic Offices - Office Moves	52
- Major Buildings Repairs	24
- Economic Development	7
- Frogmore Daycare Centre	4
Total Fixed Assets	<u>2,247</u>
Deferred Charges	
Environmental Health and Housing	
- Social Housing Schemes (SHG)	2,449
- Adoption of Private Sewers	1
- FTS Dogmersfield	(6)
- Land Drainage - Darsett Ave/Bramshott Dr	14
- Home Improvement Grants	311
Leisure	
- HW Redevelopment Pub	5
- Eversley PC Trim Trail	35
- Play Area - Yateley	10
- Hook PC - Skateboard	6
- Long Sutton Village Hall Extention	2
- Odiham Parish Council	5

Planning & Infrastructure	
- Environmental Improvements	15
Policy & Resources	
- Community Safety & Other	13
- Economic Development	5
- Access for the Disabled	10
- HW Project	73
- Support Services	33
Total Deferred Charges	<u>2,981</u>
GRAND TOTAL OF ALL CAPITAL EXPENDITURE	<u>5,228</u>

2. Financing

The Council finances this expenditure from its capital resources as follows:

	£000
Usable capital receipts	2,449
Application of Provision for Credit Liabilities	2,579
Grants and contributions	200
	<u>5,228</u>

3. Accounting Treatment

In line with CIPFA guidance, capital expenditure on fixed assets has been added to the value of fixed assets where that expenditure represents the acquisition of an asset or the enhancement of the value of assets. When assets have been revalued, giving 31/3/02 values, the change in value indicated by the valuation rather than the expenditure on that asset is added to the asset value.

Expenditure on deferred charges (i.e. payments of a capital nature where no fixed assets are created which provide benefits directly to the authority) is not included in the Balance Sheet as an asset, but is written off to revenue accounts in line with guidance in the Code of Practice.

4. Reconciliation to Balance Sheet

	£000
Additions/enhancements as per balance sheet note 1 on page 17	419
Plus expenditure on fixed assets acquired for housing associations	1,765
Plus deferred charges (see above)	2,981
Other capital expenditure not resulting in enhancement of asset value	63
Total capital expenditure in 2001/02	<u>5,228</u>

AUDITORS REPORT TO HART DISTRICT COUNCIL

We have audited the Statement of Accounts on pages 10 to 27 which has been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 7 to 9.

Respective Responsibilities of Head of Finance and Auditors

As described on page 6, the Head of Finance is responsible for the preparation of the Statement of Accounts. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

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

Basis of opinion

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

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

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

Opinion

In our opinion the Statement of Accounts presents fairly the financial position of Hart District Council at 31st March 2002 and its income and expenditure for the year then ended.

Certificate

We have carried out 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. The audit cannot be formally concluded and an audit certificate issued until investigations into the validity of some income and expenditure relating to works on common land arising from objections by local electors have been formally completed. We are satisfied that the amount which is the subject of the objection will not have a material effect on the Statement of Accounts.

Baker Tilly

Spectrum House,
20 - 26, Cursitor Street,
London,
EC4A 1HY

Date: 11/10/02

