



**DUNDEE CITY COUNCIL**

**STATEMENT OF ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2002**

**UNAUDITED**

# DUNDEE CITY COUNCIL

## STATEMENT OF ACCOUNTS 2001/2002

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# FOREWORD BY THE DIRECTOR OF FINANCE

## **Introduction**

This foreword is intended as a comment on the City Council's financial position, as presented within the Statement of Accounts for the financial year 2001/2002.

## **Accounting Policies (see pages 4 to 6)**

The Statement of Accounting Policies sets out the basis upon which the Financial Statements have been prepared, and explains the accounting treatment of both general and specific items.

## **The Accounting Statements (see pages 7 to 42)**

### *Consolidated Revenue Account:*

sets out the budgeted and actual expenditure and income for all of the Council's services. This statement also shows how the expenditure has been financed and identifies the General Fund surplus/deficit for the year and the balance carried forward to the next financial year.

### *Council Tax Income Account:*

details the gross and net income from Council Tax.

### *Non Domestic Rate Income Account:*

details the gross and net income from Non Domestic Rates and the net contribution from/to the National Non Domestic Rates Pool.

### *Housing Revenue Account:*

reflects the statutory requirement to separately account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure and capital financing costs, and how these are met by rents, housing support grant and other income. In 2001/2002 the Housing Revenue Account had an excess of expenditure over income and this deficit was transferred to the Renewal and Repair Fund.

### *Direct Labour and Direct Service Organisations Summary Revenue and Appropriation Accounts:*

summarises the expenditure and income of the Council's trading organisations: Dundee Contract Services and the four Direct Service Organisations. Details of surpluses and financial objectives are also given.

### *Consolidated Balance Sheet:*

is a combination of the General Fund, Housing Revenue Account, Consolidated Loans Fund, Insurance Funds, Dundee Contract Services and the Direct Service Organisations (DSO's) Balance Sheets and represents the overall financial position of the Council at 31 March 2002. All inter-departmental balances have been eliminated upon consolidation.

### *Statement of Total Movement in Reserves:*

brings together all the recognised gains and losses of the authority during the period. The statement separates the movements between revenue and capital reserves.

### *Cash Flow Statement:*

details the inflows and outflows of cash arising from revenue and capital transactions.

### *Group Accounts:*

brings together Dundee City Council and its interests in entities which would be regarded as its subsidiaries or associates or joint ventures if the Council was subject to the Companies Act.

### *Superannuation Funds Accounts:*

sets out the accounting policies, fund account and net assets statement for the two Superannuation Funds which the Council administers.

### *Common Good Fund and Charitable Trust Funds Accounts:*

present a picture of the authority's stewardship of the assets under its control which do not form part of the other financial statements.

### *Notes to the Various Accounts, Balance Sheet and Statements:*

are intended to give the reader further information which is not separately detailed in the financial statements.

## **Statement of Responsibilities (see page 43)**

This statement sets out the main financial responsibilities of the Council and the Director of Finance.

## **Major Changes in Accounting Policy**

The Council continues to adopt the accounting policies recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authorities (Scotland) Accounts Advisory Committee (LA(S)AAC).

There have been no major changes in accounting policy since the 2000/2001 Statement of Accounts was prepared.

## **Virement from Contingency/Fund Balances**

The 2001/2002 Revenue Budget included a general contingency provision of £0.45m to allow for possible shortfalls in pay award provision, possible under achievement of savings and for unforeseen items of expenditure arising during the course of the financial year. An amount of £0.095m was vired from this contingency in 2001/2002 to offset additional expenditure incurred by departments. The budget also included a "New Monies" contingency of £1.432m. This amount was transferred to the Education (£0.115m) and Social Work (£1.317m) departments during 2001/2002, to fund new initiatives.

The "Budgeted Net Expenditure" column in the Consolidated Revenue Account reflects the impact of the transfers from contingencies and, also, the impact of amounts transferred from accumulated balances on the General Fund and Renewal & Repair Fund in order to fund additional expenditure within departments.

## **Revenue Expenditure**

The Consolidated Revenue Account shows that the Net Cost of Services was some £0.7m below the revised budgeted net expenditure of £240.4m. A summary of the main under and overspends on the Consolidated Revenue Account services is detailed overleaf:

# FOREWORD BY THE DIRECTOR OF FINANCE

<b>Main (Under)/Overspends</b>	<b>£m</b>
Economic Development	(1.2)
Social Work	(0.6)
Contingencies & Unforeseen Items	(0.4)
Environmental & Consumer Protection	(0.2)
Miscellaneous Services	(0.2)
Planning & Transportation	(0.1)
Central Support Services	(0.1)
Net Cost of Housing/Council Tax Benefit	(0.1)
Tayside Police Board Requisition	(0.1)
Other Housing	0.1
Leisure & Parks	0.3
Tayside Fire Board Requisition	0.5
Housing Revenue Account	0.5
Education	<u>0.9</u>
Total Underspend	<u>(0.7)</u>

The total net operating surpluses of the Council's Trading Organisations (Dundee Contract Services and DSO's) was £0.8m. This amount was transferred from the DLO/DSO's to the General Fund which contributed towards the funding of other Council services generally. A contribution of £0.31m was received from Tayside Contracts. Income from government grants was in line with the budget estimate.

## Balances

The surplus of income over expenditure for the financial year 2001/2002 was £0.843m. When added to the opening General Fund balance of £2.569m, this gives a balances figure of £3.412m at 31 March 2002. In addition, a further £0.186m is held as balances in respect of schools participating in the Devolved School Management Scheme. Therefore, the total balances at 31 March 2002 are £3.598m.

## Principal Sources of Finance for Revenue Expenditure

The majority of the principal sources of finance, as detailed in the Consolidated Revenue Account, are determined by Central Government and are as follows:

	<b>£m</b>
Revenue Support Grant	127.3
Contributions from National Non-Domestic Pool	<u>43.8</u>
	<u>171.1</u>

The remainder of the principal sources of finance are Council Tax which was set, billed and collected by the City Council and residual Community Charge (Poll Tax) not previously accounted for.

## Capital Expenditure & Borrowing Facilities

Gross capital expenditure in 2001/2002 was £33.7m, of which £15.9m was spent within the Housing Department Programmes. The remaining £17.8m was spent on the Council's other services including Education, Social Work, Planning & Transportation, Leisure & Parks and Economic Development.

The £33.7m of capital expenditure was funded through borrowing (£20.1m), various types of capital receipts (£12.2m) directly from the 2001/2002 Revenue Account (£2.3m) and by a net change in capital accruals (-£0.9m).

Borrowing has the effect of increasing the Council's overall indebtedness and the level of principal repayments and loan

interest charges each year. Capital expenditure met directly from the revenue account increases total net expenditure in that particular year but does not result in an increase in overall indebtedness. The Council uses these methods of funding capital expenditure as part of its long and short term capital financing strategy.

The Council has several sources available to it in terms of borrowing to fund capital expenditure. The most significant of these are the Public Works Loans Board and the European Investment Bank, although the Council can, in addition, borrow from the money markets.

## Direct Labour and Direct Service Organisations Summary Revenue Accounts

A separate and full annual report and accounts is published for the DLO/DSO's in terms of the Local Government Planning and Land Act 1980 and the Local Government Act 1988. Net operating surpluses amounting to £0.8m were generated during the year.

## Control of Capital and Revenue Expenditure

The control of both capital and revenue expenditure of an organisation of the size and complexity of the City Council is an on-going and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Council's financial objectives are achieved and that financial resources are fully utilised. The following Statement of Accounts reflect the fact that this has been satisfactorily carried out in the course of the financial year.

## Housing Stock Transfer

Following a positive vote in a ballot of tenants in the Ardler area, the transfer of Council housing stock to Sanctuary Scotland Housing Association took place on 3 December 2001. A total of 1,465 properties were transferred at nil value as part of a multi-million pound regeneration of the Ardler area.

## Public Private Partnership (PPP)

The Council is in the process of developing a multi-million pound PPP project for the replacement and refurbishment of school facilities within the City. An outline business case for the project was submitted to the Scottish Executive in December 2001 and a decision is currently awaited on the funding bid.

## Acknowledgements

I would like to thank all Elected Members and Officers of the Council for their active support and co-operation in the effective management of the Council's finances during another challenging year. Finally, I would conclude this report by thanking all the Finance Department staff who contributed to the finalisation of the City Council's 2001/2002 Statement of Accounts.

**David K Dorward CPFA**  
**Director of Finance**  
**Dundee City Council**  
**21 June 2002**

# DUNDEE CITY COUNCIL

## STATEMENT OF ACCOUNTING POLICIES

### General

The Financial Statements are intended to "present fairly" the financial position and transactions of the Council. They have thus been prepared in accordance with:-

- the "Code of Practice on Local Authority Accounting in the United Kingdom 2000 - A Statement of Recommended Practice" (the SORP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S)AAC),
- SORP Update Bulletins Nos 1 and 2
- the Best Value Accounting Code of Practice 2001

The Financial Statements have also been prepared in accordance with the over-riding accounting concepts of matching, consistency, prudence, going concern, materiality and substance over form.

### Provisions

Provisions are made for the following:-

- bad debts on Non-Domestic Rates, Community Charge, Council Tax, Statutory Additions and on other items of income, where appropriate. In all cases the level of provision is based on experience and an assessment of the prospects of recovering the related debts.
- potential abatements of Non-Domestic Rate income due to vacant properties and valuation appeals and potential reductions in Council Tax income due to exemptions and discounts.
- self-insured/uninsured losses chargeable against the three Insurance Funds operated by the Council.
- potential future losses on on-going contracts undertaken by Dundee Contract Services.

### Reserves

The Council maintains a number of reserve funds for purposes outwith those classified as provisions. Full details are given in the Statement of Total Movements in Reserves on pages 27 and 28.

### Fixed Assets - Basis of Valuation

Council houses are included in the balance sheet at market value, based on the value of right-to-buy sales after applying the average discount factor. This value is then multiplied by the gross annual value of the remaining stock. Revaluation is carried out on an annual basis.

Other operational properties owned by the Council have been included in the balance sheet at market value in existing use or, in the case of specialised assets for which there is no market value, at depreciated replacement cost. Non operational properties are included at open market value. All property related assets were revalued as at 1 April 1999 (the quinquennial revaluation). In addition, all property related assets held on the Planning & Transportation account were revalued as at 1 April 2001, as part of a new rolling revaluation programme.

Vehicles, plant and equipment are included in the Consolidated Balance Sheet at the lower of net current replacement cost (using historical cost as a proxy for replacement cost) or net realisable value. Infrastructure assets are included at depreciated historical cost.

Community assets are included at historical cost, where relevant.

Any assets which have suffered impairment in the year are included at the impaired value.

### Fixed Assets - Capital Charge to Revenue Accounts

The capital charges made to Service Revenue Accounts, Central Support Services and the DLO/DSO Accounts, equate to the sum of depreciation (where applicable) and impairment plus a notional interest charge based on the revised net amount at which the fixed asset is included in the Balance Sheet at 1 April 2001. The notional rate of interest used is 6% for those fixed assets included in the Balance Sheet at current value and for infrastructure assets and community assets which are included in the Consolidated Balance Sheet at historical cost. No depreciation is charged in the year of acquisition but a full year's charge is made in the year of disposal.

### Deferred Charges

Deferred charges represent capitalised expenditure which does not result in, or remain matched with, tangible fixed assets. Deferred charges are amortised to the revenue account over a period reflecting the continuing benefit which the Council receives as a result of the expenditure. Expenditure which is considered to represent no continuing benefit to the Council is charged to the revenue account in the year it is incurred.

### Capital Receipts

Income from the sale of assets is accounted for on an accruals basis and is credited initially to the Usable Capital Receipts Reserve. Thereafter, the proportion reserved for the repayment of loans is credited to the Capital Financing Reserve.

In the Consolidated Loans Fund, capital receipts are applied first to repay any outstanding debt on the asset sold. Any remaining sum is then applied to reduce the level of advances from the Consolidated Loans Fund and consequently reduces the Council's overall outstanding debt.

### Government and EC Grants

Grants are accounted for on an accruals basis and income has been credited to either the appropriate revenue account or to the Government Grants/Capital Contributions Deferred account.

### Basis of Funding and Charging for Capital

The Council's borrowing is managed through its Consolidated Loans Fund (CLF) which makes advances to individual service capital accounts to finance capital expenditure. Repayments to the Loans Fund are made on an annuity basis. The total interest paid by the CLF, including Interest on Revenue Balances (IORB) is charged to the corporate Asset Management Revenue Account.

### Repurchase of Borrowing

Gains or losses arising on the repurchase or early settlement of borrowing, where coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect, are recognised in the Consolidated Revenue Account over the life of the replacement borrowing.

# DUNDEE CITY COUNCIL

## STATEMENT OF ACCOUNTING POLICIES

### Leases

Assets acquired under finance leases are capitalised and included in the Consolidated Balance Sheet, initially on the basis of the outstanding obligation to make future principal payments. Thereafter, the assets are subject to depreciation revaluation and impairment review, in accordance with the relevant accounting policies. Both operating and finance leasing costs are charged to revenue over the period of the lease.

### Covenant Schemes

Assets which have been financed through Covenant schemes are included in the Consolidated Balance Sheet at a value arrived at in accordance with the accounting treatment for fixed assets. An amount is included in the Long Term Liabilities section as a Deferred Liability. The Deferred Liability represents the total indebtedness to the Development Company under Covenant schemes at 31 March 2002.

### Revenue and Capital Transactions

Revenue and Capital transactions are recorded in the accounts on an income and expenditure basis, i.e. recognised as they are earned or incurred, not as money is received or paid. All specific and material sums payable to and due by the Council as at 31 March 2002 have been brought into account.

### Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value, where net realisable value is average cost or, for smaller departmental stocks, estimated original cost. Work in progress represents the value of work unbilled including attributable profit less any foreseeable losses.

### Statutory Addition

Where a debt becomes the subject of a summary warrant, a 10% statutory addition is applied to the debt outstanding. The statutory addition is shown as a debtor in the Consolidated Balance Sheet. In terms of applying receipts to these debts, it is the Council's policy to first apply these to the original debt. Only after the original debt has been extinguished will any receipts be applied to the statutory addition.

### Pension Schemes

The Council participates in two different pension schemes, with defined benefits related to pay and service as follows:-

#### *Teachers:*

This is an unfunded scheme administered by the Scottish Public Pensions Agency. The pension cost charged to the accounts is the contribution rate set by the Scottish Executive on the basis of a notional fund.

#### *Other Employees:*

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. In 2001/2002 the employer's contribution was equivalent to 210% of employees' contributions. This rate is based upon an

independent actuarial valuation of the Tayside Superannuation Fund's assets and liabilities, carried out on 31 March 1999.

The cost of inflationary increases in pension payments (Pension Increase Act payments) are met by the Superannuation Fund, except in respect of the enhanced elements of pension (due to redundancy or early retirement) for which the Pension Increase Act payments are met by the appropriate service accounts of the Council.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations. 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. However, in accordance with standard accounting practice for local authorities, the pension costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed by way of a note to the accounts.

### Relationships with Companies: Group Companies

#### Dundee Energy Recycling Limited (DERL)

The Council currently holds 40% of the £100 Ordinary Shares in Dundee Energy Recycling Limited (DERL), which took over a new Waste-to-Energy plant from the construction contractor on 31 March 2000. The Council has invested £5.063 million in the form of an interest free loan to DERL. The Council is now in the third year of a 20-year contract with DERL for the disposal of domestic, commercial and trade refuse. The Council's interest in DERL is considered to constitute a "joint venture" in terms of the Accounting Code of Practice.

#### Dundee Incubator Limited (DIL)

The Council currently holds 20.5% of the £300,000 Ordinary Share Capital of this company. Dundee Incubator Limited (DIL) was set up to provide accommodation and support to client companies. Dundee Incubator Limited is considered as an "associate company" of the Council in terms of the Accounting Code of Practice.

#### Tayside Cable Technologies Limited (TCTL)

The Council currently hold 19.9% of the £104,666 Ordinary Share Capital of this company. Tayside Cable Technologies Ltd (TCTL) is in business to develop and manufacture cabling for industrial and commercial use. As part of a support package the Council has provided a loan of £100,000 and has also acquired loan notes to the value of £129,200. The Council's interest in TCTL is considered to make it an "associate company" in terms of the Accounting Code of Practice.

The Accounting Code of Practice requires local authorities to prepare supplementary Group Accounts to incorporate the results of joint ventures and associates. DERL, DIL and TCTL are consolidated using the 'equity method' in the supplementary Group Accounts.

# DUNDEE CITY COUNCIL

## STATEMENT OF ACCOUNTING POLICIES

### **Relationships with Companies: Non Group Companies**

#### Dundee City Developments Limited

The Council has provided Dundee City Developments Limited with an interest free loan of £500,000. This company was established to continue the process of economic regeneration and to maintain the momentum across a range of economic development initiatives. The company is limited by guarantee and the members' liability is limited to a maximum amount of £1. The Council has two elected members and two officers appointed as Directors to the Board (total number of Directors is 9).

#### Dundee Ice Arena Limited

The Dundee Ice Arena Limited Company was established to operate the Ice Arena facilities in Dundee, which are owned by the Council. There is a lease agreement with the company for the occupation of the Ice Arena. The company is limited by guarantee and the members' liability is limited to a maximum amount of £1. The Council has four elected members and two officers appointed as Directors to the Board (total number of Directors is 14).

#### Dundee Contemporary Arts Limited

The Dundee Contemporary Arts Limited Company was established to operate the Arts Centre in Dundee, which is owned by the Council. There is a lease agreement with the company for the occupation of the Arts Centre. The company is limited by guarantee and the members' liability is limited to a maximum amount of £1. The Council has six elected members and two officers appointed as Directors to the board (total number of Directors is 20).

#### Dundee Cultural Developments Limited

The Dundee Cultural Development Limited Company was established to carry out the promotion and development of a range of cultural and economic initiatives within the City of Dundee. The Council has agreed to provide the company an interest free loan of £25,000. The company is limited by guarantee and the members' liability is limited to £1. The Council has three officers appointed as Directors to the Board (total number of Directors is 8).

#### Dovetail Enterprises Limited

Dovetail Enterprises Limited was established to provide training and employment for persons with disabilities. The Council provides annual grant funding to this organisation. During 2001/2002 the Council has also provided an interest free loan of £400,000 repayable in 2011 and as a result has increased its share of the Standard Security to 33% of the company's liquidated assets. The Council has four elected members appointed as Directors to the Board (total number of Directors is 14).

The above five companies are not consolidated in the Group Accounts due to the Council not being able to participate in their profits (as per their Memorandum and Articles of Association). These companies do not constitute a subsidiary, associate or joint venture, in terms of the Accounting Code of Practice.

### **Investments**

Superannuation Fund investments are shown at market value (mid market price). Common Good, Charitable Trust and Insurance Funds investments are shown in the accounts at cost less any provision required for loss in value. The investments in Dundee Energy Recycling Limited, Dundee City Developments Limited and Dundee Incubator Limited are shown at cost.

### **Central Support Services**

Central Support Service costs are recharged to user departments, with the exception of Corporate and Democratic Core Costs and Unapportionable Central Overheads. The administration costs shown in the Superannuation Funds Revenue Account are calculated in accordance with the provisions of the Local Government Superannuation (Scotland) Regulations 1987 (as amended).

### **Insurance**

Expenditure included in the Statement of Accounts relates mainly to premiums paid, policy excesses and settlement of claims where the Authority has self insured its liability. Provision has also been made for potential future liabilities arising from unsettled claims. The Insurance Funds have been operated in accordance with the "Best Practice Guidance for Local Authority Insurance Funds" issued by LA(S)ACC.

### **Public Private Partnership (PPP)**

In accordance with FRS5 (as amended by Application Note F), the development costs associated with the Council's Schools' PPP project are charged to the revenue account in the year in which they are incurred.

# CONSOLIDATED REVENUE ACCOUNT

2000/2001	2001/2002			
Actual Net Expenditure £000	Actual Gross Expenditure £000	Actual Income £000	Actual Net Expenditure £000	Budgeted Net Expenditure £000
	<b>Council Services</b>			
84,205	103,476	15,069	88,407	87,525
44,528	61,331	14,757	46,574	47,202
15,137	19,880	5,315	14,565	14,707
6,333	18,800	10,957	7,843	9,092
12,061	17,204	4,498	12,706	12,385
12,133	18,032	4,556	13,476	13,667
9,759	13,769	3,678	10,091	10,114
3,857	4,641	677	3,964	4,000
(672)	20,861	21,102	(241)	(155)
4,669	8,783	3,596	5,187	5,375
7,799	4,670	950	3,720	3,629
13,419	14,545	-	14,545	14,598
9,792	10,605	-	10,605	10,134
802	842	-	842	842
3,373	59,805	56,963	2,842	2,935
2,830	3,283	338	2,945	2,935
1,233	1,331	127	1,204	1,101
-	-	-	-	355
<u>231,258</u>	<u>381,858</u>	<u>142,583</u>	<u>239,275</u>	<u>240,441</u>
(18)	<u>43,982</u>	<u>43,503</u>	<u>479</u>	-
<u>231,240</u>	<u>425,840</u>	<u>186,086</u>	<u>239,754</u>	<u>240,441</u>
		<b>Ref</b>		
		<b>Note No</b>		
(1,756)	Net Surplus on Statutory DLOs and DSOs (incl Tayside Contracts)		(1,117)	(1,039)
(352)	Net Surplus on Trading Undertakings (Car Parks)	7	(363)	(779)
(13,527)	Net Income on Asset Management Revenue Account	5	(14,225)	(13,476)
(815)	Interest and Investment Income		(134)	(270)
(400)	Prior Year Adjustments	4	-	-
<u>214,390</u>	<b>Net Operating Expenditure</b>	18	<u>223,915</u>	<u>224,877</u>
	<b>Appropriations</b>			
856	Contribution to/(from) Renewal & Repair Fund		(84)	(102)
(7,382)	Contribution to/(from) Capital Financing Reserve		(5,504)	(5,320)
37	Contribution to/(from) Devolved School Management Balances		(233)	(419)
(1)	Contribution to/(from) Car Park Reserve		139	52
<u>207,900</u>	<b>Amount to be met from Government Grants and Local Taxpayers</b>		<u>218,233</u>	<u>219,088</u>
	<b>Principal Sources of Finance</b>			
47,700	Income from Council Tax		47,835	47,828
123	Income from Community Charge	14	198	-
113,340	Revenue Support Grant		127,280	127,281
<u>47,582</u>	Contribution from National Non-Domestic Rate Pool		<u>43,763</u>	<u>43,842</u>
<u>208,745</u>			<u>219,076</u>	<u>218,951</u>
<u>845</u>	<b>Surplus/(Deficit) for the Financial Year</b>		<u>843</u>	<u>(137)</u>
	<b>Balances</b>			
1,724	Balances at 1 April 2001 (excluding DSM Balances)		2,569	2,569
845	Add Surplus/(Deficit) for the financial year		843	(137)
<u>419</u>	Add Amount Reserved for Schools under Devolved School Management		<u>186</u>	-
<u>2,988</u>	<b>General Fund Balance at 31 March 2002</b>		<u>3,598</u>	<u>2,432</u>



# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 1 ACQUIRED AND DISCONTINUED OPERATIONS

In 2001/2002 there were no acquired or discontinued operations (2000/2001: None).

## 2 EXCEPTIONAL ITEMS

In 2001/2002, the Council received a grassum payment of £1,400,000 from a private company in exchange for the renunciation of a lease of one of the Council's factory units. This income is included in the Net Cost of Services (Economic Development) in the Consolidated Revenue Account. (There were no exceptional items in 2000/2001).

## 3 EXTRAORDINARY ITEMS

In 2001/2002 there were no extraordinary items (2000/2001 None).

## 4 PRIOR YEAR ADJUSTMENTS

In 2001/2002 there were no prior year adjustments (2000/2001 income of £400,000).

## 5 MATERIAL TRANSACTIONS IN THE ASSET MANAGEMENT REVENUE ACCOUNT

### Transactions on the Asset Management Revenue Account

2000/2001		2001/2002	
£000	Income	£000	£000
	Capital Charges		
(33,878)	- General Fund Services		(35,613)
(12,792)	- Housing Revenue Account		(12,292)
(829)	- DLO/DSO's (including Notional Interest on Stock Balances)		(760)
	Transfer from Government Grants/Capital Contributions		
(396)	Deferred Account		(450)
<u>(47,895)</u>			<u>(49,115)</u>
	<b>Expenditure</b>		
15,176	Provision for Depreciation/Impairment	16,386	
18,974	External Interest Charges (including Interest on Revenue Balances)	18,337	
218	Consolidated Loans Fund Expenses	<u>167</u>	
<u>34,368</u>			<u>34,890</u>
<u>(13,527)</u>	Balance to Consolidated Revenue Account		<u>(14,225)</u>

The capital charges shown above have been calculated in accordance with the "minimum charge" as defined in the Accounting Code of Practice ie depreciation (where applicable) and impairment plus a notional capital financing charge.

## 6 FINANCE AND OPERATING LEASES

Finance lease rental payments of £5,000 were made during 2001/2002 (2000/2001 Nil), with an undischarged liability at 31 March 2002 of £17,000 (31.03.2001 Nil).

Operating lease rental payments of £971,000 were made during 2001/2002 (2000/2001 £475,000), with an undischarged liability at 31 March 2002 of £5,562,000 (31.03.2001 £4,260,000). In addition, the Council operates a contract car hire scheme for its employees. In the financial year 2001/2002, total payments of £593,000 were made by the Council to the lessor, offset by contributions of £272,000 (2000/2001 £283,000), from employees. The total undischarged liability at 31 March 2002 was £572,000 (2000/2001 £584,000).

## 7 TRADING OPERATIONS

### Car Parks

The Council owns and operates off-street car parks and on-street parking spaces throughout the City. Car parking income of £2,303,640 was generated in 2001/2002 (2000/2001 £2,096,500). The net surplus from this operation was £363,400 on a capital accounting basis (2000/2001 £352,000). On a cash basis, the net surplus was £805,841 (2000/2001 £524,906). The surplus on on-street parking of £121,666 was transferred to the Car Park Reserve at the year-end. The surplus on off-street parking of £684,175 was transferred to General Fund at the year-end.

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## Airport

Dundee Airport is owned and operated by the Council. Income from landing and service charges and sale of fuel was £598,900 in 2001/2002 (2000/2001 £733,200). The net deficit was £1,595,900 for the year and this is included in the Net Cost of Services (Economic Development) in the Consolidated Revenue Account (2000/2001 £1,418,400).

## Laundrette

The Council owns one laundrette which is rented as a going concern to a private individual. Rental income of £1,350 was received in 2001/2002 (2000/2001 £7,350). This income is reflected in the Net Cost of Services (Economic Development) in the Consolidated Revenue Account.

## 8 PUBLICITY ACCOUNT

Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of expenditure on publicity. During 2001/2002 the Council incurred the expenditure shown below on publicity.

2000/2001 £000		2001/2002 £000
243	Employment Advertising	265
81	General Advertising	103
26	Special Promotional Events	15
<u>90</u>	Others	<u>68</u>
<u>440</u>		<u>451</u>

## 9 AGENCY ARRANGEMENTS

Within certain of the Council's services work is undertaken on the Council's behalf by other bodies who are reimbursed by the Council.

The main items of agency expenditure were payments to other Local Authorities, voluntary bodies and private agencies for the provision of the following services:

### AGENCY EXPENDITURE

2000/2001 £000		2001/2002 £000	
		£000	£000
	<b>Education</b>		
448	Fees to residential schools for special education for Dundee children	661	
<u>222</u>	Provision of Speech Therapy Services by Tayside Health Board	<u>230</u>	
670			891
	<b>Social Work:</b>		
4,945	Services for children	5,285	
6,251	Residential and other social work related care for older people	6,862	
5,244	Residential and other social work related care for adults	6,273	
257	Service strategy and regulation services	163	
<u>246</u>	The criminal justice service	<u>256</u>	
16,943			18,839
	<b>Planning and Transportation:</b>		
17	For inter-authority bus services		18
	<b>Environmental and Consumer Protection:</b>		
8	Health and Safety checks on farms and abattoirs		-
	<b>Neighbourhood Resources and Development:</b>		
155	Provision of community education services	164	
32	Provision of community education services to young people	32	
	To support and promote action/information about women's and families health needs	<u>8</u>	
<u>15</u>			204
202			
	<b>Miscellaneous Services:</b>		
<u>9</u>	Employment Disability Unit - Employee Service		<u>7</u>
<u>17,849</u>	<b>Total Agency Expenditure</b>		<u>19,959</u>

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 10 LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

The Council is empowered by this Act to provide goods and services to other public bodies. Detailed below is the income arising from work that has been carried out under the Local Authority (Goods and Services) Act 1970 during the financial year 2001/2002.

2000/2001		2001/2002	
£000		£000	£000
	<b>Education:</b>		
693	From local authorities for providing special education to children resident outside Dundee	682	
23	From Angus and Perth and Kinross to assist in testing information	15	
24	From other local authorities to finance the post of a Joint Purchasing Officer	21	
4	From Angus and Perth and Kinross to finance the post of Instrument Repair Technician	5	
<u>12</u>	Providing payroll services to Dundee College	<u>12</u>	
756			735
	<b>Social Work</b>		
140	From Angus and Perth and Kinross for Out of Hours Services	140	
355	From Angus and Perth and Kinross for Day Care Services	355	
56	From other local authorities for provision of Respite Care	83	
90	From other local authorities for provision of Offender Services	94	
<u>29</u>	From other local authorities for provision of Supported Accommodation	<u>29</u>	
670			701
	<b>Planning and Transportation:</b>		
125	In respect of design and supervision works carried out on behalf of the Tay Premium Unit		-
	<b>Environmental and Consumer Protection:</b>		
439	From other local authorities for Public Analyst work carried out	475	
<u>21</u>	From other local authorities for Vehicle Testing Survey	<u>47</u>	
460			522
	<b>Central Support Services - Chief Executive:</b>		
119	In respect of information technology, personnel and media work carried out for other public bodies		118
	<b>Central Support Services - Support Services:</b>		
359	In respect of property services work carried out for other public bodies	123	
<u>40</u>	In respect of Legal & Committee services work carried out on behalf of Joint Boards	<u>37</u>	
399			160
	<b>Central Support Services - Finance:</b>		
215	In respect of ledger, payroll and other financial services work carried out for other public bodies	223	
<u>361</u>	In respect of billing and collection of domestic water charges for NoSWA	<u>330</u>	
576			553
	<b>Miscellaneous Services:</b>		
26	From Department of Employment in respect of the Employment Disability Unit: Employment Services Rehabilitation Contract	10	
96	Employment Services - New Deal Innovative Schemes	50	
<u>94</u>	Employment Services - SEDI	<u>45</u>	
216			105
	<b>Housing Revenue Account:</b>		
-	Commission received on collection of rent on behalf of Beechwood Housing Co-op		1
	<b>Parks DSO:</b>		
<u>25</u>	In respect of ground maintenance work carried out on behalf of Local Authority Joint Boards		<u>31</u>
<u>3,346</u>	<b>Total Income</b>		<u>2,926</u>

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 11 PENSION COSTS

### *Teachers*

The employer's contribution rate for 2001/2002 in respect of teachers' pensions was 6.9% (2000/2001 6.9%). In 2001/2002 the Council paid £5.2m (2000/2001 £5.2m) to the Scottish Public Pensions Agency in respect of teachers' pension costs which represents 12.9% of teachers' pensionable pay including 6% employee contribution (2000/2001 12.9%). In addition the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2001/2002 these amounted to £0.02m representing 0.06% of pensionable pay (2000/2001 £0.02m, 0.05%).

### *Other Employees*

In 2001/2002 the Council paid an employer's contribution of £10.2m (2000/2001 £8.3m) into the Tayside Superannuation Fund, representing 12.2% of pensionable pay (2000/2001 10.5%). The contribution rate was determined by the Fund's Actuary based on the triennial actuarial valuation at 31 March 1999 with the resultant revised contribution rates effective from 1 April 2000. This incorporated stepped increases over the three years to 2002/2003. Under Superannuation Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

In addition the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 2001/2002 these amounted to £1.3m representing 1.6% of pensionable pay (2000/2001 £1.3m, 1.6%).

The capital cost of any discretionary increases in pension payments (eg discretionary added years) agreed by the Council whether funded by the pension scheme or by the Council is as follows:

- a awarded in 2001/2002 - £0.592m (2000/2001 £0.698m)
- b awarded prior to 2001/2002 for which payments are still being made - £21.853m (2000/2001 £21.078m)

## 12 SSAP24 REQUIREMENTS

### *Other Employees*

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 SSAP 24, 'Accounting for pension costs' are £10.2m, representing 12.2% of pensionable pay (2000/2001 £8.3m, 10.5%).

## 13 SECTION 83 EXPENDITURE

Section 83 of the Local Government (Scotland) Act 1973 (amended by the Local Government (Scotland) Act 1994) provides a local authority with power to incur expenditure which, in their opinion, is in the interests of and will bring direct benefit to their area, or any part of it or all or some of their inhabitants and for which they have no other specific legal power. The expenditure under this section in any financial year shall not exceed the amount produced by multiplying £3.80 by the relevant population of the authority's area. In 2001/2002 the limit on spending is approximately £0.54m. During 2001/2002 the Council did not incur any expenditure under Section 83 of the Act (2000/2001: Nil).

## 14 COMMUNITY CHARGE INCOME

2000/2001 Actual £000		2001/2002 Actual £000
(15)	Adjustments for Previous Year: Gross Charge	(9)
(15)	Net Charge	(9)
<u>138</u>	Released from Provision for Bad Debts	<u>207</u>
<u>123</u>	Total Community Charge Income	<u>198</u>

Note: Community Charge Income relates to movements in the net levy at 1 April 1993 when Community Charge was replaced by the Council Tax and movements in the provision for bad debts.

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 15 OFFICERS EMOLUMENTS

The following table shows the number of employees whose whole taxable remuneration fell within the specified bandings:

Number of Employees 2000/2001	Salary Banding	Number of Employees 2001/2002
45	£40,000 - £49,999	33
9	£50,000 - £59,999	24
8	£60,000 - £69,999	6
-	£70,000 - £79,999	1
1	£80,000 - £89,999	-
-	£90,000 - £99,999	1

## 16 MEMBERS ALLOWANCES

The total amount of members' allowances paid, under the Local Authorities Etc (Allowances) (Scotland) Regulations 1995, for the year to 31 March 2002, was £371,678 (2000/2001 £374,945)

## 17 RELATED PARTIES

During the year the Council entered into a number of transactions with the following companies:

2000/2001		Revenue	2001/2002	
Charges To £000	Charges From £000		Charges To £000	Charges From £000
2,451	2,312	Dundee Energy Recycling Limited	1,492	2,724
1	Nil	Dundee Incubator Limited	Nil	Nil
98	Nil	Dundee City Developments Limited	28	Nil
24	Nil	Dundee Ice Arena Limited	28	Nil
23	307	Dundee Contemporary Arts Limited	50	307
Nil	Nil	Dundee Cultural Developments Limited	Nil	Nil
Nil	667	Dovetail Enterprises (1993) Limited	Nil	682
Nil	Nil	Tayside Cable Technologies Limited	4	Nil

In 2001/2002, there were no other material transactions with any other related parties which are not already disclosed elsewhere in the Statement of Accounts.

## 18 REVISED SERVICE EXPENDITURE ANALYSIS

The CIPFA Best Value Accounting Code of Practice 2001 (BVACoP) sets out a revised service expenditure analysis that should be followed in the preparation of the Consolidated Revenue Account. Where, however, a Council's internal management structure differs from the revised service expenditure analysis, it is permissible to disclose this information by way of a note to the accounts. Accordingly, the Consolidated Revenue Account reflects the City Council's management/department structure and the actual "Net Operating Expenditure" of £223.915m has been re-classified in line with the BVACoP as follows:

	2001/2002 Actual Net Expenditure £000
Central Services	19,917
Cultural & Related Services	20,433
Education Services	93,930
Environmental Services	13,868
Housing Services	6,744
Planning & Development Services	8,258
Roads & Transport Services	12,491
Social Work Services	46,680
Trading Services	<u>1,594</u>
<b>Total Net Operating Expenditure</b>	<b><u>223,915</u></b>

# COUNCIL TAX INCOME ACCOUNT

2000/2001 £000		2001/2002 £000	£000
61,336	Gross Charge		61,221
3,789	Deduct - Exemptions	5,079	
48	- Disabled Relief	58	
<u>7,250</u>	- Discounts	<u>7,189</u>	
<u>11,087</u>			<u>12,326</u>
50,249	Net Council Tax		48,895
12,252	Deduct - Rebates	12,028	
<u>(12,252)</u>	- Less: Transferred to Consolidated Revenue Account	<u>(12,028)</u>	
-			-
18	- Transitional Relief		-
11	- MOD Properties		12
(10)	- Contribution Received		(10)
<u>2,530</u>	Provision for Bad Debts/Exemptions/Discounts		<u>1,058</u>
<u>47,700</u>	<b>Total Council Tax Income</b>		<u>47,835</u>

## NOTES TO THE COUNCIL TAX INCOME ACCOUNT

### 1 COUNCIL TAX INCOME

The Council Tax is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of that property's occupants.

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax Charge levied for each property is calculated in proportion to the Council Tax Charge for a Band D property by applying fractions. A discount of 25% on the Council Tax charge is made where there are fewer than two residents of a property. Discounts of 50% are made for unoccupied property. Persons in detention, Students, Mentally Handicapped people etc, are disregarded for Council Tax purposes. Reductions in Council Tax payable are also granted for disabled people.

The valuation bands and the fractions used in calculating the Council Tax payable for each valuation band are set out below. Details of the calculation of the Council Tax base together with information on the 2001/2002 charges levied are shown below at Notes 2 and 3.

<u>Valuation Band</u>	<u>Property Valuation Range</u>	<u>Fraction of Band D</u>
A	Up to £27,000	6/9
B	£ 27,001 - £ 35,000	7/9
C	£ 35,001 - £ 45,000	8/9
D	£ 45,001 - £ 58,000	9/9
E	£ 58,001 - £ 80,000	11/9
F	£ 80,001 - £106,000	13/9
G	£106,001 - £212,000	15/9
H	Over £212,000	18/9

# NOTES TO THE COUNCIL TAX INCOME ACCOUNT

## 2 CALCULATION OF THE COUNCIL TAX BASE 2001/2002

Council Tax Base	A	B	C	D	E	F	G	H	TOTAL
Total Number of Properties	34,074	16,171	6,760	7,047	5,024	1,496	701	47	71,320
<u>Less</u> Exemptions/Deductions	3,212	809	420	240	150	42	14	16	4,903
<u>Less</u> Adjustment for Single Chargepayers	5,620	1,924	663	524	273	67	30	3	9,104
Effective Number of Properties	25,242	13,438	5,677	6,283	4,601	1,387	657	28	57,313
Band D Equivalent Factor (Ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalent Number of Properties	16,828	10,452	5,046	6,283	5,624	2,003	1,095	57	47,388
<u>Add</u> Contribution in lieu in respect of Class 18 dwellings (Band D equivalent)									<u>12</u>
NOMINAL TAX YIELD									47,400
<u>Less</u> Provision for Non-Collection 3.5%									<u>1,659</u>
COUNCIL TAX BASE 2001/2002 (equivalent to a Band D Council Tax of £1,046)									<u>45,741</u>

## 3 COUNCIL TAX PROPERTIES AND CHARGES LEVIED 2001/2002

Council Tax Band	Number of Chargeable Properties	2001/2002 Council Tax Charge per Property (£)	Gross Council Tax Income £000
A	25,242	697.33	17,593
B	13,438	813.56	10,928
C	5,677	929.78	5,276
D	6,283	1,046.00	6,572
E	4,601	1,278.44	5,882
F	1,387	1,510.89	2,096
G	657	1,743.33	1,145
H	28	2,092.00	<u>59</u>
			49,551
<u>Add</u> Contribution in lieu in respect of Class 18 dwellings			<u>12</u>
			49,563
<u>Less</u> Provision for Non-Collection 3.5%			<u>1,735</u>
TOTAL BUDGETED COUNCIL TAX INCOME			<u>47,828</u>

## NON-DOMESTIC RATE INCOME ACCOUNT

2000/2001 £000		2001/2002 £000
63,158	Gross Rate Levied	65,051
948	Transitional Surcharge	896
<u>(6,690)</u>	Transitional Relief	<u>(5,153)</u>
57,416		60,794
	Deduct:	
965	Rate Rebates	986
4,069	Reliefs, Charities, etc	4,356
<u>1,771</u>	Provision for Bad Debts/Abatements	<u>2,679</u>
50,611		52,773
	Adjustments to Previous Years:	
(95)	Interest on Overpaid Rates	(91)
<u>1,118</u>	Bad Debts/Abatements	<u>(1,847)</u>
51,634		50,835
	<b>Allocated as follows:</b>	
51,689	Contribution to National Non-Domestic Rate Pool	50,914
<u>(55)</u>	City Council Non-Domestic Rates	<u>(79)</u>
51,634		50,835
	<b>National Non-Domestic Rate Pool:</b>	
51,689	Contribution to National Non-Domestic Rate Pool	50,915
<u>47,637</u>	Contribution from National Non-Domestic Rate Pool	<u>43,842</u>
<u>4,052</u>	Net Contribution to National Non-Domestic Rate Pool	<u>7,073</u>

## NOTES TO THE NON-DOMESTIC RATE INCOME ACCOUNT

### 1 NON-DOMESTIC RATE INCOME/CONTRIBUTION FROM NON-DOMESTIC RATE POOL

With effect from 1993/94 all Non-Domestic Rate Income collected by local authorities (from non-domestic ratepayers) is paid into a national pool and redistributed to levying authorities. The Non-Domestic Rate Income is redistributed from the national pool in proportion to the resident population of each local authority concerned and therefore bears no direct relationship to the amount collected by those authorities.

A common non-domestic rate poundage (The Uniform Business Rate) is set by the Minister for Finance for Scotland for each financial year. The rate poundage for 2001/2002 was 47p for properties with a rateable value of £10,000 and over and 45p for properties with a rateable value of less than £10,000.

### 2 RATEABLE SUBJECTS AND VALUES

#### Non-Domestic Rateable Subjects at 1 April 2001

Commercial	2,913
Industrial	713
Public Utilities	7
Miscellaneous	<u>2,073</u>
	<u>5,706</u>

#### Non-Domestic Rateable Values at 1 April 2001

£000	
Commercial	62,352
Industrial	23,341
Public Utilities	4,399
Miscellaneous	<u>58,117</u>
	<u>148,209</u>



# HOUSING REVENUE ACCOUNT

This statement details the transactions arising from the Council's statutory requirements in relation to the provision, improvement and management of housing stock.

<b>2000/2001</b>		<b>2001/2002</b>	
<b>Actual</b>		<b>Actual</b>	<b>Budget</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>
	<b><u>INCOME</u></b>		
41,548	Gross Rent Income - Dwellings	40,122	41,802
912	- Non-Dwellings	816	931
233	Interest on Revenue Balances	199	250
129	Housing Support Grant	129	100
<u>2,297</u>	Other Income	<u>2,237</u>	<u>2,465</u>
<u>45,119</u>		<u>43,503</u>	<u>45,548</u>
	<b><u>EXPENDITURE</u></b>		
18,060	Repairs and Maintenance	18,677	17,749
8,642	Supervision and Management	8,747	9,324
15,141	Capital Financing Costs	13,703	15,190
<u>3,258</u>	Bad Debts and Voids	<u>2,855</u>	<u>3,285</u>
<u>45,101</u>		<u>43,982</u>	<u>45,548</u>
	Excess of Expenditure Over Income Transferred		
(18)	To Renewal and Repair Fund	<u>479</u>	<u>—</u>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1 GROSS RENT INCOME

This is the total rent income for the year. Average annual rents charged were £40.75 per week in 2001/2002 (2000/2001 £39.03).

### 2 HOUSING STOCK

The Council was responsible for managing 17,641 dwellings as at 31 March 2002 (31.03.2001 19,682). The stock was made up as follows:

<b>2001</b>			<b>2002</b>	
<b><u>Number</u></b>	<b>%</b>		<b><u>Number</u></b>	<b>%</b>
4,301	22	Houses	4,151	23
13,809	70	Flats	11,980	68
<u>1,572</u>	<u>8</u>	Maisonettes	<u>1,510</u>	<u>9</u>
<u>19,682</u>	<u>100</u>		<u>17,641</u>	<u>100</u>

The change in housing stock during the year can be summarised as follows:

20,634	Stock at 1 April	19,682
(292)	Less: Sales	(235)
(660)	Less: Demolitions etc	(341)
—	Less: Ardlar Stock Transfer	<u>(1,465)</u>
<u>19,682</u>	Stock at 31 March	<u>17,641</u>

### 3 RENT ARREARS AND BAD DEBTS

The amount of rent arrears written off at 31 March 2002 was £475,855 (31.03.2001 £421,621) which is equivalent to 1.17% (2000/2001 1.01%) of rent collectable from tenants. The provision for doubtful debts was reduced to £755,697 (2000/2001 £763,920).

Rent arrears at 31 March 2002 were 3.52% (31.03.2001 3.50%) of rent collectable and this equated to an average rent arrears per house of £80.78 (2000/2001 £73.94).

### 4 EXCEPTIONAL OR PRIOR YEAR ADJUSTMENTS

There are no exceptional or prior year items.

# DIRECT LABOUR AND DIRECT SERVICE ORGANISATIONS SUMMARY REVENUE AND APPROPRIATION ACCOUNTS

		2001/2002					
2000/2001 Actual £000		Dundee Contract Services DLO £000	Cleansing DSO £000	Leisure and Recreation DSO £000	Parks DSO £000	Cleaning of Buildings DSO £000	Total £000
33,888	Total Income	17,718	6,438	3,529	6,108	197	33,990
<u>32,500</u>	Total Expenditure	<u>17,103</u>	<u>6,292</u>	<u>3,517</u>	<u>6,105</u>	<u>169</u>	<u>33,186</u>
<u>1,388</u>	Surplus	<u>615</u>	<u>146</u>	<u>12</u>	<u>3</u>	<u>28</u>	<u>804</u>
Appropriations:-							
<u>(1,388)</u>	Contribution to General Fund	<u>(615)</u>	<u>(146)</u>	<u>(12)</u>	<u>(3)</u>	<u>(28)</u>	<u>(804)</u>

## NOTES TO THE DIRECT LABOUR AND DIRECT SERVICE ORGANISATIONS SUMMARY REVENUE AND APPROPRIATION ACCOUNTS

### 1 PRESCRIBED FINANCIAL OBJECTIVE

The Council is required to break even in each financial year and for each type of work, after meeting the following charges:

- a a notional capital financing charge of 6% on the value of fixed assets used by the DLO/DSO, including all assets acquired under financing leases,
- b depreciation charges based on the current value of all such assets which are liable to depreciation, and
- c a financing charge of 6% on stock balances held for the DLO/DSO.

The Council's DLO and each of its four DSO's met the prescribed financial objective for 2001/2002.

### 2 CASH POSITION

The surpluses shown for the DLO and DSO's above have been calculated on a "Capital Accounting" basis ie reflecting notional interest and depreciation charges for the use of assets but excluding CFCR and interest on revenue balances. When these entries are reversed to re-state the accounts on a "cash" basis, the total surpluses generated by the DLO and DSO's in 2001/2002 are £1.364m (2000/2001 £1.823m).

### 3 FURTHER FINANCIAL DETAIL

More detailed information is contained in the Annual Reports 2001/2002 for Dundee Contract Services and the DSO's. Copies of these reports can be obtained from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee, DD1 3RF.

# CONSOLIDATED BALANCE SHEET AT 31 MARCH 2002

2001 £000		Ref Note No	£000	2002 £000	£000
	<b>FIXED ASSETS</b>				
	Operational Assets:				
232,557	Council Dwellings	1		215,190	
297,316	Other Land and Buildings	1		296,070	
15,949	Vehicles, Plant and Equipment	1		14,389	
44,018	Infrastructure Assets	1		44,799	
1,605	Community Assets	1		1,606	
<u>69,758</u>	Non-Operational Assets	1		<u>73,794</u>	
661,203					645,848
	<b>DEFERRED CHARGES</b>	3			
5,467	Improvement Grants			6,528	
<u>5,082</u>	Others			<u>5,526</u>	
10,549					12,054
5,960	<b>LONG TERM INVESTMENTS</b>	4			6,163
<u>8,488</u>	<b>LONG TERM DEBTORS</b>	5			<u>8,854</u>
<u>686,200</u>					672,919
	<b>CURRENT ASSETS</b>				
671	Stores and Work in Progress			598	
	Sundry Debtors:				
2,865	Government and EC Grants			13,259	
3,773	Rates due and unpaid		5,243		
<u>(1,129)</u>	less provision for Bad Debts		<u>(1,496)</u>	3,747	
7,205	Community Charge due and unpaid		6,460		
<u>(5,891)</u>	less provision for Bad Debts		<u>(5,581)</u>	879	
16,040	Council Tax due and unpaid		17,436		
<u>(8,455)</u>	less provision for Bad Debts		<u>(9,210)</u>	8,226	
2,495	Statutory Additions due and unpaid		2,809		
<u>(1,557)</u>	less provision for Bad Debts		<u>(1,676)</u>	1,133	
21,942	General Debtors		24,014		
<u>(2,855)</u>	less provision for Bad Debts		<u>(2,469)</u>	21,545	
26	Short Term Investments			-	
5,450	Short Term Lending			-	
16	Girobank Account			4	
<u>79</u>	Advances for Petty Outlays			<u>81</u>	
<u>40,675</u>				<u>49,472</u>	
	<b>LESS CURRENT LIABILITIES</b>				
8,507	Sundry Creditors:				
	Government Grants			4,470	
4,607	Loans Fund Interest etc			4,548	
21,034	General Creditors			20,810	
16,195	Short Term Borrowing	12		30,516	
27,291	Government Grants/Capital Contributions Deferred			30,037	
<u>15,322</u>	Bank Overdraft			<u>16,467</u>	
<u>92,956</u>				<u>106,848</u>	
<u>(52,281)</u>					<u>(57,376)</u>
<u>633,919</u>	Total Assets Less Net Current Liabilities				615,543
253,371	Long Term Borrowing	12		257,452	
2,107	Deferred Liabilities	6/8		1,826	
<u>7,726</u>	Provisions	13		<u>9,184</u>	
<u>263,204</u>					<u>268,462</u>
<u>370,715</u>	Net Assets				<u>347,081</u>
	<b>Financed By</b>				
3,221	Reserves: Renewal and Repair Fund			3,279	
121	Dundee Contracts Reserve			126	
2,010	Insurance Fund			915	
391	Car Park Reserve			531	
252,201	Fixed Asset Restatement Reserve			219,541	
<u>109,783</u>	Capital Financing Reserve			<u>119,091</u>	
367,727					343,483
<u>2,988</u>	Accumulated Surpluses: General Fund	16			<u>3,598</u>
<u>370,715</u>					<u>347,081</u>

David K Dorward, CPFA  
Director of Finance  
Dundee City Council  
21 June 2002



# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 1 SUMMARY OF CAPITAL EXPENDITURE AND DISPOSALS

	Council Dwellings £000	Other Land & Buildings £000	Operational Equipment £000	Infrastructure Assets £000	Community Assets £000	Sub Total Operational Assets £000	Non Operational Assets £000	Grand Total £000
Gross Book Value at 31 March 2001	232,557	301,926	33,747	55,235	1,605	625,070	69,921	694,991
Accumulated Depreciation & Impairment	0	(4,610)	(17,798)	(11,217)	0	(33,625)	(163)	(33,788)
Net Book Value at 31 March 2001	232,557	297,316	15,949	44,018	1,605	591,445	69,758	661,203
Movements in 2001/2002:								
Expenditure	12,581	6,597	1,750	3,456	626	25,010	3,914	28,924
Disposals	(3,222)	(152)	(26)	0	0	(3,400)	(372)	(3,772)
Depreciation & Impairment	0	(2,826)	(3,320)	(2,580)	0	(8,726)	(2,518)	(11,244)
Revaluations/Other Adjustments	(26,726)	(4,865)	36	(95)	(625)	(32,275)	3,012	(29,263)
Net Book Value at 31 March 2002	215,190	296,070	14,389	44,799	1,606	572,054	73,794	645,848
Analysis of Net Book Value at 31 March 2002:								
Gross Book Value	215,190	303,506	35,507	58,596	1,606	614,405	76,475	690,880
Less Accumulated Depreciation & Impairment	0	(7,436)	(21,118)	(13,797)	0	(42,351)	(2,681)	(45,032)
Net Book Value	215,190	296,070	14,389	44,799	1,606	572,054	73,794	645,848

## 2 SOURCES OF FINANCE FOR CAPITAL EXPENDITURE

2000/2001 £000		2001/2002 £000	2001/2002 £000
27,915	Capital expenditure on Fixed Assets	28,924	
1,826	Deferred Charges	3,941	
-	Long-Term Investments	150	
<u>134</u>	Long-Term Debtors	<u>668</u>	
<u>29,875</u>	Capital to be financed for the year		<u>33,683</u>
Financed by:			
14,552	Loan	20,116	
5,801	Capital Receipts (incl Insurance)	6,545	
3,387	Government Grants/Capital Contributions	4,577	
206	Receipts in respect of Deferred Charges	646	
381	Receipts from Long-Term Debtors	349	
4,294	Revenue	2,345	
<u>1,254</u>	Net Change in Capital Accruals	<u>(895)</u>	
<u>29,875</u>	Total Capital Financing for the year		<u>33,683</u>

## 3 MOVEMENT IN DEFERRED CHARGES

2000/2001 £000		2001/2002 £000	2001/2002 £000
34,028	Value as at 1 April 2001		10,549
<u>(18,552)</u>	Transfer to Capital Financing Reserve		-
15,476	Revised Value as at 1 April 2001		10,549
<u>1,826</u>	Add: Additions during 2001/2002		<u>4,517</u>
17,302			15,066
(206)	Less: Receipts during 2001/2002	(646)	
<u>(6,547)</u>	Write-Downs 2001/2002	<u>(2,366)</u>	
<u>(6,753)</u>			<u>(3,012)</u>
<u>10,549</u>	Value as at 31 March 2002		<u>12,054</u>

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 4 LONG TERM INVESTMENTS

	As at 31 March 2001 £000		As at 31 March 2002 £000
	5,063	Dundee Energy Recycling Limited (DERL) (Loan)	5,063
	500	Dundee City Developments Limited (Loan)	500
	62	Dundee Incubator Limited	62
	-	Tayside Cable Technologies Limited	150
	<u>335</u>	Marketable Securities (Insurance Fund)	<u>388</u>
	<u>5,960</u>		<u>6,163</u>

## 5 LONG TERM DEBTORS

	As at 31 March 2001 £000		As at 31 March 2002 £000
	2,049	Mortgages/Repairs Notices	1,863
	6,194	Joint Boards/Joint Committee	6,252
	<u>245</u>	Other Loans	<u>739</u>
	<u>8,488</u>		<u>8,854</u>

## 6 COMMITMENTS UNDER CAPITAL CONTRACTS

The Council has authorised for inclusion in its Capital Estimates some £98.4m of Capital Expenditure to be incurred in 2002/2003 and beyond. Of this expenditure £8.0m is legally committed under contract and a further £90.4m relates to schemes with committee approval to commence in 2002/2003 but for which contracts have not yet been entered into.

In addition to liabilities associated with normal capital expenditure, the Council has two "Covenant" arrangements with a consortium of banks. These Covenants were entered into to allow capital expenditure to be carried out on Council projects with funding provided by the Banks so that the expenditure did not require to count against the Council's Section 94 Capital Consent at the time of being incurred. The amounts required to count against the Council's Section 94 Consent are determined as being the amounts of principal repaid to the lenders in each year and as at 31 March 2002 an undischarged liability of £2.5m existed in respect of these Covenants (being £1.8m deferred liability and £0.7m loans outstanding).

## 7 INFORMATION ON ASSETS HELD

Fixed Assets owned by the Council are summarised as follows:

	Number as at 31 March 2001		Number as at 31 March 2002
		<b>OTHER LAND &amp; BUILDINGS</b>	
	19,700	Council Dwellings	17,600
	700	Land and Buildings	700
	1,700	Infrastructure Assets	1,700
	50	Community Assets	50
	<u>800</u>	Non-Operational Assets	<u>800</u>
	<u>22,950</u>		<u>20,850</u>

In addition to the above, the Council also owns numerous assets in the category of vehicles, plant and equipment.

## 8 ASSETS HELD UNDER FINANCE LEASES

As at 31 March 2002 the gross book value of assets held under finance lease was £17,000 (31.03.2001 Nil). Accumulated depreciation on these assets was nil (31.03.2001 Nil). The undischarged liability relating to the principal element of the lease was £13,000 (31.03.2001 Nil) and this is included as a deferred liability in the Consolidated Balance Sheet.

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 9 VALUATION OF THE COUNCIL'S ASSETS

Council houses are re-valued annually on the basis of right-to-buy sales values pertaining to that year.

The Council's other property related assets were re-valued as at 1 April 1999 (the quinquennial revaluation). The Council has adopted a rolling programme of revaluation and as a result all property related assets held on the Planning & Transportation account were re-valued as at 1 April 2001. The quinquennial revaluation exercise and the rolling programme of revaluation were carried out by a team of staff from the Council's Economic Development Department led by Mr John Rough ARICS and conducted in accordance with The Royal Institution of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book"). Each valuer was either a Fellow or Professional Associate of the Royal Institution of Chartered Surveyors (RICS).

Operational properties of a specialised nature (e.g. schools) were valued on the basis of what it would cost to build a replacement, less allowances made to reflect the age, wear and tear and obsolescence of the existing asset (DRC - Depreciated Replacement Cost). Operational properties of a non-specialised nature (e.g. Council Offices) were valued by reference to the open market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use (EUUV - Existing Use Value). Non-operational properties were valued by reference to their Open Market Value (OMV).

Vehicles, plant and equipment have been included in the balance sheet at the lower of net current replacement cost (using historical cost as a proxy for replacement cost) or net realisable value in existing use. Infrastructure assets are included in the balance sheet at the value of depreciated historical cost. Community assets are included in the balance sheet at historical cost where relevant.

Since 1 April 2000, Dundee City Council has been required to comply with the requirements of Financial Reporting Standard 15 (FRS15) - Tangible Fixed Assets. One of the main requirements of FRS15 is that depreciation should be provided for all assets, which are considered to have a finite useful life, where this can be estimated with reasonable certainty at the time of acquisition/revaluation. Depreciation does not have to be provided for land, non-operational investment properties and assets under construction. The only legitimate grounds for not charging depreciation is that the depreciation charge would be immaterial. Depreciation may be immaterial because of very long useful economic lives (more than 50 years) or high residual values.

The straight-line method of depreciation is used by Dundee City Council and the total depreciation charge for 2001/2002 is £8,894,275. No depreciation is charged in the year of acquisition but a full year's charge is made in the year of disposal.

For each class of fixed asset held by Dundee City Council, there are different useful economic lives. Land and Community Assets have an infinite life. Operational and non-operational buildings (except investment properties) have various useful lives depending on each individual building. The useful economic lives vary from 5 years, 10 years, 20 years and 30 years to greater than 50 years. Operational equipment has a useful life of 10 years with the exception of computer equipment, which has a useful life of 5 years. For infrastructure assets, signage has a useful life of 10 years, traffic lights, footpaths etc have a useful life of 15 years, roads, sea defences etc have useful life of 30 years and bridges have a useful life of 60 years.

Investment properties are not subject to depreciation but are required to be re-valued annually. The increase in balance sheet values in 2001/2002 due to the revaluation of investment properties is £3,577,000.

Dundee City Council is also required to comply with FRS11 - Impairment of Fixed Assets and Goodwill. One of the main requirements of FRS11 is that an impairment review of fixed assets should be carried out if events or changes in circumstances indicate that the carrying amount of the fixed assets may not be recoverable. During 2001/2002, one asset within the Economic Development account (Unit P - Claverhouse Industrial Estate) suffered an impairment loss of £2,350,000, following a fire in April 2001.

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 10 ANALYSIS OF NET ASSETS EMPLOYED

<b>As at</b>		<b>As at</b>
<b>31 March 2001</b>		<b>31 March 2002</b>
<b>£000</b>		<b>£000</b>
231,331	General Fund	226,346
136,367	Housing Revenue Account	117,865
<u>3,017</u>	Dundee Contract Services/DSO's	<u>2,870</u>
<u>370,715</u>	Total	<u>347,081</u>

## 11 INVESTMENTS IN RELATED COMPANIES

### **Dundee Energy Recycling Limited**

Dundee City Council has a sum of £5.063m invested in Dundee Energy Recycling Limited (DERL), a special purpose company established in order to build, own and operate a new Waste-to-Energy Plant at Baldovie, Dundee. This investment is in the form of an interest free loan which is repayable to the Council in 18 years time. The Council owned 40% of the £100 Ordinary Share Capital of DERL at 31 March 2002 (40% at 31 March 2001). The Company also has £150,000 Preference Share Capital as at 31 March 2002. Dundee City Council currently has two officers as Directors on the Board of DERL (the total number of Directors is six). The completed plant was taken over from the construction contractor on 31 March 2000. On the same date, a 20 year contract commenced between the Council and DERL for the disposal of domestic refuse.

The following information has been extracted from DERL's statutory accounts:

<u>31.12.2000</u>		<u>31.12.2001</u>
<u>(Audited)</u>		<u>(Unaudited)</u>
<u>£000</u>		<u>£000</u>
(2,541)	Profit/(Loss) Before Taxation	(5,178)
(2,541)	Profit/(Loss) After Taxation	(5,178)
-	Dividends Paid	-
(2,241)	Net Assets (Represented by Share Capital and Reserves)	(7,419)

Copies of DERL's statutory audited accounts can be obtained from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee, DD1 3RF.

### **Dundee Incubator Limited**

Dundee Incubator Limited was established in 1997, as a private limited company with share capital, to provide accommodation and support to client companies. The Council owned 20.5% of its £300,000 Ordinary Share Capital at 31 March 2002 (20.5% at 31 March 2001). The Board of the Company consists of six Directors and Dundee City Council currently has one officer on the Board. The investment of £61,500 is valued at cost in the Consolidated Balance Sheet.

The following information has been extracted from Dundee Incubator Limited's statutory accounts:

<u>31.3.2001</u>		<u>31.3.2002</u>
<u>(Audited)</u>		<u>(Unaudited)</u>
<u>£000</u>		<u>£000</u>
(76)	Profit/(Loss) Before Taxation	(61)
(76)	Profit/(Loss) After Taxation	(61)
-	Dividends Paid	-
135	Net Assets (Represented by Share Capital and Reserves)	74

Copies of Dundee Incubator Limited's statutory accounts can be obtained from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee, DD1 3RF.



# NOTES TO THE CONSOLIDATED BALANCE SHEET

## Tayside Cable Technologies Limited

Tayside Cable Technologies was established in 2001 as a private limited company with share capital in order to continue operation in Dundee developing and manufacturing data cabling for industrial and commercial use. The Council owned 19.9% of its £104,666 Ordinary Share Capital as at 31 March 2002 (Nil at 31 March 2001). Dundee City Council has also invested £129,200 in unsecured loan notes of the company and has provided an additional loan of £100,000. Dundee City Council does not currently have any member or officer appointed to the board.

The following information has been extracted from Tayside Cable Technologies Limited management accounts:

<u>30.09.2001</u>		<u>31.03.2002</u>
<u>(N/A)</u>		<u>(6 Months</u>
<u>£000</u>		<u>Unaudited)</u>
<u>£000</u>		<u>£000</u>
-	Profit/(Loss) Before Taxation	(103)
-	Profit/(Loss) After Taxation	(103)
-	Dividends Paid	-
-	Net Assets (Represented by Share Capital and Reserves)	2

Accounts for the first full year of operation of Tayside Cable Technologies Limited are not yet available.

## Dundee City Developments Limited

Dundee City Developments Limited was established in 1999 as a company limited by guarantee to continue the process of economic regeneration and to maintain momentum across a range of economic development initiatives in the city. Dundee City Council has provided this company with an interest free loan of £500,000 primarily to provide the company with initial working capital. Dundee City Council has two members and two officers on the Board of Dundee City Developments Limited (there can be up to six other Board members). The interest free loan is currently shown as a long-term investment in the Council's Consolidated Balance Sheet.

The following information has been extracted from Dundee City Developments Limited's statutory accounts:

<u>30.04.2000</u>		<u>30.04.2001</u>
<u>9 Months</u>		<u>(Audited)</u>
<u>Restated</u>		<u>(Audited)</u>
<u>(Audited)</u>		<u>£000</u>
<u>£000</u>		<u>£000</u>
(24)	Profit/(Loss) Before Taxation	18
(24)	Profit/(Loss) After Taxation	17
-	Dividends Paid	-
(24)	Net Assets (Represented by Share Capital and Reserves)	(7)

Copies of Dundee City Developments Limited's statutory accounts can be obtained from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee, DD1 3RF.

## 12 ANALYSIS OF BORROWING

### Long Term Borrowing

<b>Debt Outstanding at 31 March 2001 £000</b>	<b>Analysis of Loans by Source</b>	<b>Debt Outstanding at 31 March 2002 £000</b>	<b>Range of Interest Rates %</b>
233,831	<b>Long Term:</b> Public Works Loan Board	238,274	2.5 to 14.0
8,865	European Investment Bank	8,478	3.85 to 9.75
10,000	Market - Long Term	10,000	4.8125 to 5.0
<u>675</u>	Covenant - Parallel Loan	<u>700</u>	4.5812 to 8.7825
<u>253,371</u>		<u>257,452</u>	
	<b>Analysis of Loans by Maturity:</b>		
944	Between 1 - 2 years	4,017	
7,851	Between 2 - 5 years	4,598	
8,040	Between 5 - 10 years	15,702	
<u>236,536</u>	More than 10 years	<u>233,135</u>	
<u>253,371</u>		<u>257,452</u>	

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## Short Term Borrowing

Debt Outstanding at 31 March 2001 £000	Analysis of Loans by Source	Debt Outstanding at 31 March 2002 £000
708	<b>Long Term Loans Repayable Within One Year:</b>	
<u>412</u>	Public Works Loan Board	2,557
1,120	European Investment Bank	<u>387</u>
		2,944
	<b>Short Term Loans:</b>	
1,163	Temporary Market Loans	14,708
4,736	Temporary Advances from Other Accounts:	
<u>9,176</u>	Common Good Fund & Charitable Trust Funds	4,711
	Superannuation Funds	<u>8,153</u>
<u>13,912</u>		<u>12,864</u>
<u>16,195</u>		<u>30,516</u>

## 13 PROVISIONS OTHER THAN BAD DEBTS

### Council Tax Income

This provision was originally made in respect of potential reductions to the amount of net Council Tax levied by the Council. Such reductions can arise for a variety of reasons, the most common being delays by the Council Tax payer in submitting a request for exemption from or discount on the charge levied.

### Rating Income

This provision has been made in respect of potential abatements to the gross rates levied by the Council. An abatement is a credit against the original charge levied and can arise for a variety of reasons the most common of which are non-domestic properties falling vacant during the year and reductions in valuations due to the settlement of appeals.

### Self-Insured/Uninsured Losses

As part of the Council's Risk Management policy, certain categories of risk are not covered through a conventional insurance policy with an insurance company. In these circumstances the Council has a self-insurance arrangement which makes provision against potentially material risks. The Council has decided not to insure itself either through self-insurance or an insurance company against the theft of contents from Council premises.

The provision disclosed above has been made taking into account all known liabilities likely to be incurred by the Council in respect of self-insured and uninsured losses.

### Dundee Contract Services

A provision was previously made in respect of potential future losses on on-going contracts. There were no foreseeable losses as at 31 March 2002.

<b><u>Provision Movements 2001/2002</u></b>	<b>Balance as at 1 April 2001 £000</b>	<b>Movements in Provisions 2001/2002 £000</b>	<b>Balance as at 31 March 2002 £000</b>
Council Tax Income - Exemptions/Discounts	250	(250)	-
Rating Income - Abatements	1,904	1,500	3,404
Self-Insured/Uninsured Losses - Tayside Regional Council	891	16	907
- Dundee District Council	1,826	65	1,891
- Dundee City Council	2,792	190	2,982
Dundee Contract Services - Potential Future Losses on Contracts	<u>63</u>	<u>(63)</u>	<u>-</u>
	<u>7,726</u>	<u>1,458</u>	<u>9,184</u>

As well as operating its own Insurance Fund, the Council is also responsible for running off the ex-Tayside Regional Council Fund and the balance of the ex-Dundee District Council Fund.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 14 CONTINGENT ASSETS & LIABILITIES

No contingent assets or liabilities existed at 31 March 2002 (31.03.2001 Nil).

### 15 TRUSTS AND ENDOWMENTS

The Council administers the Common Good Account for the former Burgh of Dundee, and acts as Trustees for Charitable Trusts and Endowments.

Educational Endowments are made up of sums bequeathed to the Education Committee for the purpose of promoting education and supplying prizes for educational institutions.

	<b>2001/2002 Common Good £000</b>	<b>2001/2002 Charitable Trusts £000</b>
Balance in fund at 1 April 2001	3,060	6,360
<u>Add:</u> Income during year	140	470
Gain on Sale of Shares	<u>48</u>	-
	3,248	6,830
<u>Less</u> Expenditure during year	162	250
<u>Less</u> Unrealised loss in value of investments	<u>7</u>	-
	3,079	6,580
<u>Add</u> Net Movement in Funds	-	219
<u>Less</u> Millennium Account	<u>59</u>	-
Balance in fund at 31 March 2002	<u>3,020</u>	<u>6,799</u>

The Fund balances are shown at book value and are not included in the Consolidated Balance Sheet.

Separate Common Good Fund and Trust Fund Revenue Accounts and Balance Sheets are included on pages 41 and 42 of the Council's Statement of Accounts.

The balance on the Common Good Fund at 31 March 2001 included £0.057m in respect of the Millennium Fund. The Millennium Fund was established in 1997, its purpose being to provide funding for a year-long programme of activity (during the year 2000) reflecting celebration, participation and sustainability. The transactions relating to the Millennium Fund in 2001/2002 are summarised below.

	<b>2001/2002 Millennium Fund £000</b>
Balance in Fund at 1 April 2001	57
<u>Add</u> Income during year	<u>2</u>
	59
<u>Less</u> Expenditure during year	<u>59</u>
Balance in Fund at 31 March 2002	<u>=</u>

### 16 DSM SCHOOLS

Included in the General Fund Balance of £3.598m is £0.186m (31.03.2001 £0.419m) in respect of schools participating in the Devolved School Management Scheme. These surplus funds are earmarked in 2002/2003 for the individual schools where underspends occurred in previous financial years.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 17 RELATED PARTIES

The following represents material indebtedness to/from the Council at 31 March 2002 with the following Companies:

2000/2001		Revenue	2001/2002	
Charges To £000	Charges From £000		Charges to £000	Charges From £000
618	Nil	Dundee Energy Recycling Limited	55	41
Nil	5	Dundee Incubator Limited	Nil	Nil
40	Nil	Dundee City Developments Limited	53	Nil
37	Nil	Dundee Ice Arena Limited	17	Nil
49	11	Dundee Contemporary Arts Limited	130	56
Nil	Nil	Dundee Cultural Developments Limited	25	1
Nil	Nil	Dovetail Enterprises (1993) Limited	400	Nil
Nil	Nil	Tayside Cable Technologies Limited	104	Nil

### 18 EURO COSTS

European Economic and Monetary Union came into effect on 1 January 1999 when the currencies of the eleven participating countries were irrevocably fixed, leading to the creation of a single currency (the "Euro"). Euro notes and coins came into circulation from 1 January 2002 and previous currency notes and coins were phased out by 28 January 2002. The United Kingdom has yet to make a decision whether to join. Although the Government has stated its agreement in principle to membership of a successful European Monetary Union, the final decision on entry is dependent on the UK meeting five economic tests set by the Government, followed by a referendum.

An estimate of the potential cost to the City Council of conversion to the Euro has yet to be determined.

## STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Fixed Asset Restatement Reserve			Capital Financing Reserve			Total Capital Reserves £000
	General Fund £000	HRA £000	Total £000	General Fund £000	HRA £000	Total £000	
<b>CAPITAL RESERVES</b>							
Balance as at 1 April 2001	198,061	54,140	252,201	28,881	80,902	109,783	361,984
Unrealised Gains/(Losses) on Revaluation of Fixed Assets	(2,590)	(26,298)	(28,888)	-	-	-	(28,888)
Disposal of Fixed Assets (Net Book Value)	(550)	(3,222)	(3,772)	-	-	-	(3,772)
Capital Receipts (Disposal Proceeds)	-	-	-	2,047	3,206	5,253	5,253
Other Capital Receipts	-	-	-	1,292	1,380	2,672	2,672
Financing of Fixed Assets (CFCR)	-	-	-	634	1,711	2,345	2,345
Excess of Principal Repayments over Depreciation etc	-	-	-	(6,104)	5,142	(962)	(962)
Balance as at 31 March 2002	<u>194,921</u>	<u>24,620</u>	<u>219,541</u>	<u>26,750</u>	<u>92,341</u>	<u>119,091</u>	<u>338,632</u>

	Renewal & Repair Fund £000	Car Park Reserve £000	Dundee Contract Services Reserve £000	Insurance Fund Reserve £000	General Fund £000	Total Revenue Reserves £000
	<b>REVENUE RESERVES</b>					
Balance as at 1 April 2001	3,221	391	121	2,010	2,988	8,731
Net Surplus/(Deficit) for Year	142	140	5	(1,095)	610	(198)
Transfer From General Fund	395	-	-	-	-	395
Transfer to Housing Revenue Account	(479)	-	-	-	-	(479)
Balance as at 31 March 2002	<u>3,279</u>	<u>531</u>	<u>126</u>	<u>915</u>	<u>3,598</u>	<u>8,449</u>

# STATEMENT OF TOTAL MOVEMENT IN RESERVES

## EXPLANATION OF RESERVES

### **Fixed Asset Restatement Reserve**

This reserve reflects the difference between the book value of assets prior to the implementation of the new system for capital accounting (introduced 1 April 1994) and the revalued amount. Subsequent adjustments to valuations (including the quinquennial revaluation effective 1 April 1999) and expenditure not increasing the value of an asset are recorded here. This reserve is not available to fund future expenditure.

### **Capital Financing Reserve**

Appropriations between this reserve and the General Fund are required for CFCR and for the difference between loan repayments and the amount of depreciation etc provided in the accounts. Capital receipts from asset sales and insurance receipts are credited to this reserve. This reserve is not available to fund future expenditure.

### **Renewal and Repair Fund**

The monies held within this Fund are available for the purposes of repairing and renewing any buildings, plant or equipment belonging to the Council.

### **Car Park Reserve**

This fund is available to provide for new and/or upgraded Car Parking facilities throughout the City when required.

### **Dundee Contract Services Reserve**

This reserve was inherited from the former Dundee District Council and is available to fund Dundee Contract Services.

### **Insurance Fund Reserve**

This represents the disaggregated share of the ex-Dundee District Council Insurance Fund not specifically earmarked as provisions for self-insured and uninsured losses.

### **General Fund**

This represents the accumulated balances available to the Council which are not earmarked for specific purposes (apart from those balances held for DSM Schools).

# CASH FLOW STATEMENT

2000/2001 £000		2001/2002 £000	£000
	<b>REVENUE ACTIVITIES</b>		
	<i>Cash Outflows:</i>		
158,132	Cash Paid To and On Behalf of Employees	169,753	
172,932	Other Operating Cash Payments	182,276	
58,850	Housing/Council Tax Benefits Paid Out	59,805	
<u>44,732</u>	Non-Domestic Rate Payments to National Pool	<u>57,872</u>	
434,646			469,706
	<i>Cash Inflows:</i>		
(46,813)	Rents	(45,441)	
(46,728)	Council Tax Income	(46,944)	
(623)	Community Charge Income	(438)	
(47,582)	Non-Domestic Rate Receipts from National Pool	(40,177)	
(50,350)	Non-Domestic Rate Receipts	(51,312)	
(113,340)	Revenue Support Grant	(127,884)	
(55,477)	DSS Grant (Benefits Subsidy)	(56,963)	
(23,049)	Other Government Grants	(14,693)	
(22,807)	Cash Received for Goods & Services	(25,644)	
<u>(70,670)</u>	Other Operating Cash Receipts	<u>(75,872)</u>	
<u>(477,439)</u>			<u>(485,368)</u>
(42,793)	<i>Net Cash (Inflow) From Revenue Activities</i>		(15,662)
	<b>DIVIDENDS FROM JOINT VENTURES &amp; ASSOCIATES</b>		
	<i>Cash Inflows:</i>		
-	Dividends Received		-
	<b>RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</b>		
	<i>Cash Outflows:</i>		
18,779	Interest Paid	19,090	
	<i>Cash Inflow:</i>		
<u>(1,455)</u>	Interest Received	<u>(837)</u>	
17,324			18,253
	<b>CAPITAL ACTIVITIES</b>		
	<i>Cash Outflows:</i>		
22,763	Purchase of Fixed Assets (Non Revenue)	26,547	
4,158	Purchase of Fixed Assets (From Revenue)	2,704	
23	Purchase of Long Term Investments (From Revenue)	53	
1,824	Creation of new Deferred Charges and Long-Term Debtors (Non Revenue)	4,580	
<u>136</u>	Creation of new Deferred Charges and Long-Term Debtors (From Revenue)	<u>50</u>	
28,904			33,934
	<i>Cash Inflows:</i>		
(5,761)	Sale of Fixed Assets and Insurance Receipts	(6,565)	
(3,584)	Capital Grants/Contributions etc Received	(4,108)	
<u>(752)</u>	Receipts in respect of Deferred Charges and Long-Term Debtors	<u>(995)</u>	
<u>(10,097)</u>			<u>(11,668)</u>
18,807			22,266
	<b>ACQUISITIONS &amp; DISPOSALS</b>		
	<i>Cash Outflows:</i>		
-	Investments in Associates or Joint Ventures	150	
	<i>Cash Inflows:</i>		
-	Sale of Investments in Associates or Joint Ventures	-	150
	<b>MANAGEMENT OF LIQUID RESOURCES</b>		
	Net Increase/Decrease in Short-Term Deposits	-	
5,450	Net Increase/Decrease in Other Liquid Resources	(5,450)	
<u>5,450</u>			<u>(5,450)</u>
(1,212)	<i>Net Cash Outflow Before Financing</i>		19,557
	<b>FINANCING</b>		
	<i>Cash Outflows:</i>		
145,506	Repayments of Amounts Borrowed		96,951
	<i>Cash Inflows:</i>		
(20,500)	New Long-Term Loans Raised	(7,616)	
<u>(121,148)</u>	New Short Term Loans Raised	<u>(107,737)</u>	
<u>(141,648)</u>			<u>(115,353)</u>
<u>3,858</u>			<u>(18,402)</u>
<u>2,646</u>	<i>Net (Increase)/Decrease in Cash</i>		<u>1,155</u>

# NOTES TO THE CASH FLOW STATEMENT

## 1 RECONCILIATION OF CONSOLIDATED REVENUE ACCOUNT SURPLUS TO NET CASHFLOW FROM REVENUE ACTIVITIES

	2000/2001 £000		2001/2002 £000
	845	<b>Surplus/(Deficit) for the year</b>	843
		<u>Non-cash Transactions</u>	
	(736)	Other adjustments	1,458
	<u>(392)</u>	Contributions (from)/to reserves	<u>(1,125)</u>
	<u>(1,128)</u>		333
		<u>Items on an Accruals Basis</u>	
	393	(Increase)/decrease in stores and work in progress	73
	3,523	(Increase)/decrease in debtors	(13,893)
	<u>5,399</u>	Increase/(decrease) in creditors	<u>(3,835)</u>
	<u>9,315</u>		(17,655)
		<u>Items Classified Elsewhere in the Cash Flow Statement</u>	
	19,192	Add loans fund interest charges	18,504
	4,294	Add fixed asset purchases from revenue	2,345
	11,923	Add loans fund principal repayments	12,076
	<u>(1,648)</u>	Less interest on revenue balances	<u>(784)</u>
	<u>33,761</u>		<u>32,141</u>
	<u>42,793</u>	Net Cash Flow from Revenue Activities	<u>15,662</u>

## 2 RECONCILIATION OF THE MOVEMENT IN CASH TO THE MOVEMENT IN NET DEBT

	2000/2001 £000		2001/2002 £000
	(2,646)	Increase/(Decrease) in Cash in the Period	(1,155)
	5,450	Movement in Liquid Resources	(5,450)
	3,858	Reduction/(Increase) in Borrowing	(18,402)
	<u>294</u>	Reduction in Long-Term Liability	<u>294</u>
	6,956	Change in Net Debt	(24,713)
	<u>(288,406)</u>	Opening Net Debt at 1 April	<u>(281,450)</u>
	<u>(281,450)</u>	Closing Net Debt at 31 March	<u>(306,163)</u>

### Analysis of Movement in Net Debt

	1 April 2001 £000	Cash Flows £000	Non Cash Changes £000	31 March 2002 £000
<i>Cash</i>				
Girobank Account	16	(12)	-	4
Advances for Petty Outlays	79	2	-	81
Bank Overdraft	<u>(15,322)</u>	<u>(1,145)</u>	-	<u>(16,467)</u>
	<u>(15,227)</u>	<u>(1,155)</u>	-	<u>(16,382)</u>
Liquid Resources *	<u>5,450</u>	<u>(5,450)</u>	-	-
<i>Borrowing</i>				
Short-Term Advances from Other Accounts	(13,912)	1,048	-	(12,864)
Short-Term Loans	(1,163)	(15,545)	-	(16,708)
Long-Term Loans Repayable within One Year	(1,120)	1,120	(944)	(944)
Long-Term Loans	<u>(253,371)</u>	<u>(5,025)</u>	<u>944</u>	<u>(257,452)</u>
	<u>(269,566)</u>	<u>(18,402)</u>	-	<u>(287,968)</u>
Covenant Deferred Liability	<u>(2,107)</u>	<u>294</u>	-	<u>(1,813)</u>
<b>TOTAL NET DEBT</b>	<u>(281,450)</u>	<u>(24,713)</u>	-	<u>(306,163)</u>

\*Liquid Resources are defined as funds invested externally by the Council which are repayable on demand or have a fixed maturity period of less than 3 months.

## 3 ANALYSIS OF GOVERNMENT GRANTS

	2000/2001 Actual £000		2001/2002 Actual £000
	113,340	Revenue Support Grant	127,884
	6,645	Specific Grants	8,472
	<u>71,881</u>	Other Government Grants (incl DSS Grant)	<u>63,184</u>
	<u>191,866</u>		<u>199,540</u>





# GROUP ACCOUNTS

## INTRODUCTION

The Accounting Code of Practice (ACOP) requires local authorities with (in aggregate) material interests in subsidiary and associated companies and joint ventures to prepare summarised Group Accounts as supplementary information. The local authority group is defined as the local authority and its interests in entities which would be regarded as its subsidiaries or associates or joint ventures if the local authority was subject to the Companies Act. The local authority group does not, however, include other local authorities or similar bodies (as defined in Section 106 of the Local Government Scotland Act 1973). The group financial statements comprise a Group Revenue Account and Group Balance Sheet, together with relevant supporting information.

Dundee City Council's interest in Dundee Energy Recycling Limited is considered to constitute a "joint venture" in terms of the ACOP. A joint venture is defined as "an interest on a long term basis in an entity and that entity is jointly controlled by the local authority and one or more other public or private sector entities under a contractual arrangement". Dundee City Council also has an interest in Dundee Incubator Limited and in Tayside Cable Technologies Limited which are classified as "associated companies". An associate company is defined by the ACOP as "an entity in which another entity has a "participating interest" and over whose operating and financial policies the investor exercises a significant influence". Participating Interest is defined in the ACOP as "an interest held in the shares of another entity on a long term basis for the purpose of securing a contribution". Companies Act legislation provides that an entity holding 20% or more of another entity should be presumed to exercise a significant influence.

## DUNDEE ENERGY RECYCLING LIMITED

Dundee City Council has a sum of £5.063m invested in Dundee Energy Recycling Limited (DERL), a special purpose company established in order to build, own and operate a new Waste-to-Energy Plant at Baldovie, Dundee. This investment is in the form of an interest free loan which is repayable to the Council in 18 years time. The Council owned 40% of the £100 Ordinary Share Capital of DERL at 31 March 2002 (40% at 31 March 2001). The Company also has £150,000 Preference Share Capital as at 31 March 2002. Dundee City Council currently has two officers as Directors on the Board of DERL (the total number of Directors is six). The completed plant was taken over from the construction contractor on 31 March 2000. On the same date, a 20 year contract commenced between the Council and DERL for the disposal of domestic refuse.

DERL's accounting period is to 31 December. For the purposes of disclosure, figures from DERL's management accounts to 31 March 2002 have been used. During the year to 31 March 2002, the trading performance was adversely affected by the lower than expected performance of the plant, particularly due to one of the two boilers experiencing emission control problems and subsequently being shut down from October 2001 to February 2002. The Council's share of the loss reported by DERL for the period to 31 March 2002 was £2,677,000 (40%) and this is included in the Group Revenue Account in 2001/2002.

## DUNDEE INCUBATOR LIMITED

Dundee Incubator Limited (DIL) was established in 1997, as a private limited company with share capital, to provide accommodation and support to client companies. The Council owned 20.5% of its £300,000 Ordinary Share Capital at 31 March 2002 (20.5% at 31 March 2001). The Board of the Company consists of six Directors and Dundee City Council currently has one officer on the Board. The accounting period for Dundee Incubator Limited is to 31 March. During the financial year 2001/2002 DIL has reported losses of £61,000. The Council's share of the loss reported by DIL for the period to 31 March 2002 was £13,000 (20.5%) and this is included in the Group Revenue Account in 2001/2002.

## TAYSIDE CABLE TECHNOLOGIES LIMITED

Tayside Cable Technologies Limited (TCTL) was established in 2001 as a private limited company with share capital in order to continue operation in Dundee developing and manufacturing data cabling for industrial and commercial use. The Council owned 19.9% of its £104,666 Ordinary Share Capital as at 31 March 2002 (Nil at 31 March 2001). Dundee City Council has also invested £129,200 in unsecured loan notes of the company and has provided an additional loan of £100,000. Dundee City Council does not currently have any member or officer appointed to the board. Considering the level of share ownership and other investments, TCTL is included in the Group Accounts as an "associate company". The accounting period for Tayside Cable Technologies Limited is to 30 September. For the purpose of disclosure, figures from TCTL's management accounts to 31 March 2002 have been used. The Council's share of TCTL's reported losses for the first six months was £21,000 (19.9%) and this is included in the Group Revenue Account in 2001/2002.

## BASIS OF CONSOLIDATION

The Group Accounts have been prepared using the "equity" method of consolidation, with appropriate summarisation of the Revenue Account and Balance Sheet. This method of consolidation involves the following:

- The bringing into the Group Revenue Account of the Council's share of the Joint Venture and Associate Company profits and losses.
- The bringing into the Group Balance Sheet of the Council's share of the gross assets and gross liabilities of the Joint Venture and the share of the net assets and liabilities of the Associate Company.

The revenue account shows a group deficit of £1,868,000, a reduction of £2,711,000 from the surplus of £843,000 shown in the Council's Consolidated Revenue Account. The position for DERL, DIL and TCTL is shown as a balance on the Joint Venture and Associate Companies Profit and Loss Account with the General Fund balance for the Council being maintained at £3,598,000.

The impact of consolidation on the Balance Sheet is to decrease the Group's net assets and reserves by £4,050,000 when compared to the Council's Balance Sheet. This reflects the Council's share of the losses carried forward by DERL, DIL and TCTL.

There are no material differences in the accounting policies employed by the Council and by DERL, DIL and TCTL which would necessitate an adjustment upon consolidation.

# GROUP REVENUE ACCOUNT

2000/2001 Actual Net Expenditure £000		2001/2002 Actual Net Expenditure £000
231,240	<b>Net Cost of Services</b>	239,754
(1,756)	Net Surplus on Statutory DLOs and DSOs (incl Tayside Contracts)	(1,117)
(352)	Net Surplus on Trading Undertakings (Car Parks)	(363)
(13,527)	Net Income on Asset Management Revenue Account	(14,225)
(815)	Interest and Investment Income	(134)
(400)	Prior Year Adjustments	-
1,305	Share of Deficit of Joint Venture	2,677
<u>34</u>	Share of Deficit of Associate Companies	<u>34</u>
215,729	<b>Net Operating Expenditure</b>	226,626
<u>(6,490)</u>	<b>Net Contribution to/(from) Council Funds &amp; Reserves</b>	<u>(5,682)</u>
209,239	<b>Amount to be met from Government Grants and Local Taxpayers</b>	220,944
<u>208,745</u>	<b>Income from Government Grants and Local Taxpayers</b>	<u>219,076</u>
<u>(494)</u>	<b>Group Surplus/(Deficit) for the Financial Year</b>	<u>(1,868)</u>
	Per:	
845	Council Surplus/(Deficit) for the Financial Year	843
<u>(1,339)</u>	Joint Venture and Associate Company Deficit for the Financial Year	<u>(2,711)</u>
<u>(494)</u>		<u>(1,868)</u>
	<b>Balances</b>	
1,724	Council Balances at 1 April 2001 (excluding DSM Balances)	2,569
845	<u>Add</u> Council Surplus/(Deficit) for the financial year	843
<u>419</u>	<u>Add</u> Amounts Reserved for Schools under DSM	<u>186</u>
2,988	Council General Fund Balance at 31 March 2002	3,598
<u>(1,339)</u>	<u>Add</u> Joint Venture and Associate Companies Profit & Loss Account	<u>(4,050)</u>
<u>1,649</u>	<b>Group Fund Balance at 31 March 2002</b>	<u>(452)</u>

# GROUP BALANCE SHEET

At 31 March 2001 £000		£000	At 31 March 2002 £000
661,203	Fixed Assets		645,848
10,549	Deferred Charges		12,054
5,960	Long Term Investments		6,163
8,488	Long Term Debtors		8,854
40,675	Current Assets		49,472
<u>(102,956)</u>	Current Liabilities		<u>(106,848)</u>
623,919	<b>Total Assets Less Net Current Liabilities</b>		615,543
(243,371)	Long Term Borrowing		(257,452)
(2,107)	Deferred Liabilities		(1,826)
(7,726)	Provisions		(9,184)
	Investment in Joint Venture:		
16,778	Share of Gross Assets	15,131	
(18,083)	Share of Gross Liabilities	<u>(19,113)</u>	(3,982)
<u>(34)</u>	Net Investment in Associates		<u>(68)</u>
<u>369,376</u>	<b>Net Assets</b>		<u>343,031</u>
	<b>Financed By</b>		
367,727	Council Reserves		343,483
(1,339)	Joint Venture and Associate Companies Profit & Loss Account	(4,050)	
<u>2,988</u>	Council General Fund Balance at 31 March 2002	<u>3,598</u>	<u>(452)</u>
<u>369,376</u>			<u>343,031</u>

**David K Dorward CPFA**  
**Director of Finance**  
**Dundee City Council**  
**21 June 2002**

## TAYSIDE SUPERANNUATION FUND ACCOUNTS FOR YEAR TO 31 MARCH 2002

2000/2001 £000	<u>FUND ACCOUNT</u>	2001/2002 £000	£000
	<b>CONTRIBUTIONS AND BENEFITS</b>		
	Contributions receivable:		
23,158	From employers	27,586	
<u>12,011</u>	From employees	<u>12,899</u>	
35,169			40,485
3,330	Transfers in		4,935
	Benefits payable:		
(28,808)	Pensions	(30,272)	
<u>(4,049)</u>	Lump Sums	<u>(4,478)</u>	
(32,857)			(34,750)
	Payments to and on account of Leavers:		
(216)	Refunds of Contributions	(211)	
<u>(1,655)</u>	Transfers Out	<u>(3,596)</u>	
(1,871)			(3,807)
<u>(891)</u>	Administration Expenses		<u>(900)</u>
2,880	Net Deposits/(Withdrawals) from dealings with Members		5,963
	<b>RETURNS ON INVESTMENTS</b>		
28,483	Investment Income	26,918	
(102,359)	Change in Market Value of Investments	(28,501)	
<u>(2,651)</u>	Investment Management Expenses	<u>(2,766)</u>	
(76,527)	Net Returns on Investments		<u>(4,349)</u>
(73,647)			1,614
<u>998,355</u>	<b>NET INCREASE/(DECREASE) IN FUND DURING THE YEAR</b>		<u>924,708</u>
<u>924,708</u>	<b>OPENING NET ASSETS OF THE SCHEME</b>		<u>926,322</u>
	<b>CLOSING NET ASSETS OF THE SCHEME</b>		
	<b>NET ASSETS STATEMENT (AS AT 31 MARCH)</b>		
2001 £000		2002 £000	£000
	<b>INVESTMENT ASSETS AT MARKET VALUE</b>		
	Listed Investments		
441,654	- UK Equities	427,545	
38,504	- UK Fixed Interest - Public Sector	28,499	
19,245	- UK Fixed Interest - Other	12,201	
7,120	- UK Index Linked	16,110	
117,233	- Overseas Equities	121,912	
9,088	- Overseas Fixed Interest - Public Sector	13,546	
15,634	- Overseas Index Linked	-	
	Unlisted Investments		
11,512	- UK Unit Trusts	6,262	
33,936	- UK Open Ended Investment Companies	55,548	
64,344	- Overseas Unit Trusts	38,774	
62,122	- Overseas Open Ended Investment Companies	107,067	
55,455	- Property Unit Trusts	63,786	
<u>35,109</u>	Cash Balances held by Managers	<u>21,819</u>	
910,956			913,069
	<b>CURRENT ASSETS</b>		
5,950	Sundry Debtors	6,679	
<u>8,583</u>	Cash	<u>7,693</u>	
14,533		14,372	
	<b>LESS CURRENT LIABILITIES</b>		
<u>781</u>	Sundry Creditors	<u>369</u>	
13,752	<b>NET CURRENT ASSETS</b>		14,003
	<b>LESS LONG TERM LIABILITIES</b>		
-	Creditors of more than 1 Year	<u>750</u>	<u>750</u>
<u>924,708</u>	<b>NET ASSETS</b>		<u>926,322</u>

David K Dorward CPFA  
Director of Finance  
Dundee City Council  
21 June 2002

## TAYSIDE TRANSPORT SUPERANNUATION FUND ACCOUNTS FOR YEAR TO 31 MARCH 2002

2000/2001 £000	<u>FUND ACCOUNT</u>	2001/2002 £000	£000
	<b>CONTRIBUTIONS AND BENEFITS</b>		
	Contributions receivable:		
91	From employers	109	
<u>152</u>	From employees	<u>136</u>	
243			245
4	Transfers in		-
	Benefits payable:		
(1,458)	Pensions	(1,492)	
<u>(315)</u>	Lump Sums	<u>(38)</u>	
(1,773)			(1,530)
<u>(41)</u>	Administration Expenses		<u>(40)</u>
(1,567)	Net Withdrawals from dealings with Members		(1,325)
	<b>RETURNS ON INVESTMENTS</b>		
1,222	Investment Income	1,117	
(4,110)	Change in Market Value of Investments	(1,742)	
<u>(104)</u>	Investment Management Expenses	<u>(97)</u>	
<u>(2,992)</u>	Net Returns on Investments		<u>(722)</u>
(4,559)	<b>NET INCREASE/(DECREASE) IN FUND DURING THE YEAR</b>		(2,047)
<u>42,774</u>	<b>OPENING NET ASSETS OF THE SCHEME</b>		<u>38,215</u>
<u>38,215</u>	<b>CLOSING NET ASSETS OF THE SCHEME</b>		<u>36,168</u>
	 <b><u>NET ASSETS STATEMENT (AS AT 31 MARCH)</u></b>		
2001 £000		2002 £000	£000
	<b>INVESTMENT ASSETS AT MARKET VALUE</b>		
	Listed Investments		
15,001	- UK Equities	13,804	
6,038	- UK Fixed Interest - Public Sector	5,875	
2,318	- UK Fixed Interest - Other	2,375	
3,086	- UK Index Linked	3,003	
4,808	- Overseas Equities	5,478	
395	- Overseas Index Linked	-	
	Unlisted Investments		
751	- UK Unit Trusts	674	
4,378	- Overseas Unit Trusts	4,015	
<u>709</u>	Cash Balances held by Managers	<u>371</u>	
37,484			35,595
	<b>CURRENT ASSETS</b>		
148	Sundry Debtors	132	
<u>593</u>	Cash	<u>460</u>	
741		592	
	<b>LESS CURRENT LIABILITIES</b>		
<u>10</u>	Sundry Creditors	<u>19</u>	
<u>731</u>	<b>NET CURRENT ASSETS</b>		<u>573</u>
<u>38,215</u>	<b>NET ASSETS</b>		<u>36,168</u>

David K Dorward CPFA  
Director of Finance  
Dundee City Council  
21 June 2002

# **SUPERANNUATION FUNDS ACCOUNTS**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

### **1 Basis of Preparation**

The accounts for the Funds' have been prepared in accordance with Statement of Recommended Practice (SORP): "The Financial Reports of Pension Schemes" and the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy.

The accounts summarise the transactions and net assets of the Funds' for the financial year to 31 March 2002. They do not take account of liabilities to pay pensions and other benefits in the future.

### **2 Investments**

Investments are included at market values, which are assessed as follows:-

- a UK quoted securities are valued at middle market prices at close of business on the last working day of the financial year.
- b Overseas securities are valued at middle market prices from the relevant overseas stock exchanges converted at closing rates of exchange on the last day of the financial year.
- c Unlisted investments, which comprise the Fund Manager's Unit Trusts and Open Ended Investment Companies, are valued at middle market prices on the last working day of the financial year as supplied by the Fund Manager.

### **3 Debtors and Creditors**

The accounts have been prepared on an accruals basis; that is income and expenditure is included as it is earned or incurred, not as it is received or paid, except for Transfer Values which are included when they are paid or received.

### **4 Investment Income**

Income from fixed interest, index linked securities and other interest receivable is taken into account on an accruals basis. Income from all other Marketable Securities is taken into account on the date when stocks are quoted ex-dividend.

# NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

## TAYSIDE SUPERANNUATION FUND

### Operations and Membership

Dundee City Council is the administering authority for the Tayside Superannuation Fund (previously Tayside Regional Council). The Tayside Superannuation Fund is a pension fund for employees of various public bodies and non-profit making organisations. As at 31 March 2002, 44 bodies were participants in the scheme being 12 "scheduled bodies" and 32 other organisations admitted at the discretion of the scheme administrators and known as "admitted bodies". The scheduled bodies were as follows:

Dundee City Council; Perth & Kinross Council; Angus Council; Tay Road Bridge Joint Board; Tayside Joint Police Board; Tayside Fire Board; Tayside Valuation Joint Board; Tayside Contracts Joint Committee; Angus College; Dundee College; Perth College; Tayside Careers Ltd.

Membership of the fund increased to 15,410 employees at 31 March 2002 from 14,861 employees at 31 March 2001. The number of pensioners on the roll at 31 March 2002 was 9,394 compared with 9,309 at 31 March 2001.

The monies belonging to the Superannuation Fund are entirely separate from any of the employing bodies which participate in the Superannuation scheme. After meeting the cost of current benefits, all surplus cash income is invested and the increasing value of investment is then available to meet future liabilities to employees within the Fund. The Fund is valued every three years by an independent actuary to determine the level of contribution necessary by employing bodies to ensure that the fund is able to meet all future benefits. Contributions made by employees are fixed by statute.

Further information can be found in the Superannuation Fund's Annual Report and Accounts which will be available upon request from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee DD1 3RF.

### Contributions Receivable and Benefits Payable

The contributions receivable from and benefits payable on behalf of Contributing bodies in 2000/2001 and 2001/2002 were as follows:-

	Contributions Receivable		Benefits Payable	
	2000/2001	2001/2002	2000/2001	2001/2002
	£000	£000	£000	£000
Dundee City Council	13,160	14,937	4,773	5,574
Other Scheduled Bodies	18,983	22,393	24,276	26,244
Admitted Bodies	<u>3,026</u>	<u>3,155</u>	<u>3,808</u>	<u>2,932</u>
TOTAL	<u>35,169</u>	<u>40,485</u>	<u>32,857</u>	<u>34,750</u>

### Investment Administration

During the year, Dundee City Council charged the Tayside Superannuation Fund £832,556 (2000/2001 £785,708) for administering the Fund. These are actual costs incurred for Salaries and Wages, Information Technology, Legal Services etc.

### Market Value of Investments Managed Externally

The Fund's investment assets are under the management of four external fund managers. At 31 March 2002 the market value of these investment assets was £913.0m (31 March 2001 £910.9m), managed as follows:

	2001		2002	
	£m	%	£m	%
Schroder Investment Management Ltd	442.7	48.6	291.7	32.0
Baillie Gifford & Co	209.8	23.1	282.0	30.9
Fidelity Pensions Management	202.5	22.2	274.2	30.0
Schroder Properties Limited	<u>55.9</u>	<u>6.1</u>	<u>65.1</u>	<u>7.1</u>
	<u>910.9</u>	<u>100.0</u>	<u>913.0</u>	<u>100.0</u>

### Purchases & Sales

Purchases and Sales in 2000/2001 and 2001/2002 amounted to:-

	2000/2001	2001/2002
	£m	£m
Purchases	444.2	536.9
Sales	420.2	492.9



# NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

## Long Term Liabilities

### Creditors more than One Year

One of the Fund's investment managers has a performance element in their fee structure. This performance element is only paid at the end of fixed three year periods. £750,000 represents the level of fee relating to out-performance for the first year (to 31 December 2001) of this period.

## TAYSIDE TRANSPORT SUPERANNUATION FUND

### Operations and Membership

As a result of the 1985 Transport Act, the employees of the former Dundee City Bus Unit, which formed part of Tayside Regional Council's Roads and Transport Department, were transferred to a new company, Tayside Public Transport Company Ltd. A separate Superannuation Fund for those transferred employees was set up on 26 October 1986.

During 1991/92 Tayside Public Transport Company Ltd was subject to an employee buy-out. Any employees in post at the time of the buy-out may remain in the Fund, however any new employees are not eligible for entry into the Fund.

Tayside Public Transport Company Ltd was bought out by West Midlands Travel on 22 February 1997 and renamed as Travel Dundee.

At 31 March 2002 the number of contributing employees was 170 (185 at 31 March 2000) and the number of pensioners was 382 (383 at 31 March 2001). As with the Tayside Superannuation Fund an actuarial valuation is carried out every three years to ensure that the Fund can meet its future pension liabilities.

Further information can be found in the Superannuation Funds' Annual Report and Accounts which will be available upon request from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee DD1 3RF.

### Investment Administration

During the year, Dundee City Council charged the Tayside Transport Fund £33,697 (2000/2001 £33,250) for administering the fund. These are actual costs incurred for Salaries and Wages, Information Technology, Legal Services etc.

### Market Value of Investments Managed Externally

The market value of the Fund's investment assets at 31 March 2002 was £32.5m (31 March 2001 £37.5m) and these investment assets were wholly managed by Schroder Investment Management Ltd.

### Purchases & Sales

Purchases and Sales in 2000/2001 and 2001/2002 amounted to:-

	2000/2001 £m	2001/2002 £m
Purchases	28.9	43.5
Sales	29.2	43.4

# NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

## ACTUARIAL VALUATION

Both the Tayside Superannuation Fund, and the Tayside Transport Superannuation Fund are subject to an actuarial valuation every three years. The actuarial valuations are carried out to determine the level of contributions required to be made by employing bodies in order to ensure that the Funds are able to meet all future benefit payments. The valuations carried out as at 31 March 1999 determined the employer contribution rates for the years 2000/2001, 2001/2002 and 2002/2003. The results of the valuations, the assumptions made and the bases of the valuations were as follows:-

### TAYSIDE SUPERANNUATION FUND

The valuation carried out as at 31 March 1999 showed that the actuarial value of the Fund's assets stood at £803.3 million representing 101.6% of the Fund's then accrued liabilities (market value of assets - £867.7 million). The conclusion reached by the valuation was that the required levels of contribution to be paid to the Fund by the City Council and the other participating bodies with effect from 1 April 2000 were:-

180% of employees' contributions for 2000/2001  
210% of employees' contributions for 2001/2002  
240% of employees' contributions for 2002/2003

Note: recent arrivals into the Scheme would not be able to benefit from the surplus which existed at 31 March 1999 and would be subject to higher contribution rates.

The common rate of contribution is the rate which, in addition to the accumulated assets and contributions paid by members, is sufficient to meet 100% of the liabilities of the Fund. This rate takes into account the surplus at 31 March 1999. The surplus is spread over the average remaining working lifetime of the existing members (approximately 12 years).

The contribution rates following the 31 March 1999 valuation were calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:-

Rate of return on investments - equities	6.3% per annum
- bonds	5.1% per annum
Rate of general pay increases	4.3% per annum
Rate of increases to pensions in payment	2.8% per annum
Valuation of assets	market related

## STATEMENT OF INVESTMENT PRINCIPLES

The Fund has an approved Statement of Investment Principles which can be found in the Superannuation Funds' Annual Report and Accounts which will be available upon request from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee DD1 3RF. This will also be made available on the Council's website ([www.dundee.gov.uk](http://www.dundee.gov.uk)).

# NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

## ACTUARIAL VALUATION

### TAYSIDE TRANSPORT SUPERANNUATION FUND

The valuation carried out as at 31 March 1999 showed that the actuarial value of the Fund's assets stood at £36.8 million, representing 118% of the Fund's then accrued liabilities (market value of assets - £39.8 million). The required level of employer's contribution to be paid to the Fund by Travel Dundee Ltd with effect from 1 April 2000 were:-

60% of employees' contributions for 2000/2001  
80% of employees' contributions for 2001/2002  
100% of employees' contributions for 2002/2003

The contribution rates following the 31 March 1999 valuation were calculated using the attained age actuarial method and the main actuarial assumptions were as follows:-

Rate of return on investments	- equities	6.3% per annum
	- bonds	5.1 per annum
Rate of general pay increases		4.3% per annum
Rate of increases to pensions in payment		2.8% per annum
Valuation of assets		market related

### STATEMENT OF INVESTMENT PRINCIPLES

The Fund has an approved Statement of Investment Principles which can be found in the Superannuation Funds' Annual Report and Accounts which will be available upon request from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee DD1 3RF.

# COMMON GOOD FUND ACCOUNT

The Council administers the Common Good Fund for the former Burgh of Dundee. The figures below summarise the aggregate income and expenditure for the year and the assets and liabilities as at 31 March 2002.

2000/2001 £000		2001/2002 £000
	<b><u>Income</u></b>	
4	Rents and Feuduties	3
155	Interest on Loans	124
<u>12</u>	Dividends and Commission	<u>13</u>
171		<u>140</u>
	<b><u>Expenditure</u></b>	
127	Property Costs	151
3	Donations and Contributions	5
<u>8</u>	Other Expenditure	<u>6</u>
138		<u>162</u>
<u>33</u>	<b><u>Surplus/(Deficit) for Year</u></b>	<u>(22)</u>
	 <b><u>Balance Sheet as at 31 March 2002</u></b>	
<b>£000</b>		<b>£000</b>
—	<b><u>Fixed Assets</u></b>	—
	<b><u>Current Assets</u></b>	
32	Debtors	1
285	Investments	367
<u>2,758</u>	Loans Fund Investment	<u>2,652</u>
3,075	Total Current Assets	<u>3,020</u>
	<b><u>Current Liabilities</u></b>	
15	Creditors and Accruals	—
15	Total Current Liabilities	—
3,060	Net Current Assets	<u>3,020</u>
<u>3,060</u>	Total Net Assets	<u>3,020</u>
	<b><u>Reserves</u></b>	
3,060	Capital	<u>3,020</u>
<u>3,060</u>		<u>3,020</u>

David K Dorward CPFA  
Director of Finance  
Dundee City Council  
21 June 2002

# 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 Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

## ***The Director of Finance's Responsibilities***

The Director of Finance is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LA(S)AAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this statement of accounts, the Director 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.

The Director 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.

The Statement of Accounts presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2002.

**David K Dorward CPFA  
Director of Finance  
Dundee City Council  
21 June 2002**

