

REPORT TO: SPECIAL FINANCE COMMITTEE - 25 JUNE 2001

REPORT BY: DIRECTOR OF FINANCE

REPORT NO 427-2001



DUNDEE CITY COUNCIL

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2001

UNAUDITED

DUNDEE CITY COUNCIL

STATEMENT OF ACCOUNTS 2000/2001

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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 2000/2001.

Accounting Policies (see pages 4 and 5)

The Statement of Main 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 6 to 38)

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 2000/2001 the Housing Revenue Account had an excess of income over expenditure and this surplus 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 2001. 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.

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 39)

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).

In financial year 2000/2001, the Council changed its accounting policy for Deferred Charges. Previously, these items were generally amortised to the revenue account over a period corresponding to the associated Loans Fund advance. Under the revised accounting policy, Deferred Charges are now amortised to the revenue account over a period reflecting the continuing benefit which the Council receives as a result of the expenditure. Accordingly, expenditure on Deferred Charges which is considered to represent no continuing benefit to the Council is now charged to the revenue account in the year it is incurred. It is considered that the revised accounting policy more closely corresponds with the relevant professional guidance ie balance sheet amounts should be based on continuing benefit, as opposed to outstanding financing.

The application of the revised accounting policy has led to some Deferred Charges (eg Housing Improvement Grants) being amortised to the revenue account over a significantly shorter period than previously. This, in turn, has led to a significant increase in the Deferred Charges write-down which is included within the Net Cost of Services in the Consolidated Revenue Account (from £1.447m in 1999/2000 to £6.547m in 2000/2001). In addition, £18.552m was transferred to the Capital Financing Reserve as at 1 April 2000 in order to bring the opening balance sheet amount for Deferred Charges into line with the revised valuation base.

Virement from Contingency/Fund Balances

The 2000/2001 Revenue Budget included a contingency provision of £1.27m 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. The full amount of £1.27m was vired from this contingency in 2000/2001 to offset additional

FOREWORD BY THE DIRECTOR OF FINANCE

expenditure incurred by departments. The "Budgeted Net Expenditure" column in the Consolidated Revenue Account reflects the impact of these transfers from the contingency and, also, the impact of amounts transferred from accumulated balances on the 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 £0.2m higher than the revised budgeted net expenditure of £230.9m. A number of factors have contributed to this position.

A summary of the main under and overspends on the Consolidated Revenue Account services is detailed below:

Main (Under)/Overspends	£m
Environmental & Consumer Protection	(0.7)
Miscellaneous Services	(0.5)
Central Support Services	(0.1)
Other Housing	(0.1)
Police Board Requisition	(0.1)
Fire Board Requisition	0.2
Leisure & Parks	0.2
Social Work	0.3
Planning & Transportation	0.3
Education	0.3
Net Cost of Housing/Council Tax Benefit	<u>0.4</u>
Total Overspend	<u>0.2</u>

The total net operating surpluses of the Council's Trading Organisations (Dundee Contract Services and DSO's) was £1.39m. 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 £0.47m 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 2000/2001 was £0.397m. When added to the opening General Fund balance of £1.724m, this gives a balances figure of £2.121m at 31 March 2001. In addition, a further £0.382m is held as balances in respect of schools participating in the Devolved School Management Scheme. Therefore, the total balances at 31 March 2001 are £2.503m.

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:

	£m
Revenue Support Grant	113.3
Contributions from National Non-Domestic Rate Pool	<u>47.6</u>
	<u>160.9</u>

The remainder of the principal sources of finance is Council Tax which was set, billed and collected by the City Council.

Capital Expenditure & Borrowing Facilities

Gross capital expenditure in 2000/2001 was £29.8m, of which £14.6m was spent within the Housing Department Programmes. The remaining £15.2m was spent on the Council's other services including Education, Social Work, Planning & Transportation, Leisure & Parks and Economic Development.

The £29.8m of capital expenditure was funded through borrowing (£14.6m), various types of capital receipts (£9.8m) directly from the 2000/2001 Revenue Account (£4.3m) and by a net change in capital accruals (£1.1m).

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 £1.39m 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.

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 2000/2001 Statement of Accounts.

David K Dorward CPFA
Director of Finance
Dundee City Council
20 June 2001

STATEMENT OF MAIN 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", issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S)AAC), and the basic accounting concepts of matching, consistency, prudence, going concern, materiality and substance over form.

Provisions

Provisions have been 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.

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 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).

Vehicles, plant and equipment are included in the Consolidated Balance Sheet at the lower of net current 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 2000. 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.

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.

The Council's accounting policy for Deferred Charges was changed in financial year 2000/2001 (see page 2 for details).

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.

Leases

Assets acquired under finance leases are capitalised and included in the Consolidated Balance Sheet on the basis of the outstanding obligation to make future principal payments. Both operating and finance leasing costs are charged to revenue over the period of the lease.

STATEMENT OF MAIN ACCOUNTING POLICIES

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 2001.

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 2001 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 2000/2001 the employer's contribution was equivalent to 180% of employees' contributions. This rate is based upon an independent actuarial valuation of the Tayside Superannuation Fund's assets and liabilities.

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

Dundee Energy Recycling Limited

The Council currently holds 40% of the ordinary shares in Dundee Energy Recycling Limited (DERL), which has taken over a new Waste-to-Energy plant from the construction contractor on 31 March 2000. The Council has a 20 year contract with DERL for the disposal of domestic, commercial and trade refuse which commenced on 31 March 2000.

Dundee City Developments Limited

The Council has provided an interest free loan of £500,000 to Dundee City Developments Limited. This company has been established to continue the process of economic regeneration and to maintain momentum across a range of economic development initiatives in the City.

Dundee Incubator Limited

The Council currently holds 20.5% of the ordinary share capital of this company. This company provides support to client companies in the form of business advice and assistance, access to funding and accommodation within its 7000 ft sq laboratory/office space. With the provision of this assistance package the company aims to produce strong new businesses, which are developing new ideas and technology and ultimately creating future wealth and employment for the area.

Further information about the above companies is shown in note 11 to the Consolidated Balance Sheet (see page 21).

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.

CONSOLIDATED REVENUE ACCOUNT

1999/2000		2000/2001			
Actual Net Expenditure £000		Actual Gross Expenditure £000	Actual Income £000	Actual Net Expenditure £000	Budgeted Net Expenditure £000
	Council Services				
80,464	Education	96,746	12,362	84,384	84,030
43,308	Social Work	55,514	10,862	44,652	44,310
14,579	Planning & Transportation	18,868	3,630	15,238	14,917
6,503	Economic Development	16,311	9,948	6,363	6,318
10,478	Leisure & Parks	16,092	3,992	12,100	11,909
12,303	Environmental & Consumer Protection	16,912	4,680	12,232	12,934
9,798	Neighbourhood Resources & Development	13,449	3,665	9,784	9,849
3,820	Arts & Heritage	4,627	762	3,865	3,890
102	Central Support Services	19,402	19,778	(376)	(235)
6,750	Miscellaneous Services	11,172	3,573	7,599	8,155
3,045	Other Housing	8,794	995	7,799	7,876
12,968	Contribution to Tayside Joint Police Board	13,523	-	13,523	13,608
9,545	Contribution to Tayside Fire Joint Board	9,792	-	9,792	9,628
793	Contribution to Tayside Valuation Joint Board	802	-	802	802
3,247	Net Cost of Housing/Council Tax Benefits	58,850	55,477	3,373	2,935
<u>(160)</u>	Contingencies and Unforeseen Items	-	-	-	-
217,543	Net Cost of General Fund Services	360,854	129,724	231,130	230,926
<u>224</u>	Housing Revenue Account	<u>45,101</u>	<u>45,119</u>	<u>(18)</u>	-
<u>217,767</u>	Net Cost of Services	<u>405,955</u>	<u>174,843</u>	<u>231,112</u>	<u>230,926</u>
			Ref Note No		
(1,061)	Net Surplus on Statutory DLOs and DSOs (incl Tayside Contracts)			(1,857)	(863)
(434)	Net Surplus on Trading Undertakings (Car Parks)		7	(352)	(650)
(12,826)	Net Income on Asset Management Revenue Account		5	(13,527)	(12,421)
(215)	Interest and Investment Income			(812)	(400)
(643)	Prior Year Adjustments		4	(307)	-
<u>-</u>	Share of (Surpluses)/Deficits of Associates and Joint Ventures			<u>34</u>	-
<u>202,588</u>	Net Operating Expenditure			<u>214,291</u>	<u>216,592</u>
	Appropriations				
386	Contribution to/(from) Renewal & Repair Fund			856	(147)
2,388	Contribution to/(from) Capital Financing Reserve			(7,098)	(6,962)
(4)	Contribution to/(from) Devolved School Management Balances			-	(382)
<u>171</u>	Contribution to/(from) Car Park Reserve			<u>(1)</u>	<u>6</u>
<u>205,529</u>	Amount to be met from Government Grants and Local Taxpayers			<u>208,048</u>	<u>209,107</u>
	Principal Sources of Finance				
46,957	Income from Council Tax			47,700	48,154
767	Income from Community Charge		14	(177)	-
115,376	Revenue Support Grant			113,340	113,316
<u>41,801</u>	Contribution from National Non-Domestic Rate Pool			<u>47,582</u>	<u>47,637</u>
<u>204,901</u>				<u>208,445</u>	<u>209,107</u>
<u>(628)</u>	Surplus/(Deficit) for the Financial Year			<u>397</u>	-
	Balances				
2,352	Balances at 1 April 2000 (excluding DSM Balances)			1,724	1,724
(628)	<u>Add</u> Surplus/(Deficit) for the financial year			397	-
<u>382</u>	<u>Add</u> Amount Reserved for Schools under Devolved School Management			<u>382</u>	-
<u>2,106</u>	General Fund Balance at 31 March 2001			<u>2,503</u>	<u>1,724</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 **ACQUIRED AND DISCONTINUED OPERATIONS**

In 2000/2001 there were no acquired or discontinued operations (1999/2000: None).

2 **EXCEPTIONAL ITEMS**

In 2000/2001 there were no exceptional items (1999/2000: None).

3 **EXTRAORDINARY ITEMS**

In 2000/2001 there were no extraordinary items (1999/2000: None).

4 **PRIOR YEAR ADJUSTMENTS**

In 2000/2001 an actual net income figure of £307,000 has been shown against "Prior Year Adjustments" in the Consolidated Revenue Account (1999/2000: net income of £643,000). This represents income from Council Tax and Non-Domestic Rates payers to cover additional collection costs where debts have been subject to a summary warrant.

5 **MATERIAL TRANSACTIONS IN THE ASSET MANAGEMENT REVENUE ACCOUNT**

Transactions on the Asset Management Revenue Account

1999/2000 £000	Income	2000/2001	
		£000	£000
(29,837)	- Capital Charges		
(12,627)	- General Fund Services		(32,771)
(1,041)	- Housing Revenue Account		(12,792)
	- DLO/DSO's (including Notional Interest on Stock Balances)		(829)
	Transfer from Government Grants/Capital Contributions		
<u>(289)</u>	Deferred Account		<u>(396)</u>
(43,794)			(46,788)
	Expenditure		
11,257	Provision for Depreciation/Impairment	14,069	
19,555	External Interest Charges (including Interest on Revenue Balances)	18,974	
<u>156</u>	Consolidated Loans Fund Expenses	<u>218</u>	
<u>30,968</u>			<u>33,261</u>
<u>(12,826)</u>	Balance to Consolidated Revenue Account		<u>(13,527)</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**

The Council held no assets on Finance Lease during 2000/2001 (1999/2000: None).

Operating Lease rental payments of £0.475m were made during 2000/2001 (1999/2000 £0.201m), with an undischarged liability at 31 March 2001 of £4.260m (31.03.2000 £2.205m).

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 £2,096,500 was generated in 2000/2001 (1999/2000 £2,139,500). The net surplus from this operation was £352,000 on a capital accounting basis (1999/2000 £434,600). On a cash basis, the net surplus was £524,906 (1999/2000 £716,431). The deficit on on-street parking of £23,785 was transferred to the Car Park Reserve at the year-end. The surplus on off-street parking of £548,691 was transferred to General Fund at the year-end.

Airport

Dundee Airport is owned and operated by the Council. Income from landing and service charges and sale of fuel was £733,200 in 2000/2001 (1999/2000 £595,200). The net deficit was £1,418,400 for the year and this is included in the Net Cost of Services (Economic Development) in the Consolidated Revenue Account (1999/2000 £1,185,800).

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Laundrette

At the beginning of the 2000/2001 financial year, the Council owned two laundrette premises which were rented as going concerns to private individuals. In April 2000, one of the laundrettes was sold to the sitting tenant. Rental income of £7,350 was received in 2000/2001 (1999/2000 £10,798). 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 2000/2001 the Council incurred the expenditure shown below on publicity.

1999/2000 £000		2000/2001 £000
219	Employment Advertising	243
117	General Advertising	81
-	Special Promotional Events	26
<u>66</u>	Others	<u>90</u>
<u>402</u>		<u>440</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

1999/2000 £000		2000/2001 £000	£000
Education			
648	Fees to residential schools for special education for Dundee children	448	
<u>193</u>	Provision of Speech Therapy Services by Tayside Health Board	<u>222</u>	
841			670
Social Work:			
4,583	Services for children	4,945	
5,641	Residential and other social work related care for older people	6,251	
4,946	Residential and other social work related care for adults	5,244	
260	Service strategy and regulation services	257	
<u>199</u>	The criminal justice service	<u>246</u>	
15,629			16,943
Planning and Transportation:			
15	For inter-authority bus services		17
Environmental and Consumer Protection:			
6	Health and Safety checks on farms and abattoirs		8
Neighbourhood Resources and Development:			
150	Provision of community education services	155	
35	Provision of community education services to young people	32	
	To support and promote action/information about women's and families health needs		
<u>14</u>		<u>15</u>	
199			202
Miscellaneous Services:			
-	Employment Disability Unit - Employee Service		<u>9</u>
<u>16,690</u>	Total Agency Expenditure		<u>17,849</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 2000/2001.

1999/2000		2000/2001	
£000		£000	£000
	Education:		
707	From local authorities for providing special education to children resident outside Dundee	693	
22	From Angus and Perth and Kinross to assist in testing information	23	
21	From other local authorities to finance the post of a Joint Purchasing Officer	24	
7	From Angus and Perth and Kinross to finance the post of Instrument Repair Technician	4	
<u>12</u>	Providing payroll services to Dundee College	<u>12</u>	
769			756
	Planning and Transportation:		
66	In respect of design and supervision works carried out on behalf of the Tay Premium Unit		125
	Economic Development		
1	From Tayside Joint Police Board in respect of technical support		-
	Environmental and Consumer Protection:		
432	From other local authorities for Public Analyst work carried out	439	
<u>-</u>	From other local authorities for Vehicle Testing Survey	<u>21</u>	
432			460
	Central Support Services - Chief Executive:		
81	In respect of information technology, personnel and media work carried out for other public bodies		119
	Central Support Services - Support Services:		
201	In respect of property services work carried out for other public bodies	359	
<u>24</u>	In respect of Legal & Committee services work carried out on behalf of Joint Boards	<u>40</u>	
225			399
	Central Support Services - Finance:		
187	In respect of ledger, payroll and other financial services work carried out for other public bodies	215	
<u>309</u>	In respect of billing and collection of domestic water charges for NoSWA	<u>361</u>	
496			576
	Miscellaneous Services:		
21	From Department of Employment in respect of the Employment Disability Unit: Employment Services Rehabilitation Contract	26	
-	Employment Services - New Deal Innovative Schemes	96	
<u>-</u>	Employment Services - SEDI	<u>94</u>	
21			216
	Housing Revenue Account:		
1	Commission received on collection of rent on behalf of Beechwood Housing Co-op		-
	Parks DSO:		
<u>26</u>	In respect of ground maintenance work carried out on behalf of Joint Boards		<u>25</u>
<u>2,118</u>	Total Income		<u>2,676</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

11 PENSION COSTS

Teachers

The employer's contribution rate for 2000/2001 in respect of teachers' pensions was 6.9% (1999/2000 6.9%). In 2000/2001 the Council paid £5.2m (1999/2000 £5.0m) to the Scottish Public Pensions Agency in respect of teachers' pension costs which represents 12.9% of teachers' pensionable pay including 6% employee contribution (1999/2000 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 2000/2001 these amounted to £0.02m representing 0.05% of pensionable pay (1999/2000 £0.02m, 0.05%).

Other Employees

In 2000/2001 the Council paid an employer's contribution of £8.3m (1999/2000 £8.3m) into the Tayside Superannuation Fund, representing 10.5% of pensionable pay (1999/2000 10.4%). 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 rate effective from 1 April 2000. 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 2000/2001 these amounted to £1.3m representing 1.6% of pensionable pay (1999/2000 £1.2m, 1.5%).

The capital cost of any discretionary increases in pension payments (eg discretionary added years) agreed by the Council

- a in 2000/2001 is £0.698m
- b prior to 2000/2001 for which payments are still being made is £21.078m

whether funded by the pension scheme or by the Council.

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 £8.3m, representing 10.5% of pensionable pay (1999/2000 £8.3m, 10.4%).

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 2000/2001 the limit on spending is approximately £0.55m. During 2000/2001 the Council did not incur any expenditure under Section 83 of the Act (1999/2000: Nil).

14 COMMUNITY CHARGE INCOME

1999/2000 Actual £000		2000/2001 Actual £000
<u>(52)</u>	Adjustments for Previous Year: Gross Charge	<u>(15)</u>
(52)	Net Charge	(15)
<u>819</u>	Released from Provision/(Provided) for Bad Debts	<u>(162)</u>
<u>767</u>	Total Community Charge Income	<u>(177)</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 1999/2000	Salary Banding	Number of Employees 2000/2001
41	£40,000 - £49,999	45
10	£50,000 - £59,999	9
7	£60,000 - £69,999	8
-	£70,000 - £79,999	-
1	£80,000 - £89,999	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 2001, was £374,945 (1999/2000 £381,648)

17 RELATED PARTIES

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

<u>1999/2000</u>		Revenue	<u>2000/2001</u>	
Charges To £000	Charges From £000		Charges To £000	Charges From £000
527	717	Dundee Energy Recycling Limited	2,451	2,312
7	Nil	Dundee Incubator Limited	1	Nil
111	Nil	Dundee City Developments Limited	98	Nil
Nil	Nil	Dundee Ice Arena Limited	24	Nil
44	277	Dundee Contemporary Arts Limited	23	307

In 2000/2001, there were no other material transactions with any other related parties which are not already disclosed elsewhere in the Statement of Accounts.

COUNCIL TAX INCOME ACCOUNT

1999/2000 £000		2000/2001 £000	£000
59,770	Gross Charge		61,336
4,033	Deduct - Exemptions	4,289	
41	- Disabled Relief	48	
<u>7,040</u>	- Discounts	<u>7,250</u>	
<u>11,114</u>			<u>11,587</u>
48,656	Net Council Tax		49,749
12,669	Deduct - Rebates	12,252	
<u>(12,669)</u>	- Less: Transferred to Consolidated Revenue Account	<u>(12,252)</u>	
-			-
-	- Transitional Relief		18
12	- MOD Properties		11
(11)	- Contribution Received		(10)
<u>1,698</u>	Provision for Bad Debts/Exemptions/Discounts		<u>2,030</u>
<u>46,957</u>	Total Council Tax Income		<u>47,700</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 2000/2001 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 2000/2001

<u>Council Tax Base</u>	A	B	C	D	E	F	G	H	TOTAL
Total Number of Properties	34,410	16,118	6,581	7,044	4,951	1,457	684	48	71,293
<u>Less</u> Exemptions/Deductions	2,791	794	433	220	142	42	6	17	4,445
<u>Less</u> Adjustment for Single Chargepayers	5,881	1,881	634	503	261	62	28	4	9,254
Effective Number of Properties	25,738	13,443	5,514	6,321	4,548	1,353	650	27	57,594
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	17,159	10,456	4,902	6,321	5,559	1,954	1,083	54	47,488
<u>Add</u> Contribution in lieu in respect of Class 18 dwellings (Band D equivalent)									12
NOMINAL TAX YIELD									47,500
<u>Less</u> Provision for Non-Collection 4%									1,900
									<u>45,600</u>
									COUNCIL TAX BASE 2000/2001 (equivalent to a Band D Council Tax of £1,056)

3 COUNCIL TAX PROPERTIES AND CHARGES LEVIED 2000/2001

Council Tax Band	Number of Chargeable Properties	2000/2001 Council Tax Charge per Property (£)	Gross Council Tax Income £000
A	25,738	704.00	18,120
B	13,443	821.33	11,041
C	5,514	938.67	5,176
D	6,321	1,056.00	6,675
E	4,548	1,290.67	5,870
F	1,353	1,525.33	2,064
G	650	1,760.00	1,144
H	27	2,112.00	57
			<u>50,147</u>
<u>Add</u> Contribution in lieu in respect of Class 18 dwellings			13
			50,160
<u>Less</u> Provision for Non-Collection 4%			2,006
TOTAL BUDGETED COUNCIL TAX INCOME			<u>48,154</u>

NON-DOMESTIC RATE INCOME ACCOUNT

1999/2000 £000		2000/2001 £000
53,787	Gross Rate Levied	64,984
(670)	Vacant 50% not levied	(816)
11	Transitional Surcharge	948
<u>(1,113)</u>	Transitional Relief	<u>(6,690)</u>
52,015		58,426
	Deduct:	
940	Rate Rebates	965
3,777	Reliefs, Charities, etc	4,069
1,718	Relieved on Appeal etc	1,010
<u>1,064</u>	Provision for Bad Debts/Abatements	<u>1,771</u>
<u>44,516</u>		<u>50,611</u>
	Adjustments to Previous Years:	
(80)	Interest on Overpaid Rates	(95)
<u>(1,224)</u>	Bad Debts/Abatements	<u>1,118</u>
<u>43,212</u>		<u>51,634</u>
	Allocated as follows:	
43,289	Contribution to National Non-Domestic Rate Pool	51,689
<u>(77)</u>	City Council Non-Domestic Rates	<u>(55)</u>
<u>43,212</u>		<u>51,634</u>
	National Non-Domestic Rate Pool:	
43,289	Contribution to National Non-Domestic Rate Pool	51,689
<u>41,879</u>	Contribution from National Non-Domestic Rate Pool	<u>47,637</u>
<u>1,410</u>	Net Contribution to National Non-Domestic Rate Pool	<u>4,052</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 2000/2001 was 45.8p for properties with a rateable value of £10,000 and over and 44.8p for properties with a rateable value of less than £10,000.

2 RATEABLE SUBJECTS AND VALUES

Non-Domestic Rateable Subjects at 1 April 2000

Commercial	2,838
Industrial	733
Public Utilities	7
Miscellaneous	<u>1,995</u>
	<u>5,573</u>

Non-Domestic Rateable Values at 1 April 2000

	£000
Commercial	55,117
Industrial	23,258
Public Utilities	4,397
Miscellaneous	<u>53,386</u>
	<u>136,158</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.

1999/2000		2000/2001	
Actual £000		Budget £000	Actual £000
<u>INCOME</u>			
42,627	Gross Rent Income - Dwellings	42,833	41,548
870	- Non-Dwellings	914	912
236	Interest on Revenue Balances	500	233
33	Housing Support Grant	33	129
<u>2,633</u>	Other Income	<u>2,360</u>	<u>2,297</u>
<u>46,399</u>		<u>46,640</u>	<u>45,119</u>
<u>EXPENDITURE</u>			
18,565	Repairs and Maintenance	17,352	18,060
9,340	Supervision and Management	9,055	8,642
15,182	Capital Financing Costs	16,302	15,141
<u>3,536</u>	Bad Debts and Voids	<u>3,931</u>	<u>3,258</u>
<u>46,623</u>		<u>46,640</u>	<u>45,101</u>
	Excess of Income Over Expenditure Transferred		
<u>(224)</u>	To Renewal and Repair Fund	<u>-</u>	<u>18</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 £39.03 per week in 2000/2001 (1999/2000 £38.26).

2 HOUSING STOCK

The Council was responsible for managing 19,682 dwellings as at 31 March 2001 (31.03.2000 20,634). The stock was made up as follows:

2000			2001	
Number	%		Number	%
4,449	22	Houses	4,301	22
14,425	70	Flats	13,809	70
<u>1,760</u>	<u>8</u>	Maisonettes	<u>1,572</u>	<u>8</u>
<u>20,634</u>	<u>100</u>		<u>19,682</u>	<u>100</u>

	The change in housing stock during the year can be summarised as follows:	
21,646	Stock at 1 April	20,634
(269)	Less: Sales	(292)
<u>(743)</u>	Less: Demolitions etc	<u>(660)</u>
<u>20,634</u>	Stock at 31 March	<u>19,682</u>

3 RENT ARREARS AND BAD DEBTS

The amount of rent arrears written off at 31 March 2001 was £421,621 (31.03.2000 £540,361) which is equivalent to 1.01% (1999/2000 1.27%) of rent collectable from tenants. In addition, the provision for doubtful debts was increased to £763,920 (1999/2000 £678,714).

Rent arrears at 31 March 2001 were 3.50% (31.03.2000 5.70%) of rent collectable and this equated to an average rent arrears per house of £73.94 (1999/2000 £117.84). Housing Benefit overpayments were removed from the arrears figure during the year.

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

		2000/2001					Total £000
		Dundee Contract Services DLO £000	Cleansing DSO £000	Leisure and Recreation DSO £000	Parks DSO £000	Cleaning of Buildings DSO £000	
1999/2000 Actual £000							
33,613	Total Income	18,606	6,150	3,461	5,480	191	33,888
<u>32,778</u>	Total Expenditure	<u>17,583</u>	<u>6,043</u>	<u>3,341</u>	<u>5,368</u>	<u>165</u>	<u>32,500</u>
<u>835</u>	Surplus	<u>1,023</u>	<u>107</u>	<u>120</u>	<u>112</u>	<u>26</u>	<u>1,388</u>
	Appropriations:-						
<u>(835)</u>	Contribution to General Fund	<u>(1,023)</u>	<u>(107)</u>	<u>(120)</u>	<u>(112)</u>	<u>(26)</u>	<u>(1,388)</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 2000/2001.

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 2000/2001 are £1.823m (1999/2000 £1.540m).

3 FURTHER FINANCIAL DETAIL

More detailed information is contained in the Annual Reports 2000/2001 for Dundee Contract Services and the DSO's. Copies of these reports can be obtained from Dundee City Council Finance Department, Floor 4, 28 Crichton Street, Dundee, DD1 3RF.

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2001

2000 £000		Ref Note No	£000	2001 £000	£000
	FIXED ASSETS				
	Operational Assets:				
237,168	Council Dwellings	1		232,557	
297,568	Other Land and Buildings	1		297,600	
16,325	Vehicles, Plant and Equipment	1		15,789	
44,330	Infrastructure Assets	1		44,357	
1,595	Community Assets	1		1,605	
<u>68,374</u>	Non-Operational Assets	1		<u>69,387</u>	
665,360					661,295
34,028	DEFERRED CHARGES	3			10,555
5,923	LONG TERM INVESTMENTS	4			6,008
	INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:	11			
16,021	Share of Gross Assets			18,836	
<u>(16,021)</u>	Share of Gross Liabilities (Incl Non Equity Interests)			<u>(18,870)</u>	
-					(34)
<u>8,849</u>	LONG TERM DEBTORS	5			<u>8,477</u>
714,160					686,301
	CURRENT ASSETS				
1,064	Stores and Work in Progress			671	
	Sundry Debtors:				
8,756	Government and EC Grants			2,865	
2,790	Rates due and unpaid		3,773		
<u>(1,064)</u>	less provision for Bad Debts		<u>(1,129)</u>	2,644	
8,105	Community Charge due and unpaid		7,205		
<u>(6,202)</u>	less provision for Bad Debts		<u>(6,191)</u>	1,014	
14,071	Council Tax due and unpaid		15,930		
<u>(7,337)</u>	less provision for Bad Debts		<u>(8,705)</u>	7,225	
2,391	Statutory Additions due and unpaid		2,495		
<u>(1,542)</u>	less provision for Bad Debts		<u>(1,557)</u>	938	
18,331	General Debtors			20,358	
26	Short Term Investments			26	
-	Short Term Lending			5,450	
<u>67</u>	Advances for Petty Outlays			<u>79</u>	
<u>39,456</u>				<u>41,270</u>	
	LESS CURRENT LIABILITIES				
829	Sundry Creditors:				
	Government Grants			8,507	
4,497	Loans Fund Interest etc			4,607	
22,359	General Creditors			20,957	
39,419	Short Term Borrowing	12		26,195	
24,445	Government Grants/Capital Contributions Deferred			27,282	
<u>12,648</u>	Bank Overdraft			<u>16,582</u>	
<u>104,197</u>				<u>104,130</u>	
<u>(64,741)</u>					<u>(62,860)</u>
649,419	Total Assets Less Net Current Liabilities				623,441
234,005	Long Term Borrowing	12		243,371	
2,401	Deferred Liabilities	6		2,107	
<u>8,462</u>	Provisions	13		<u>7,476</u>	
<u>244,868</u>					<u>252,954</u>
<u>404,551</u>	Net Assets				<u>370,487</u>
	Financed By				
2,237	Reserves: Renewal and Repair Fund			3,221	
115	Dundee Contracts Reserve			121	
3,476	Insurance Fund			2,058	
392	Car Park Reserve			391	
273,989	Fixed Asset Restatement Reserve			252,126	
<u>122,236</u>	Capital Financing Reserve			<u>110,067</u>	
402,445					367,984
<u>2,106</u>	Accumulated Surpluses: General Fund	16			<u>2,503</u>
<u>404,551</u>					<u>370,487</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 SUMMARY OF CAPITAL EXPENDITURE AND DISPOSALS

FIXED ASSET TRANSACTIONS

Movements in fixed assets during the year were:

	Opening Balance Sheet 1/4/2000 £000	Expenditure in Year in Year £000	Disposals in Year in Year £000	Depreciation/ Impairment in Year in Year £000	Revaluations/ Other Adjustments in Year in Year £000	Balance as at 31/3/2001 £000
OPERATIONAL ASSETS						
Council Dwellings	237,168	12,937	(3,909)	-	(13,639)	232,557
Other Land and Buildings	297,568	6,876	(48)	(3,734)	(3,062)	297,600
Operational Equipment	16,325	2,706	(14)	(3,184)	(44)	15,789
Infrastructure Assets	44,330	2,686	-	(2,479)	(180)	44,357
Community Assets	1,595	514	-	-	(504)	1,605
	<u>596,986</u>	<u>25,719</u>	<u>(3,971)</u>	<u>(9,397)</u>	<u>(17,429)</u>	<u>591,908</u>
NON OPERATIONAL ASSETS	68,374	2,079	(964)	(163)	61	69,387
	<u>665,360</u>	<u>27,798</u>	<u>(4,935)</u>	<u>(9,560)</u>	<u>(17,368)</u>	<u>661,295</u>
1999/2000 Comparative Figures	634,738	28,869	(4,495)	(6,289)	12,537	665,360

2 SOURCES OF FINANCE FOR CAPITAL EXPENDITURE

1999/2000 £000		2000/2001 £000	
28,869	Capital expenditure on Fixed Assets	27,798	
2,613	Deferred Charges	1,821	
500	Long-Term Investments	-	
<u>688</u>	Long-Term Debtors	<u>134</u>	
<u>32,670</u>	Capital to be financed for the year		<u>29,753</u>
	Financed by:		
15,071	Loan	14,552	
5,925	Capital Receipt	5,801	
4,627	Government Grant/Capital Contribution	3,378	
472	Receipts in respect of Deferred Charges	195	
713	Receipts from Long-Term Debtors	381	
5,863	Revenue	4,294	
<u>(1)</u>	Net Change in Capital Accruals	<u>1,152</u>	
<u>32,670</u>	Total Capital Financing for the year		<u>29,753</u>

3 MOVEMENT IN DEFERRED CHARGES

1999/2000 £000		2000/2001 £000	
30,822	Value as at 1 April 2000		34,028
<u>-</u>	Transfer to Capital Financing Reserve		<u>(18,552)</u>
30,822	Revised Value as at 1 April 2000		15,476
<u>5,125</u>	Add: Additions during 2000/2001		<u>1,821</u>
35,947			17,297
(472)	Less: Receipts during 2000/2001	(195)	
<u>(1,447)</u>	Write-Downs 2000/2001	<u>(6,547)</u>	
<u>(1,919)</u>			<u>(6,742)</u>
<u>34,028</u>	Value as at 31 March 2001		<u>10,555</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

4 LONG TERM INVESTMENTS

As at		As at
31 March 2000		31 March 2001
£000		£000
5,063	Dundee Energy Recycling Limited (DERL) (Loan)	5,063
500	Dundee City Developments Limited (Loan)	500
-	Dundee Incubator Limited	62
<u>360</u>	Marketable Securities (Insurance Fund)	<u>383</u>
<u>5,923</u>		<u>6,008</u>

5 LONG TERM DEBTORS

As at		As at
31 March 2000		31 March 2001
£000		£000
2,268	Mortgages/Repairs Notices	2,049
6,132	Joint Boards/Joint Committee	6,194
<u>449</u>	Other Loans	<u>234</u>
<u>8,849</u>		<u>8,477</u>

6 COMMITMENTS UNDER CAPITAL CONTRACTS

The Council has authorised for inclusion in its Capital Estimates some £56.6m of Capital Expenditure to be incurred in 2001/2002 and beyond. Of this expenditure £8.5m is legally committed under contract and a further £48.1m relates to schemes with committee approval to commence in 2001/2002 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 2001 an undischarged liability of £2.8m existed in respect of these Covenants (being £2.1m 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		Number as at
31 March 2000		31 March 2001
	OTHER LAND & BUILDINGS	
20,600	Council Dwellings	19,700
700	Land and Buildings	700
1,700	Infrastructure Assets	1,700
50	Community Assets	50
800	Non-Operational Assets	800

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

The Council held no assets on finance lease during 2000/2001 (1999/2000: Nil).

NOTES TO THE CONSOLIDATED BALANCE SHEET

9 VALUATION OF THE COUNCIL'S ASSETS

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

The authority's other property related assets were re-valued as at 1 April 1999 thereby fulfilling the requirement to re-value assets at intervals of not more than 5 years. The quinquennial revaluation exercise was 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 (eg 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 (eg 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 (EUV - Existing Use Value). Non-operational properties were valued by reference to their open market value (OMV - Open Market Value).

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.

In the 2000/2001 financial year, Dundee City Council was required to comply with Financial Reporting Standard 15 (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.

Prior to 1 April 2000, Dundee City Council only depreciated operational equipment and infrastructure assets. With the introduction of FRS15, however, operational and non-operational buildings also require to be depreciated. 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 2000/2001 is £8,737,527.

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. 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 a 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 revalued annually. The increase in balance sheet values in 2000/2001 due to the revaluation of investment properties is £12,963.

10 ANALYSIS OF NET ASSETS EMPLOYED

As at 31 March 2000 £000		As at 31 March 2001 £000	
259,060	General Fund	231,103	
142,258	Housing Revenue Account	136,367	
<u>3,233</u>	Dundee Contract Services/DSO's	<u>3,017</u>	
<u>404,551</u>	Total	<u>370,487</u>	

NOTES TO THE CONSOLIDATED BALANCE SHEET

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 20 years time. The Council owned 40% of the £100 Ordinary Share Capital of DERL at 31 March 2001 (40% at 31 March 2000). The Company also has £150,000 Preference Share Capital as at 31 March 2001. 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>31.12.1999</u> <u>(Audited)</u> <u>£000</u>		<u>31.12.2000</u> <u>(Unaudited)</u> <u>£000</u>
-	Profit/(Loss) Before Taxation	(1,973)
25	Profit/(Loss) After Taxation	(1,973)
-	Dividends Paid	-
300	Net Assets (Represented by Share Capital and Revenues)	(1,673)

Copies of DERL's statutory audited accounts may be obtained on application to the Director of Finance, Dundee City Council.

The Council's interest in DERL is considered to constitute a "joint venture" in terms of the Accounting Code of Practice. 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". The Council's interest in DERL has been incorporated in the Consolidated Balance Sheet which is shown on page 17 by bringing in the Council's share of the gross assets and gross liabilities of DERL (ie the "gross equity" method of consolidation).

DERL's accounting period is 31 December. For the purposes of disclosure, figures from DERL's management accounts to 31 March 2001 have been used. During the year to 31 March 2001, the trading performance of DERL was adversely affected by the lower than expected performance of the plant and the losses arising from the steam turbine failure and the fire at the refuse derived store in September 2000. For consolidation purposes, the reported loss has been included in the calculation of the Company's gross liabilities, resulting in no net impact on the City Council's Consolidated Balance Sheet or Consolidated Revenue Account.

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. All costs and revenues for the period to 31 March 2001 have been capitalised and the gross assets of the Company are, therefore, equal to the gross liabilities. Accordingly, consolidation has no net impact on the City Council's Consolidated Balance Sheet or Consolidated Revenue Account.

Accounts for the first full year of operation of Dundee City Developments Limited are not yet available.

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 2001 (20.5% at 31 March 2000). The Board of the Company consists of six Directors and Dundee City Council currently has one officer on the Board.

NOTES TO THE CONSOLIDATED BALANCE SHEET

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

<u>31.3.2000</u> <u>(Audited)</u> <u>£000</u>		<u>31.3.2001</u> <u>(Unaudited)</u> <u>£000</u>
(63)	Profit/(Loss) Before Taxation	(72)
(65)	Profit/(Loss) After Taxation	(72)
-	Dividends Paid	-
210	Net Assets (Represented by Share Capital and Revenues)	136

Copies of Dundee Incubator' Limited's statutory accounts may be obtained on application to the Director of Finance, Dundee City Council.

In accordance with the Accounting Code of Practice, Dundee Incubator Limited is classified as an "associate company" of the Council. 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". Companies Act legislation provides that an entity holding 20% or more of another entity should be presumed to exercise a significant influence. For consistency purposes, consolidation has been made using the "gross equity" method ie the Council's share of the gross assets and gross liabilities of Dundee Incubator Limited have been brought into the Consolidated Balance Sheet.

During the period to 31 March 2001 the accumulated losses of £164,000 reported by Dundee Incubator Limited have resulted in an effective reduction in the value of the Council's investment, as shown in the Consolidated Balance Sheet. The Council's share of these accumulated losses (20.5% or £34,000) has also been charged to the Consolidated Revenue Account in 2000/2001.

12 ANALYSIS OF BORROWING

Long Term Borrowing

Debt Outstanding at 31 March 2000 £000	Analysis of Loans by Source	Debt Outstanding at 31 March 2001 £000	Range of Interest Rates %
	Long Term:		
224,054	Public Works Loan Board	233,831	2.5 to 14.0
9,276	European Investment Bank	8,865	5.19 to 9.75
-	Market - Long Term	-	-
<u>675</u>	Covenant - Parallel Loan	<u>675</u>	6.2237 to 8.7325
<u>234,005</u>		<u>243,371</u>	
	Analysis of Loans by Maturity		
1,091	Between 1 - 2 years	944	
5,659	Between 2 - 5 years	7,851	
9,270	Between 5 - 10 years	8,040	
<u>217,985</u>	More than 10 years	<u>226,536</u>	
<u>234,005</u>		<u>243,371</u>	

Short Term Borrowing

Debt Outstanding at 31 March 2000 £000	Analysis of Loans by Source	Debt Outstanding at 31 March 2001 £000
	Long Term Loans Repayable Within One Year	
7,559	Public Works Loan Board	708
435	European Investment Bank	412
<u>9</u>	Market	<u>10,000</u>
8,003		11,120
23,307	Temporary Market Loans	1,163
	Temporary Advances from Other Accounts:	
4,784	Common Good Fund & Charitable Trust Funds	4,736
<u>3,325</u>	Superannuation Funds	<u>9,176</u>
<u>8,109</u>		<u>13,912</u>
<u>39,419</u>		<u>26,195</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

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 has been made in respect of potential future losses on on-going contracts.

<u>Provision Movements 2000/2001</u>	Balance as at 1 April 2000 £000	Movements in Provisions 2000/2001 £000	Balance as at 31 March 2001 £000
Council Tax Income - Exemptions/Discounts	500	(500)	-
Rating Income - Abatements	2,325	(421)	1,904
Self-Insured/Uninsured Losses - Tayside Regional Council	1,067	(176)	891
- Dundee District Council	1,775	51	1,826
- Dundee City Council	2,705	87	2,792
Dundee Contract Services - Potential Future Losses on Contracts	<u>90</u>	<u>(27)</u>	<u>63</u>
	<u>8,462</u>	<u>(986)</u>	<u>7,476</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.

14 CONTINGENT ASSETS & LIABILITIES

No contingent assets or liabilities existed at 31 March 2001 (31.03.2000: Nil).

NOTES TO THE CONSOLIDATED BALANCE SHEET

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.

	2000/2001 Common Good £000	2000/2001 Charitable Trusts £000
Balance in fund at 1 April 2000	3,232	6,160
<u>Add:</u> Income during year	171	536
Gain on Sale of Shares	<u>25</u>	<u>-</u>
	3,428	6,696
<u>Less</u> Expenditure during year	<u>137</u>	<u>275</u>
	3,291	6,421
<u>Add</u> Net Movement in Funds	-	24
<u>Less</u> Millennium Account	<u>177</u>	<u>-</u>
Balance in fund at 31 March 2001	<u>3,114</u>	<u>6,445</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 37 and 38 of the Council's Statement of Accounts.

The balance on the Common Good Fund at 31 March 2001 includes £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 2000/2001 are summarised below.

	2000/2001 Millennium Fund £000
Balance in Fund at 1 April 2000	234
<u>Add</u> Income during year	<u>14</u>
	248
<u>Less</u> Expenditure during year	<u>191</u>
Balance in Fund at 31 March 2001	<u>57</u>

16 DSM SCHOOLS

Included in the General Fund Balance of £2.503m is £0.382m (31.03.2000 £0.382m) in respect of schools participating in the Devolved School Management Scheme. These surplus funds are earmarked in 2001/2002 for the individual schools where underspends occurred in previous financial years.

17 YEAR 2000

The Council's Year 2000 Project concluded successfully. All departments, having already identified and evaluated risks, then prepared and tested contingency plans, millennium operating regimes and on-call rotas. No major problems were encountered at or since the date roll-over. The total cost of compliance has been identified as £1.326m.

NOTES TO THE CONSOLIDATED BALANCE SHEET

18 RELATED PARTIES

The following represents material indebtedness to/from the Council at 31 March 2001 with the following Companies:

1999/2000			2000/2001	
Charges To £000	Charges From £000	Revenue	Charges to £000	Charges From £000
566	117	Dundee Energy Recycling Limited	618	Nil
Nil	5	Dundee Incubator Limited	Nil	5
111	Nil	Dundee City Developments Limited	40	Nil
Nil	Nil	Dundee Ice Arena Limited	37	Nil
12	36	Dundee Contemporary Arts Limited	49	11

19 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"). 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		
	General Fund £000	HRA £000	Total £000	General Fund £000	HRA £000	Total £000
CAPITAL RESERVES						
Balance as at 1 April 2000	202,373	71,616	273,989	52,829	69,407	122,236
Transfer from Deferred Charges	-	-	-	(18,552)	-	(18,552)
Unrealised Gains/(Losses) on Revaluation of Fixed Assets	(3,361)	(13,567)	(16,928)	-	-	-
Disposal of Fixed Assets (Net Book Value)	(1,026)	(3,909)	(4,935)	-	-	-
Capital Receipts (Disposal Proceeds)	-	-	-	1,986	3,815	5,801
Financing of Fixed Assets (CFCR)	-	-	-	1,945	2,349	4,294
Excess of Principal Repayments over Depreciation etc	-	-	-	(9,043)	5,331	(3,712)
Balance as at 31 March 2001	<u>197,986</u>	<u>54,140</u>	<u>252,126</u>	<u>29,165</u>	<u>80,902</u>	<u>110,067</u>

	Renewal & Repair Fund £000	Car Park Reserve £000	Dundee Contract Services Reserve £000	Insurance Fund Reserve £000	General Fund £000
	REVENUE RESERVES				
Balance as at 1 April 2000	2,237	392	115	3,476	2,106
Net Surplus/(Deficit) for Year	128	(1)	6	(1,418)	397
Transfer From General Fund	838	-	-	-	-
Transfer From Housing Revenue Account	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 March 2001	<u>3,221</u>	<u>391</u>	<u>121</u>	<u>2,058</u>	<u>2,503</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 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

1999/2000 £000		2000/2001 £000	£000
	REVENUE ACTIVITIES		
	<i>Cash Outflows:</i>		
145,920	Cash Paid To and On Behalf of Employees	151,157	
177,983	Other Operating Cash Payments	179,907	
59,431	Housing/Council Tax Benefits Paid Out	58,850	
<u>43,289</u>	Non-Domestic Rate Payments to National Pool	<u>44,732</u>	
426,623			434,646
	<i>Cash Inflows:</i>		
(47,668)	Rents	(46,813)	
(46,851)	Council Tax Income	(46,709)	
(585)	Community Charge Income	(623)	
(41,801)	Non-Domestic Rate Receipts from National Pool	(47,582)	
(44,498)	Non-Domestic Rate Receipts	(50,350)	
(113,483)	Revenue Support Grant	(113,340)	
(56,470)	DSS Grant (Benefits Subsidy)	(55,477)	
(7,984)	Other Government Grants	(23,049)	
(22,473)	Cash Received for Goods & Services	(22,807)	
<u>(71,688)</u>	Other Operating Cash Receipts	<u>(69,300)</u>	
<u>(453,501)</u>			<u>(476,050)</u>
(26,878)	<i>Net Cash (Inflow) From Revenue Activities</i>		(41,404)
	DIVIDENDS FROM JOINT VENTURES & ASSOCIATES		
	<i>Cash Inflows:</i>		
-	Dividends Received		-
	RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
	<i>Cash Outflows:</i>		
22,786	Interest Paid	18,779	
	<i>Cash Inflow:</i>		
<u>(751)</u>	Interest Received	<u>(1,455)</u>	
22,035			17,324
	CAPITAL ACTIVITIES		
	<i>Cash Outflows:</i>		
23,671	Purchase of Fixed Assets (Non-Revenue)	22,646	
5,154	Purchase of Fixed Assets (from Revenue)	4,158	
562	Purchase of Long Term Investments (from Revenue)	23	
3,091	Creation of new Deferred Charges and Long-Term Debtors (Non Revenue)	1,819	
<u>209</u>	Creation of new Deferred Charges and Long-Term Debtors (From Revenue)	<u>136</u>	
32,687			28,782
	<i>Cash Inflows:</i>		
(5,881)	Sale of Fixed Assets	(5,761)	
(4,627)	Capital Grants/Contributions etc Received	(3,575)	
<u>(1,332)</u>	Receipts in respect of Deferred Charges and Long-Term Debtors	<u>(752)</u>	
<u>(11,840)</u>			<u>(10,088)</u>
20,847			18,694
	ACQUISITIONS & DISPOSALS		
	<i>Cash Outflows:</i>		
-	Investments in Associates or Joint Ventures	-	
	<i>Cash Inflows:</i>		
<u>-</u>	Sale of Investments in Associates or Joint Ventures	<u>-</u>	
<u>-</u>			-
	MANAGEMENT OF LIQUID RESOURCES		
-	Net Increase/Decrease in Short-Term Deposits	-	
<u>-</u>	Net Increase/Decrease in Other Liquid Resources	<u>5,450</u>	
<u>-</u>			<u>5,450</u>
16,004	<i>Net Cash Outflow Before Financing</i>		64
	FINANCING		
	<i>Cash Outflows:</i>		
212,841	Repayments of Amounts Borrowed		145,506
	<i>Cash Inflows:</i>		
(47,405)	New Long-Term Loans Raised	(10,500)	
<u>(182,726)</u>	New Short Term Loans Raised	<u>(131,148)</u>	
<u>(230,131)</u>			<u>(141,648)</u>
<u>(17,290)</u>			<u>3,858</u>
<u>(1,286)</u>	<i>Net (Increase)/Decrease in Cash</i>		<u>3,922</u>

NOTES TO THE CASH FLOW STATEMENT

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

1999/2000		2000/2001	
£000		£000	£000
(628)	Surplus/(Deficit) for the year		397
	<u>Non-cash Transactions</u>		
379	Other adjustments	(952)	
<u>200</u>	Contributions (from)/to reserves	<u>(429)</u>	
<u>579</u>			(1,381)
	<u>Items on an Accruals Basis</u>		
(200)	(Increase)/decrease in stores and work in progress	393	
(4,264)	(Increase)/decrease in debtors	2,912	
<u>(4,455)</u>	Increase/(decrease) in creditors	<u>5,322</u>	
<u>(8,919)</u>			8,627
	<u>Items Classified Elsewhere in the Cash Flow Statement</u>		
19,711	Add loans fund interest charges	19,192	
5,863	Add fixed asset purchases from revenue	4,294	
11,418	Add loans fund principal repayments	11,923	
<u>(1,146)</u>	Less interest on revenue balances	<u>(1,648)</u>	
<u>35,846</u>			<u>33,761</u>
<u>26,878</u>	Net Cash Flow from Revenue Activities		<u>41,404</u>

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

1999/2000		2000/2001	
£000		£000	£000
1,286	Increase/(Decrease) in Cash in the Period	(3,922)	
-	Movement in Liquid Resources	5,450	
(17,290)	Reduction/(Increase) in Borrowing	3,858	
<u>444</u>	Reduction in Long-Term Liability	<u>294</u>	
(15,560)	Change in Net Debt		5,680
<u>(272,846)</u>	Opening Net Debt at 1 April		<u>(288,406)</u>
<u>(288,406)</u>	Closing Net Debt at 31 March		<u>(282,726)</u>

Analysis of Movement in Net Debt

	1 April 2000	Cash Flows	Non Cash	31 March 2001
	£000	£000	Changes	£000
			£000	
Cash				
Advances for Petty Outlays	67	12	-	79
Bank Overdraft	<u>(12,648)</u>	<u>(3,934)</u>	-	<u>(16,582)</u>
	<u>(12,581)</u>	<u>(3,922)</u>	-	<u>(16,503)</u>
Liquid Resources *	-	5,450	-	5,450
Borrowing				
Short-Term Advances from Other Accounts	(8,109)	(5,803)	-	(13,912)
Short-Term Loans	(23,307)	12,144	-	(11,163)
Long-Term Loans Repayable within One Year	(8,003)	8,003	(1,120)	(1,120)
Long-Term Loans	<u>(234,005)</u>	<u>(10,486)</u>	1,120	<u>(243,371)</u>
	<u>(273,424)</u>	<u>3,858</u>	-	<u>(269,566)</u>
Covenant Deferred Liability	(2,401)	294	-	(2,107)
TOTAL NET DEBT	<u>(288,406)</u>	<u>5,680</u>	-	<u>(282,726)</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

1999/2000		2000/2001
Actual		Actual
£000		£000
113,483	Revenue Support Grant	113,340
8,153	Specific Grants	6,645
<u>56,301</u>	Other Government Grants (incl DSS Grant)	<u>71,881</u>
<u>177,937</u>		<u>191,866</u>

TAYSIDE SUPERANNUATION FUND ACCOUNTS FOR YEAR TO 31 MARCH 2001

1999/2000 £000	<u>FUND ACCOUNT</u>	2000/2001 £000	2000/2001 £000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable:		
20,450	From employers	23,126	
<u>11,417</u>	From employees	<u>12,011</u>	
31,867			35,137
4,393	Transfers in		3,330
	Benefits payable:		
(27,703)	Pensions	(28,808)	
<u>(5,790)</u>	Lump Sums	<u>(4,049)</u>	
(33,493)			(32,857)
	Payments to and on account of Leavers:		
(203)	Refunds of Contributions	(216)	
<u>(2,156)</u>	Transfers Out	<u>(1,655)</u>	
(2,359)			(1,871)
<u>(830)</u>	Administration Expenses		<u>(891)</u>
(422)	Net Deposits/(Withdrawals) from dealings with Members		2,848
	RETURNS ON INVESTMENTS		
27,043	Investment Income	28,483	
99,875	Change in Market Value of Investments	(102,359)	
<u>(1,723)</u>	Investment Management Expenses	<u>(2,651)</u>	
125,195	Net Returns on Investments		<u>(76,527)</u>
124,773	NET INCREASE/(DECREASE) IN FUND DURING THE YEAR		(73,679)
873,631	OPENING NET ASSETS OF THE SCHEME		998,355
<u>(49)</u>	ADJUSTMENT FOR PREVIOUS YEARS INTEREST		<u>-</u>
<u>998,355</u>	CLOSING NET ASSETS OF THE SCHEME		<u>924,676</u>
	 NET ASSETS STATEMENT (AS AT 31 MARCH)		
2000 £000		2001 £000	2001 £000
	INVESTMENT ASSETS AT MARKET VALUE		
	Listed Investments		
485,048	- UK Equities	441,654	
35,680	- UK Fixed Interest - Public Sector	38,504	
12,924	- UK Fixed Interest - Other	19,245	
4,251	- UK Index Linked	7,120	
142,901	- Overseas Equities	117,233	
38,093	- Overseas Fixed Interest - Public Sector	9,088	
571	- Overseas Fixed Interest - Other	35,525	
15,162	- Overseas Index Linked	15,634	
	Unlisted Investments		
20,644	- UK Unit Trusts	11,512	
33,445	- UK Open Ended Investment Companies	33,936	
39,602	- Overseas Unit Trusts	28,819	
76,719	- Overseas Open Ended Investment Companies	62,122	
49,182	- Property Unit Trusts	55,455	
<u>36,545</u>	Cash Balances held by Managers	<u>35,109</u>	
990,767			910,956
	CURRENT ASSETS		
5,199	Sundry Debtors	5,918	
<u>2,950</u>	Cash	<u>8,583</u>	
8,149		14,501	
	LESS CURRENT LIABILITIES		
<u>561</u>	Sundry Creditors	<u>781</u>	
<u>7,588</u>	NET CURRENT ASSETS		<u>13,720</u>
<u>998,355</u>	NET ASSETS		<u>924,676</u>

David K Dorward CPFA
Director of Finance
Dundee City Council
20 June 2001

TAYSIDE TRANSPORT SUPERANNUATION FUND ACCOUNTS FOR YEAR TO 31 MARCH 2001

1999/2000 £000	<u>FUND ACCOUNT</u>	2000/2001 £000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable:		
101	From employers	91	
<u>170</u>	From employees	<u>152</u>	
271			243
22	Transfers in		4
	Benefits payable:		
(1,308)	Pensions	(1,458)	
<u>(383)</u>	Lump Sums	<u>(315)</u>	
(1,691)			(1,773)
<u>(42)</u>	Administration Expenses		<u>(41)</u>
(1,440)	Net Withdrawals from dealings with Members		(1,567)
	RETURNS ON INVESTMENTS		
1,374	Investment Income	1,222	
3,137	Change in Market Value of Investments	(4,110)	
<u>(84)</u>	Investment Management Expenses	<u>(104)</u>	
<u>4,427</u>	Net Returns on Investments		<u>(2,992)</u>
2,987	NET INCREASE/(DECREASE) IN FUND DURING THE YEAR		(4,559)
39,790	OPENING NET ASSETS OF THE SCHEME		42,774
<u>(3)</u>	ADJUSTMENT FOR PREVIOUS YEARS INTEREST		<u>-</u>
<u>42,774</u>	CLOSING NET ASSETS OF THE SCHEME		<u>38,215</u>
	 <u>NET ASSETS STATEMENT (AS AT 31 MARCH)</u>		
		£000	2001 £000
	INVESTMENT ASSETS AT MARKET VALUE		
	Listed Investments		
18,005	- UK Equities	15,001	
5,874	- UK Fixed Interest - Public Sector	6,038	
2,034	- UK Fixed Interest - Other	2,318	
2,989	- UK Index Linked	3,086	
5,655	- Overseas Equities	4,808	
1,965	- Overseas Fixed Interest - Public Sector	-	
40	- Overseas Fixed Interest - Other	2,477	
316	- Overseas Index Linked	395	
	Unlisted Investments		
1,453	- UK Unit Trusts	751	
2,762	- Overseas Unit Trusts	1,901	
<u>1,172</u>	Cash Balances held by Managers	<u>709</u>	
42,265			37,484
	CURRENT ASSETS		
130	Sundry Debtors	148	
<u>379</u>	Cash	<u>593</u>	
509		741	
	LESS CURRENT LIABILITIES		
-	Sundry Creditors	<u>10</u>	
<u>509</u>	NET CURRENT ASSETS		<u>731</u>
<u>42,774</u>	NET ASSETS		<u>38,215</u>

David K Dorward CPFA
Director of Finance
Dundee City Council
20 June 2001

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 2001. 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 2001, 43 bodies were participants in the scheme being 11 "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.

Membership of the fund increased from 14,112 employees at 31 March 2000 to 14,861 employees at 31 March 2001. The number of pensioners on the roll at 31 March 2001 was 9,309 compared with 9,099 at 31 March 2000.

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 1999/2000 and 2000/2001 were as follows:-

	Contributions Receivable		Benefits Payable	
	1999/2000	2000/2001	1999/2000	2000/2001
	£000	£000	£000	£000
Dundee City Council	12,950	13,127	4,223	4,773
Other Scheduled Bodies	16,418	18,983	27,117	24,276
Admitted Bodies	<u>2,499</u>	<u>3,026</u>	<u>2,153</u>	<u>3,808</u>
TOTAL	<u>31,867</u>	<u>35,136</u>	<u>33,493</u>	<u>32,857</u>

Investment Administration

During the year, Dundee City Council charged the Tayside Superannuation Fund £785,708 (1999/2000 £716,792) 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 2001 the market value of these investment assets was £910.9m (31 March 2000 £990.7m), managed as follows:

	2000		2001	
	£m	%	£m	%
Schroder Investment Management Ltd	488.9	49.3	442.7	48.6
Baillie Gifford & Co	232.7	23.5	209.8	23.1
Fidelity Pensions Management	218.6	22.1	202.5	22.2
Schroder Properties Limited	<u>50.5</u>	<u>5.1</u>	<u>55.9</u>	<u>6.1</u>
	<u>990.7</u>	<u>100.0</u>	<u>910.9</u>	<u>100.0</u>

Purchases & Sales

Purchases and Sales in 1999/2000 and 2000/2001 amounted to:-

	1999/2000	2000/2001
	£m	£m
Purchases	321.1	444.2
Sales	285.2	420.2

NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

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 2001 the number of contributing employees was 185 (206 at 31 March 2000) and the number of pensioners was 383 (369 at 31 March 2000). 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 £33,250 (1999/2000 £31,894) 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 2001 was £37.5m (31 March 2000 £42.3m) and these investment assets were wholly managed by Schroder Investment Management Ltd.

Purchases & Sales

Purchases and Sales in 1999/2000 and 2000/2001 amounted to:-

	1999/2000 £m	2000/2001 £m
Purchases	23.3	28.9
Sales	23.5	29.2

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 2000/01, 2001/02 and 2002/03. 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.

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 2000/01
- 80% of employees' contributions for 2001/02
- 100% of employees' contributions for 2002/03

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 2001.

1999/2000 £000		2000/2001 £000
	<u>Income</u>	
18	Rents and Feuduties	4
150	Interest on Loans	155
<u>21</u>	Dividends and Commission	<u>12</u>
<u>189</u>		<u>171</u>
	<u>Expenditure</u>	
2	Property Costs	2
-	Donations and Contributions	3
40	Contribution to Millennium Account	-
<u>167</u>	Other Expenditure	<u>133</u>
<u>209</u>		<u>138</u>
<u>(20)</u>	<u>Surplus/(Deficit) for Year</u>	<u>33</u>
	 <u>Balance Sheet as at 31 March 2001</u>	
£000		£000
<u>-</u>	<u>Fixed Assets</u>	<u>-</u>
	<u>Current Assets</u>	
1	Debtors	32
316	Investments	339
<u>2,916</u>	Loans Fund Investment	<u>2,758</u>
<u>3,233</u>	Total Current Assets	<u>3,129</u>
	<u>Current Liabilities</u>	
<u>1</u>	Creditors and Accruals	<u>15</u>
<u>1</u>	Total Current Liabilities	<u>15</u>
<u>3,232</u>	Net Current Assets	<u>3,114</u>
<u>3,232</u>	Total Net Assets	<u>3,114</u>
	<u>Reserves</u>	
<u>3,232</u>	Capital	<u>3,114</u>
<u>3,232</u>		<u>3,114</u>

David K Dorward CPFA
 Director of Finance
 Dundee City Council
 20 June 2001

CHARITABLE TRUST FUNDS ACCOUNT

The Council acts as Trustees for Charitable Trusts and Endowments. The figures below summarise the aggregate income and expenditure for the year and the assets and liabilities as at 31 March 2001.

1999/2000 £000		2000/2001 £000
	<u>Income</u>	
156	Interest on Investments	169
<u>278</u>	Other Income	<u>367</u>
<u>434</u>		<u>536</u>
	<u>Expenditure</u>	
<u>249</u>	General Expenditure	<u>275</u>
<u>185</u>	<u>Surplus/(Deficit) for Year</u>	<u>261</u>
	<u>Balance Sheet as at 31 March 2001</u>	
3,253	Property	3,667
-	External Investments	-
2,900	Revenue Deposits with Loans Fund	2,780
<u>7</u>	Sundry Debtors less Sundry Creditors	<u>(2)</u>
<u>6,160</u>	Total Assets	<u>6,445</u>
	Represented by:	
64	Long-Term Loans	51
4,890	Capital	5,426
<u>1,206</u>	Revenue	<u>968</u>
<u>6,160</u>		<u>6,445</u>

Note

In addition to the expenditure shown above, the Fleming Trust incurred capital expenditure of £390,000 in 2000/2001 (1999/2000 £295,000).

David K Dorward CPFA
 Director of Finance
 Dundee City Council
 20 June 2001

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 2001.

David K Dorward CPFA
Director of Finance
Dundee City Council
20 June 2001