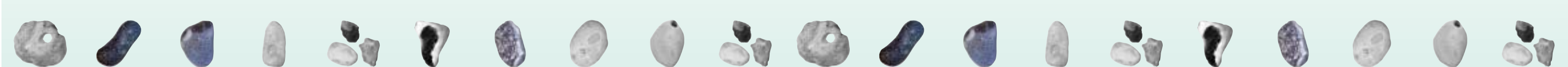


Consolidated Balance Sheet

At 31st March 2002		At 31st March 2003	
		£'000	£'000
	Fixed Assets (Notes 1 and 2)		
	Operational Assets		
552,979	Council Dwellings		677,847
442,414	Other Land & Buildings		462,911
17,307	Vehicles, Plant, Furniture & Equipment		13,645
52,173	Infrastructure Assets		61,004
6,461	Community Assets		7,089
	Non Operational Assets		
108,828	Investment Properties		121,798
8,137	Work in Progress		5,662
1,188,299	Total Fixed Assets		1,349,956
0	Deferred Charges (Note 3)		0
1,055	Long Term Investments (Note 4)		998
8,797	Long Term Debtors		7,237
1,198,151	Total Long Term Assets		1,358,191
	Current Assets		
24,492	Investments	35,340	
805	Stocks & Work in Progress (Note 5)	744	
44,498	Debtors (Note 6)	43,004	
69,795			79,088
	Current Liabilities		
(7,430)	Borrowing repayable in less than 12 months	(7,470)	
(45,070)	Creditors	(47,065)	
(8,658)	Bank Overdraft	(1,008)	
(61,158)			(55,543)
1,206,788	Total Assets Less Current Liabilities		1,381,736
(180,199)	Long Term Borrowing (Note 7)	(188,199)	
(3,583)	Provisions (Note 8)	(3,961)	
(880)	Deferred Credits (Note 9)	(556)	
(32,090)	Government Grants Deferred (Note 10)	(42,522)	
(216,752)			(235,238)
990,036	Total Assets Less Liabilities		1,146,498

At 31st March 2002		At 31st March 2003	
		£'000	£'000
(821,151)	Fixed Asset Restatement Reserve		(972,630)
(137,121)	Capital Financing Reserve		(137,769)
(1,469)	Usable Capital Receipts Reserve (Note 11)		(2,859)
0	Major Repairs Reserve		0
(240)	Minority Interest - Shoreham Airport		(156)
	Funds Balances & Reserves		
(17,929)	Earmarked Reserves (Note 12)	(16,015)	
(8,473)	General Fund Balance	(8,044)	
3,989	General Reserves	(44)	
(1,303)	Collection Fund	(1,265)	
(3,280)	LMS Reserves (Note 13)	(3,706)	
(577)	Standards Fund LEA Budget	(595)	
(2,482)	Housing Revenue Account	(3,415)	
			(33,084)
(990,036)	Total Net Worth		(1,146,498)

The General Reserves figure is made up of General Fund Reserves, DSO Reserves and Portslade CC Adult Education. The balance at 31 March 2002 is a debit because of transfers to various earmarked reserves and the General Fund Balance carried out in previous accounting periods.



Notes to the Consolidated Balance Sheet

1. Fixed Assets

Movements in Fixed Assets during the year were:

	Council Dwellings £'000	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Investment Properties £'000	Work in Progress £'000	Total £'000
Gross Book Value at 1st April 2002	560,923	461,797	27,683	57,751	6,525	109,127	8,137	1,231,943
Additions	12,539	9,454	1,267	8,080	478	357	1,340	33,515
Disposals	(8,766)	(1,314)	(49)	0	0	(1,402)	0	(11,531)
Recategorisation	0	0	0	3,766	0	0	(3,766)	0
Revaluations	121,397	15,644	(24)	(55)	86	13,716	(49)	150,715
Gross Book Value at 31st March 2003	686,093	485,581	28,877	69,542	7,089	121,798	5,662	1,404,642
Accumulated Depreciation at 1st April 2002	7,944	15,383	10,376	5,578	64	299	0	39,644
Depreciation this year	8,219	11,384	4,944	2,960	0	0	0	27,507
Depreciation written out on asset movements	(7,917)	(4,097)	(88)	0	(64)	(299)	0	(12,465)
Accumulated Depreciation at 31st March 2003	8,246	22,670	15,232	8,538	0	0	0	54,686
Net Book Value 31st March 2003	677,847	462,911	13,645	61,004	7,089	121,798	5,662	1,349,956

Depreciation is calculated on a straight-line basis over the expected life of the asset, on the difference between the book value and any estimated residual value. Depreciation is charged on all assets except land, community assets and work in progress.

Each type of asset has a set life. Operational buildings are set at 50 years, furniture and equipment is 5-10 years depending on the nature of the asset. Infrastructure is 10-20 years depending on the nature of the asset.

The Council's Property Services section undertake an Impairment Review annually.

Prior Year Adjustment

The Gross Book Value at 1st April 2002 for Land & Buildings has increased by £4m in respect of Preston Barracks. It has now been established that this asset is in Council ownership.

The Council's Fixed Assets include the following:

At 31st March 2002		At 31st March 2003
13,098	Council Dwellings	12,929
	Operational Assets	
7	Cemeteries	7
1	Mortuary	1
1	Crematorium (Woodvale)	1
6	Off-Street Car Parks Leased to NCP	6
2	Off-Street Multi Storey Car Parks	2
1	Off-Street Parking Pay and Display Multi Storey (Norton Road)	1
5	On Street Parking Pay and Display	5
3	Museums	3
4	Principal Administrative Offices	4
4	Swimming Pools - Indoor	4
1	Swimming Pools - Outdoor	1
4	Paddling Pools	4
5	Leisure Centres	5
1	Brighton Centre	1
1	Dome Complex	1
1	Preston Manor	1
1	Royal Pavilion	1
1	Volks Railway	1
1	West Blatchington Windmill	1
1	Foredown Tower	1
0	Preston Barracks	1
44km	Principal Roads	44km
530km	Other Roads	531km
60	Public Conveniences	56
152	Park Buildings	152
17	Libraries	17
2	Nurseries	2
73	Schools (Including Aided)	73
11	Tutorial and Special Units	11
3	Town Halls	3
1	Town Hall Annexe	1
5	Children and Family Centres	5
18	Centres/Homes for People with Learning Difficulties	18
5	Centres for Older People	5
5	Centres for People with Mental Health Problems	5
1	Sheltered Workshop	1
14	Playlink, other Social Care and Health Centres and Offices	14
	Community Assets	
1,293 hect.	Parks and Open Spaces	1,293 hect.
2,520 plots	Allotment - Units	2,520 plots
3	Mini Golf Courses	3
3	Golf Courses	3



2. Finance Leases

Finance leases are those involving the transfer of the risks and rewards of ownership of the asset to the lessee. The capital cost of the asset so transferred is included in the Council's Fixed Assets, and the interest element is charged to revenue in the year in which it is incurred.

There was no capital value outstanding on finance leases as at 31st March 2003 (£0.0m at 31st March 2002). At the same date there were no further lease rental obligations (£0.0m at 31st March 2002). Although there were secondary lease rental payments of £21,000 in 2002/03 (£32,000 in 2001/02).

3. Deferred Charges

These represent items on the Balance Sheet where no tangible asset is created.

	2002/03 £'000
Balance as at 1st April	0
Expenditure during the year	10,762
Amount written down to General Fund and HRA	(10,762)
Balance as at 31st March	0

4. Long Term Investments

31st March 2002 £'000		31st March 2003 £'000
1	Local Authority Mutual Investment Trust - Maintenance of graves	0
1,054	Sussex Innovation Centre	998
1,055	Total	998

5. Stocks and Work in Progress

31st March 2002 £'000		31st March 2003 £'000
42	Rechargeable works	0
763	Stocks	744
805	Total	744

6. Debtors

31st March 2002 £'000		31st March 2003 £'000
3,348	Housing Rents	3,772
452	Commercial Rents	445
17,408	Collection Fund	16,373
5,935	SRB / NDC & URBAN	1,901
30,611	Sundry Debtors*	38,806
57,754		61,297
(13,256)	Provision for Doubtful Debts	(18,293)
44,498	Total	43,004

*The Sundry Debtors figure includes £2.188m for Housing Benefits in the interest of prudence this debt has been fully provided for.

7. Long Term Borrowing

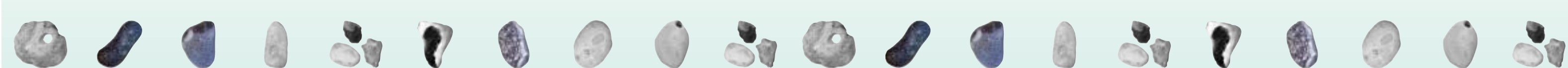
31st March 2002 Total Outstanding £'000		31st March 2003 Total Outstanding £'000
Source of Loan		
(149,196)	Public Works Loans Board (PWLB) - Maturity	(159,196)
(3)	PWLB – Equal Instalments of Principal	(3)
(30,000)	Money Market – Fixed	(28,000)
(1,000)	Money Market – Variable	(1,000)
(180,199)	Total	(188,199)
Analysis of Loan by Maturity		
(7,003)	Maturity within 1-2 years	(3)
(1,000)	Maturity within 2-5 years	(17,700)
(4,500)	Maturity within 5-10 years	(9,500)
(18,656)	Maturity within 10-15 years	(11,456)
(149,040)	Maturity in more than 15 years	(149,540)
(180,199)	Total	(188,199)

The PWLB – Equal Instalments of Principal loans have been taken as repayable within 1 year.

8. Provisions

Amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur and for which a reliable estimate of the amount of the obligation can be made.

	1st April 2002 £'000	Receipts in Year £'000	Payments in Year £'000	31st March 2003 £'000
Maintenance of Graves	(735)	(29)	2	(762)
Waste Disposal	(250)	0	0	(250)
Insurance	(64)	0	64	0
Portland Gate	(37)	(1)	0	(38)
Restructure Redundancy	(2,030)	(714)	446	(2,298)
Sundry LGR Issues	(436)	(155)	7	(584)
Other	(31)	(1)	3	(29)
Total	(3,583)	(900)	522	(3,961)



9. Deferred Credits

Deferred credits are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise from mortgages on sales of council houses and are part of mortgages shown under long term debtors in the Balance Sheet.

Balance at 31st March 2002		Balance at 31st March 2003
£'000		£'000
(307)	General Fund	(160)
(573)	Housing Revenue Account	(396)
(880)		(556)

10. Government Grants Deferred

Government grants deferred represents grants that have been used to purchase fixed assets. As the value of the asset is reduced by depreciation, so the value of the "Government Grants Deferred" account reduces to offset that depreciation charge.

11. Usable Capital Receipts Reserve

Proceeds from the sale of a fixed asset, for example, land or building. Capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used to finance day to day spending.

A. Capital Receipts

2001/02		2002/03
£'000		£'000
(395)	Balance at 1st April	(177)
(13,973)	Usable Capital Receipts	(16,806)
(14,368)		(16,983)
8,760	Transfer to Debt Redemption Reserve	11,777
339	Applied to fund Expenses	243
5,092	Applied to fund Capital Expenditure	3,778
(177)	Sub-total at 31st March	(1,185)

B. Capital Grants/Contributions

Grants and contributions received towards Capital Projects

2001/02		2002/03
£'000		£'000
(1,392)	Balance as at 1st April	(1,292)
(7,700)	Government Grants	(6,876)
(3,513)	Other Grants	(1,343)
(411)	External Contributions	(571)
(13,016)		(10,082)
11,724	Applied to fund Capital Expenditure	8,408
(1,292)	Sub-total at 31st March	(1,674)
(1,469)	Balance at 31st March	(2,859)

12. Earmarked Reserves

Balance at 31st March 2002		Balance at 31st March 2003
£'000		£'000
(9,442)	Capital Reserves	(4,313)
(2,575)	Section 106 Receipts	(2,656)
(304)	Central Library	(310)
0	Departmental Carry-forwards	(821)
(5,388)	Insurance Reserves	(5,593)
(220)	Other Earmarked Reserves	(2,322)
(17,929)	Total	(16,015)

13. Local Management of Schools (LMS) Reserves

2001/02		2002/03
£		£
1,973,733	Primary Schools	1,788,283
1,177,479	Secondary Schools	1,598,527
129,273	Special Schools	318,985
3,280,485	Total	3,705,795

These balances are carried forward by each individual school and are used to provide education to the pupils of that school. They are not used for any other purpose.

14. Euro

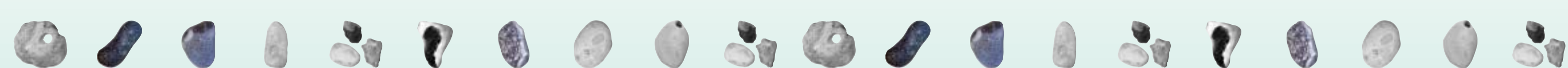
Until a decision is made as to whether the UK should enter the economic and monetary union and adopt the single currency, the Council will meet any costs associated with euro implementation from within existing budgetary provisions. No expenditure has been committed for euro conversion and it is not yet possible to estimate total costs of implementation.

15. Related Companies

The Council has the majority interest in Shoreham Airport, for which a separate Statement of Accounts is published.

The Sussex Innovation Centre acts as a business incubator and Innovation Support unit for Sussex and the South East. Brighton & Hove City Council hold 1.4m preference shares in the The Sussex Innovation Centre, which have a total value of £997,779 as at the end of 2002/03. These shares are written down at a rate of £56,000 per annum (representing 4% of the original value of the 1.4m shares @ £1 per share). Brighton & Hove City Council has no control or influence over The Sussex Innovation Centre.

The Brighton City Centre Business Forum (formerly known as the Town Centre Business Forum) is a partnership between city centre businesses and Brighton & Hove City Council. The Council has two representatives on the company's board of eleven - The Chief Executive and a Councillor, who are both Directors of the Company. The Council contributes £25,000 p.a. to the forum which represents 56% of the total core funding of £44,500.



The Brighton Dome & Museum Development Company is a Special Purpose Vehicle set up for the redevelopment of the Brighton Dome and Museum. The main transactions between the Council and the company relate to works to the Museum for which the council is the main funder. The Development Company manages the building works to the museum and pays the contractor. It then claims this money from the council. The council is a minority (19%) shareholder in this company, The Brighton Festival is the majority shareholder. The Council is one of the main funding partners for the company and during 2002/03 payments of approximately £350,000 were made to the Brighton Dome & Museum Development Company.

Brighton & Hove City Council are associated with Brighton & Hove Bus and Coach Company Ltd through the provision of concessionary bus fares to eligible members of the public. In 2002/03 the amount paid to Brighton & Hove Bus and Coach Company Ltd totalled £1.3m.

16. Provision for Credit Liabilities (PCL)

In accordance with statutory requirements the Council is required to set aside sums as a provision to repay external loans, credit arrangements and other limited purposes. The Council does not keep an account within the accounting records for the PCL, as there is no need to do so, but maintains a memorandum account, which is set out below:

2001/02 £'000		2002/03 £'000
0	Amount brought forward at 1st April	0
8,760	Reserved Capital Receipts in Year	11,777
360	Repayment of Transferred Debt	0
3,391	Minimum Revenue Provision	5,395
2	Credit Arrangements	0
12,513		17,172
	Less	
(12,493)	Applied to repay debt	(11,450)
(20)	Applied to Credit Arrangements	0
0	Balance at 31st March	5,722

17. Capital Commitments

The Council has sufficient capital resources to meet all its capital commitments. It is anticipated that capital schemes starting in or before 2002/03 will involve future capital payments of about £15.7m, the major items over £250,000 being:

Scheme	2002/03 £'000
Performance Management System	250
Improved Access to Museum and Art Gallery	592
Madeira Drive Regeneration	250
Implementing Electronic Government	350
Industrial Grants 2	700
Knoll House Reprovision	1,845
Major Coast Protection Scheme	9,006
Restoration of Preston Park	390

18. Contingent Liabilities

A Contingent liability or asset is a possible loss or gain which is not recognised in the accounts because it cannot be accurately estimated or because the event giving rise to the possible loss or gain is not considered sufficiently certain. This item is disclosed by way of a note to the accounts.

The following Contingent Liabilities were identified at 31 March 2003:

(i) London Road Traffic Improvement Scheme:

£31,500 in respect of a possible liability, relating to sound insulation required for houses in New England Street.

(ii) S117 (after care services) Mental Health Act Backpayments:

Subject to Appeal the Council has a potential liability of £20,000 to £30,000 regarding S117

(after care services) Mental Health Act backpayments to overcharged users.

(iii) Portland Street:

Planning inquiry claim £12,000.

(iv) Land at Jubilee Street:

A potential claim from interested parties seeking further compensation based on the valuation of the land at the new library site.

(v) Palmeira House Judicial Review:

£150,000 potential liability.

(vi) Mr X Judicial Review:

£45,000 potential liability.

(vii) ASDA/Marina Company Ltd

There are possible potential claims against the council regarding damage from the fall of the cliff at Brighton Marina.

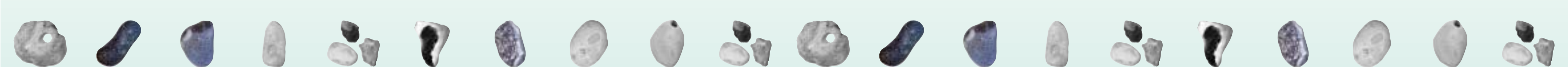
(viii) SITA

Following the termination of the Waste Collection and Street Cleansing Contract in 2001/02, SITA have made a contract claim against the Council. The Council has made a counter claim against SITA.

19. Disclosure of Net Pensions Asset/Liability

Under Financial Reporting Standard 17 (FRS 17) *Retirement Benefits*, Brighton & Hove City Council is required to disclose the following information.

As part of the terms and conditions of employment of its staff, Brighton & Hove City Council offers retirement benefits. Although these will not actually be payable until



employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two pension schemes:

- The Local Government Pension Scheme, administered by East Sussex County Council, which is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to meet the pensions liabilities with investment assets;
- The Teachers' Superannuation Scheme, administered by the Teachers Pensions Agency (TPA).

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

31st March 2002		31st March 2003	
£'000		£'000	
265,507	Estimated Liabilities in the Scheme	283,846	
4,904	Estimated Unfunded Liabilities	5,177	
270,411	Total Value of Liabilities	289,023	
261,737	Estimated Assets in the Scheme	224,222	
(8,674)	Net Asset/(Liability)	(64,801)	

Note: the unfunded liabilities of £4.904m were excluded from the 2001/02 Statement of Accounts.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The East Sussex Pension Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations at 31st March 2003 are:

31st March 2002		31st March 2003
%		%
2.8%	Price Increases	2.5%
4.3%	Salary Increases	4.0%
2.8%	Pension Increases	2.5%
6.4%	Rate of Discounting Scheme Liabilities	6.1%

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion:

31st March 2002		31st March 2003	
%	£'000	%	£'000
72%	188,841	69.7%	156,383
14%	35,894	11.7%	26,303
11%	28,387	12.5%	28,012
3%	8,615	6.1%	13,524
100%	261,737	100%	224,222

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

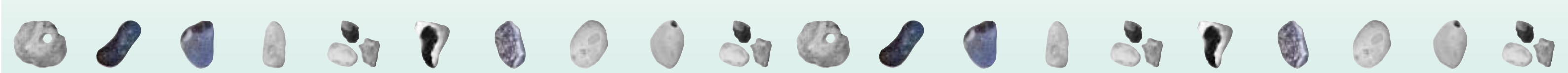
	£'000
Net pensions liability at 1 April 2002	(8,674)
Movements in the year:	
Current service cost	(8,737)
Employer's contributions payable to the scheme	11,456
Past service costs	(111)
Settlements and curtailments	(834)
Interest cost	(16,992)
Expected return on employer assets in the scheme	18,185
Actuarial gains/(losses)	(59,094)
Net Pensions Liability at 31 March 2003	(64,801)

The actuarial losses can be analysed into the following categories, expressed as an amount and as a percentage of the scheme assets and liabilities at 31 March 2003:

	£'000	%
Differences between the expected and actual return on assets	(60,844)	(27.1)
Differences between actuarial assumptions about liabilities and actual experience	1,750	0.6
Changes in the demographic and financial assumptions used to estimate liabilities	0	0
Actuarial Losses	(59,094)	

Teachers Pensions

Brighton & Hove City Council will account for the contributions to the Teachers' Superannuation Scheme, which is a defined benefit scheme, but the Council is unable to identify its share of the underlying assets and liabilities.



20. Single Regeneration Budget and New Deal for Communities

The Council acts as the banker and Accountable Body for the Single Regeneration Budget (SRB) and New Deal for Communities (NDC). SRB and NDC are externally funded grants regimes for which the Council also maintains the accounting records external to the General Fund. Due to the nature of the transactions there are records both within and outside the General Fund.

FRS9 requires consolidation of a reporting entities interest in associated companies and joint ventures. Whilst the Council's interest in SRB and NDC does not fall directly within the FRS9 definition, because they are not ventures in the nature of trade, they can be considered within the spirit of FRS9 for the appropriate adjustment of the reporting entities' accounts.

Partial consolidation adjustments have therefore been made where complementary records of transactions exist in the Council's and the external bodies' (SRB and NDC) accounts.

21. Section 31 Partnership

Section 31 integrates commissioning and provider services for working age adults and older people provided by the NHS and Brighton & Hove City Council with the aim of improving the quality of care.

In 2002/03 Brighton & Hove City Council made a contribution of £27,676,274 to the Section 31 Partnership.

This is shown in the accounts as:

Debtor - Brighton & Hove City PCT re S31 Commissioner held budgets £458,834.
Debtor - South Downs Health NHS Trust re S31 Provider held partnership budgets £28,213,143.
Creditor - Brighton & Hove City PCT re S31 Commissioning Partnership Contribution budgets £27,676,274.

Brighton & Hove City Council have sent a net debtor account to South Downs Health NHS Trust for £995,701.

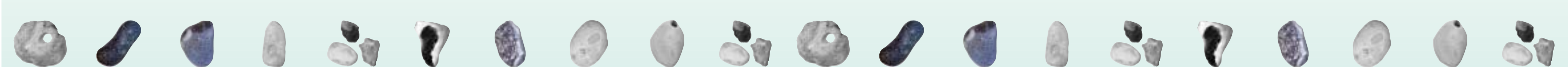
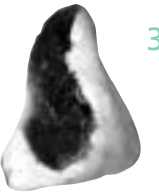
22. Post Balance Sheet Events

- Brighton & Hove City Council is currently undertaking a joint exercise with East Sussex County Council to procure an integrated waste disposal service. The contract is intended to run for 25 years from April 2003. The two authorities have had Private Finance Initiative credits totalling £49m approved by the Treasury for the project (this will result in the authorities receiving grants towards the capital element of the project over the course of the 25 year period). The exact split of this approval between the two authorities has not yet been determined.

Statement of Total Movements in Reserves

2001/02 £'000		2002/03	
		£'000	£'000
	Surplus/(deficit) for the year:		
(2,018)	– General Fund	(429)	
(549)	– Housing Revenue Account	933	
(2,112)	– Movement on Specific Reserves	2,525	
(4,679)	Total Increase/(Decrease) in Revenue Resources		3,029
(218)	Increase/(Decrease) in Usable Capital Receipts	1,008	
(100)	Increase/(Decrease) in Unapplied Capital Grants and Contributions	382	
(318)	Total Increase/(Decrease) in Realised Capital Resources (note 1)		1,390
303,253	Gains/(Losses) on Revaluation of Fixed Assets	164,233	
(1,421)	Capital Expenditure Written Out	(1,587)	
(65,595)	Other Movements on FARR	277	
236,237	Total Increase/(Decrease) in Unrealised Value of Fixed Assets (note 2)		162,923
(6,474)	Value of Assets Sold, Disposed of or Decommissioned (note 3)		(11,444)
13,852	Capital Receipts Set Aside	15,555	
1,540	Revenue Resources Set Aside	(14,907)	
15,392	Total Increase/(Decrease) in Amounts Set Aside to Finance Capital Investment (note 4)		648
240,158	Total Recognised Gains and Losses		156,546

Please note the figures for 2001/02 have been amended.



Notes to the Statement of Total Movements in Reserves

1. Movement in Realised Capital Resources

	Usable Capital Receipts £'000	Unapplied Capital Grants & Contributions £'000
Amount Receivable in 2002/03	16,430	1,885
Amounts Applied to Finance New Capital Investment in 2002/03	(15,422)	(1,503)
Total Increase/(Decrease) in Realised Capital Resources in 2002/03	1,008	382
Balance Brought Forward at 1st April 2002	1,469	
Balance Carried Forward at 31st March 2003	2,859	

2. Movement in Unrealised Value of Fixed Assets

	Fixed Asset Restatement Reserve £'000
Gains/Losses on Revaluation of Fixed Assets in 2002/03	164,233
Capital Expenditure Written Out	(1,587)
Other Movements on FARR	277
Total Increase/(Decrease) in Unrealised Capital Resources in 2002/03	162,923

3. Value of Assets Sold, Disposed of or Decommissioned

	Fixed Asset Restatement Reserve £'000
Amounts Written Off Fixed Asset Balances for Disposals in 2002/03	(11,444)
Total Movement on Reserve in 2002/03	151,479
Balance Brought Forward at 1st April 2002	821,151
Balance Carried Forward at 31st March 2003	972,630

4. Movements in Amounts Set Aside to Finance Capital Investment

	Capital Financing Reserve £'000
Capital Receipts Set Aside in 2002/03	
– Reserved Receipts	11,777
– Usable Receipts Applied	3,778
Total Capital Receipts Set Aside in 2002/03	15,555
Revenue Resources Set Aside in 2002/03	
– Capital Expenditure Financed from Revenue	23,371
– Reconciling Amount for Provisions for Loan Repayment	(38,278)
Total Revenue Resources Set Aside in 2002/03	(14,907)
Total Increase/(Decrease) in Amounts Set Aside to Finance Capital Investment	648
Total Movement on Reserve in 2002/03	648
Balance Brought Forward at 1st April 2002	137,121
Balance Carried Forward at 31st March 2003	137,769



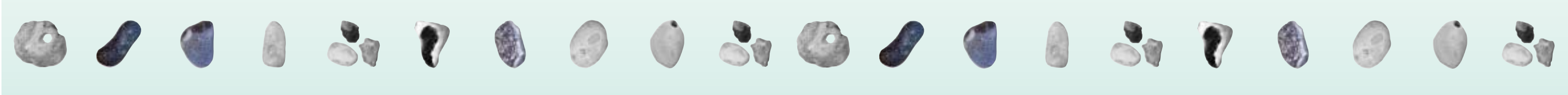
Capital Market Value Note 1 £'000	Net Current Assets Note 2 £'000	Trust Fund	Revenue Balance 1st April 2002 £'000	Income 2002/03 £'000	Expenditure 2002/03 £'000	Revenue Balance 31st March 2003 £'000
647	92	Brighton Fund Gifts to the aged poor	41	34	51	24
390	(50)	Gorham's Gift Distribution and expenses (Note 3)	(26)	39	75	(62)
1,250	0	Land and Buildings (Note 4)	0	0	0	0
408	87	Hedgecock Bequest (Note 5) Grants to charity	1	21	18	4
175	29	Oliver & Johannah Brown Education	12	9	2	19
176	75	Other Trusts Education	66	16	9	73
35	37	Music Trust (Note 6)	38	3	4	37
38	118	Other Trusts (Note 5) Various	86	8	1	93
92	491	Friends of the Royal Pavilion	475	66	50	491
3,211	879	Total	693	196	210	679

Trust Funds

The Council acts as trustee for various Trust Funds. The balances on these accounts are excluded from the Council's Consolidated Balance Sheet. The main trusts and their purposes are summarised above.

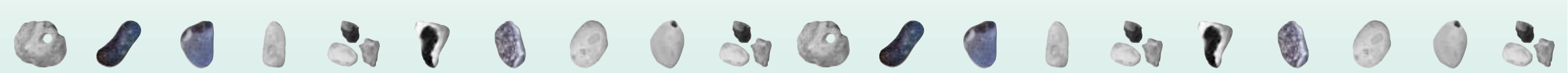
Notes to the Trust Fund Accounts

- Capital Market Value shows the valuation of Charities Official Investment Fund (COIF) shares and other investments at the Mid Point Market Prices as at 31st March 2003.
- Net Current Assets equals cash plus investments in Brighton & Hove City Council.
- The Revenue Balance at 1st April 2002 is different from the balance at 31st March 2002 shown in last year's accounts. This is due to a late adjustment of £8,000.
- Land and Buildings for Gorham's Gift are shown at the market valuation as at 25th February 2003. The accounts for Gorham's Gift are subject to independent examination.
- The assets of the Dupree Chess Charity formerly included under the heading "Other Trusts – Various" was incorporated into the Hedgecock Bequest as agreed by the Charity Commissioners.
- The Brighton & Hove Music Trust was set up following the disaggregation of the East Sussex County Council Music Trust.
- The Council acts as the sole trustee in respect of all the funds listed with the exceptions of Gorham's Gift and Friends of the Royal Pavilion.



Year ended 31st March 2002			Year ended 31st March 2003	
£'000	£'000		£'000	£'000
		Collection Fund Income		
(88,866)		Income from Council Tax	(99,631)	
11,564		Benefits	13,093	
4,332		Allowances	5,614	
9,866		Discounts	10,937	
(261)		Voids/Bankruptcies	(243)	
	(63,365)			(70,230)
		Contributions:		
	(574)	Compensation for Council Tax Benefit Subsidy Limitation		0
		Transfers from General Fund		
(10,990)		– Council Tax Benefits	(13,093)	
0		– Write Back of Prepayments	(647)	
(49)		– Discretionary Rate Relief	(55)	
	(11,039)			(13,795)
(70,234)		Income Collectable from Business Rates	(69,606)	
7,335		Allowances	6,414	
(613)		Movement on Provisions	(257)	
82		Interest on Refunds	39	
	(63,430)			(63,410)
	(138,408)	Total Income		(147,435)

Year ended 31st March 2002			Year ended 31st March 2003	
£'000	£'000		£'000	£'000
		Collection Fund Expenditure		
67,728		Precepts and Demands		
5,207		– Brighton & Hove City Council	75,405	
		– Sussex Police Authority	6,175	
	72,935			81,580
62,663		Business Rate		
438		– Payment to National Pool	63,410	
		– Costs of Collection	434	
	63,101			63,844
1,107		Bad/Doubtful Debts		
567		– Write Offs	901	
		– Provision for Uncollectable Amounts	1,123	
	1,674			2,024
		Redistribution of Council Tax Surplus/(Deficit)		
	(371)	– Brighton & Hove City Council		0
		Redistribution of Council Tax Surplus/(Deficit)		
	(28)	– Sussex Police Authority		0
		Redistribution of Community Charge Surplus		
	0	– Brighton & Hove City Council		26
	137,311	Total Expenditure		147,474
	(1,097)	Movement on Fund Balance		39
	(206)	Balance 1 April (Surplus)/Deficit		(1,303)
	(1,097)	Movement on Fund Balance		39
	(1,303)	Balance 31 March (Surplus)/Deficit		(1,264)



Notes to the Collection Fund Account

Note 1. Collection Fund

This account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund to account for transactions in relation to non-domestic rates, council tax and precept demands. The Collection Fund is consolidated with other accounts of the authority and has been prepared on an accruals basis.

Note 2. Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Sussex Police Authority and the Council for the forthcoming year and dividing this by the council tax base.

The Council's tax base was calculated as follows:

Band	Estimated no. of Taxable Properties	Band Ratio	Band D Equivalent Dwellings
Band A	18,866	0.6667	12,578
Band B	21,755	0.7778	16,921
Band C	27,528	0.8889	24,469
Band D	15,934	1.0000	15,934
Band E	9,190	1.2222	11,232
Band F	3,744	1.4444	5,408
Band G	2,342	1.6667	3,904
Band H	119	2.0000	237
			90,683
Less provisions for appeals and non collection			2,261
Tax Base For	2002/03		88,422
Tax Base For	2001/02		88,075

Note 3. National Non Domestic Rates (NNDR)

NNDR is organised on a national basis. The government specifies an amount (43.7p in 2002/03) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local

authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income (after reliefs and provisions) of £63.844m for 2002/03 (£63.101m for 2001/02) was based on an average rateable value for the Council's area of £157.520m for 2002/03 (£155.948m for 2001/02). The year-end rateable value for NNDR amounted to £159.045m for 2002/03 (£157.543m for 2001/02).

Note 4. Precepting Authorities

The major authorities precepting on the Collection Fund in 2002/03 and their respective amounts were:

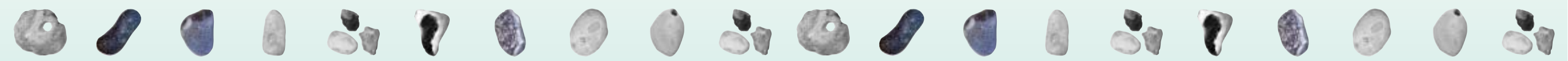
	2002/03	2001/02
Sussex Police Authority	£6,175,380	£5,207,868
Brighton & Hove City Council	£75,405,430	£67,727,764

The Brighton & Hove City Council precept includes £18,375 for Rottingdean Parish Council (£17,500 in 2001/02)

Note 5. Contributions to Collection Fund Surpluses and Deficits

Upon the transition to council tax in April 1993 the Council is entitled to receive the full benefit of the adjustment to community charges made in 1993/1994 and subsequent years. The balance on the Collection Fund attributable to community charges as at 31st March 2003 totalled £27,116. This amount will be used by the Council to reduce the amount of council tax in future years.

Similarly £1.237m of the surplus of £1.264m on the Collection Fund as at 31st March 2003 not accounted for by residual Community Charge transactions will be distributed in subsequent financial years to Sussex Police Authority and the Council in proportion to the value of the respective precept and demand by the two authorities on the Collection Fund.





Cash Flow Statement

Year to 31st March 2002			Year to 31st March 2003	
£'000	£'000		£'000	£'000
		Revenue Activities		
		Cash Outflows		
167,106		Cash paid to & on behalf of employees	181,550	
212,450		Other operating cash payments	279,570	
72,934		Housing Benefit paid out	105,178	
58,057		NNDR Payments to National Pool	64,448	
5,207		Precepts	6,175	
	515,754			636,921
		Cash Inflows		
(44,023)		Rents (after rebates)	(45,886)	
(73,210)		Council Tax Receipts	(81,259)	
(96,224)		Revenue Support Grant	(91,701)	
(72,411)		NNDR Receipts	(81,736)	
(63,052)		NNDR Receipts from National Pool	(63,411)	
(66,376)		DWP grants for benefits	(78,471)	
(113,286)		Other government grants	(148,343)	
(1,990)		Cash received for goods & services	(57,368)	
(23,615)	(554,187)	Other operating cash receipts	(32,815)	(680,990)
	(38,433)	Net Cash (Inflow)/Outflow from Revenue Activities (Note 1)		(44,069)
		Returns on Investments and Servicing of Finance		
		Cash Outflows		
14,890		Interest paid	13,348	
		Cash Inflows		
(9,339)		Interest received	(3,073)	
		Capital Activities		
		Cash Outflows		
39,958		Purchase of fixed assets	34,141	
10,668		Deferred Charges	11,001	
		Cash Inflows		
(9,459)		Sale of fixed assets	(12,684)	
(3,884)		Capital grants received	(8,790)	
(1,252)	41,582	Other capital cash receipts	(247)	33,696
	3,149	Net Cash (Inflow)/Outflow		(10,373)

Year to 31st March 2002			Year to 31st March 2003	
£'000	£'000		£'000	£'000
		Management of Liquid Resources		
	(3,533)	Liquid Resources		10,848
		Financing		
		Cash Outflows		
150,082		Repayments of amounts borrowed	64,100	
		Cash Inflows		
(151,351)	(1,269)	New loans raised	(72,225)	(8,125)
	(1,653)	(Increase)/Decrease in Cash (Note 2)		(7,650)

Notes to Cash Flow Statement

1. Revenue Activities Net Cashflow

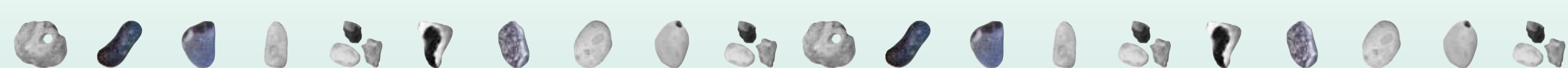
Year to 31st March 2002			Year to 31st March 2003	
£'000			£'000	
2,018	Deficit/(surplus) as per CRA		429	
(1,097)	Deficit/(surplus) as per Collection Fund		39	
5,552	Interest		10,275	
(42,689)	Add non-cash transactions	(51,262)		
	Add items accrued in accounts			
(18)	Increase/(decrease) in stocks	(61)		
(8,507)	(Increase)/decrease in creditors	(1,995)		
6,308	Increase/(decrease) in debtors	(1,494)		
(38,433)	Net Cash (Inflow)/Outflow from Revenue Activities	(44,069)		

2. Movements in Cash

Year to 31st March 2002			Year to 31st March 2003	
£'000			£'000	
(1,653)	(Increase)/decrease in cash		(7,650)	
(1,653)	(Increase)/Decrease in Cash		(7,650)	

3. Reconciliation of Items Under the Financing and Management of Liquid Resources Sections to the Opening and Closing Balance Sheets

	1st April 2002	Movement in Year	1st April 2003
	£'000	£'000	£'000
Short Term Investments	24,492	10,848	35,340
	24,492	10,848	35,340



4. Analysis of Government Grants

	Year to 31st March 2003 £'000
Revenue Support Grant	96,224
NNDR Receipts from National Pool	63,052
DWP Grants for Benefits	66,376
DfES Standards Fund Grant	7,804
DfES Schools Incomes (non-LEA)	2,290
EC Milk Products Subsidy	2
Intervention Board Milk Subsidy under 5's	20
Health Authority – Milk for under 5's	10
Grant Income	2,468
New Opportunities Fund Grant	94
DfES - Early Years	2,738
DfES – Other Grant	313
Other Government Grants	2,917
Class Size Grant	561
Teachers Pay Grant	2,397
Funding for 6th form Students – LSC	2,684
HB/CT Administration Grants	1,203
Housing Benefits Subsidy	63,376
Council Tax Benefit Subsidy	12,485
Rent Rebate Subsidy	1,303
Housing Revenue Account Subsidy	26,052
Housing Defects Subsidy	62
HRA Incentive Area Grant	372
Revenue Improvement Grant	64
Single Regeneration Budget Grant	933
Urban Grant	8
New Deal for Communities Grant	7,544
Neighbourhood Renewal Fund Grant	691
Discretionary Rent Allowance	226
Slum Clearance Subsidy	1
Emergency Planning / Civil Defence	57
Office of National Statistics Grant	7
DoH Training Support Programme	364
DoH Mental Illness Specific Grant	1,149
DoH Aids Support Grant	437
DoH Asylum Seekers	1,291
Partnership Grant	8,045
Prevention Grant	587
Carers Grant	526
Children Services Grant	2,568
Sure Start Grant	791
DAT Development Fund Grant	46
Children's Fund Grant	476
DoH Pregnancy Grant	99
Supported Employment	415
Total	381,128

Glossary of Terms

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge is for notional interest (to represent the cost of tying up resources in those assets) and may include depreciation (intended to represent the cost of using the asset).

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Financing Reserve

This reserve represents the amounts set aside from capital receipts for the repayment of external loans.

Capital Receipt

The proceeds from the sale of a fixed asset. The Government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be utilised to finance capital expenditure.

Collection Fund

All receipts of Council Tax and National Non Domestic Rates are paid into this fund. The Council uses this money to pay its precepts to Sussex Police Authority and the demand by the Council's General Fund, which finances the Council's day to day expenditure.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

Contingent Liability

A contingent liability is either:

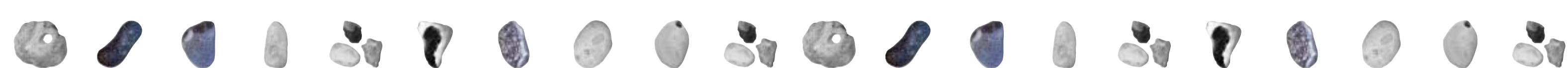
- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Creditor

Amounts owed by the Council but not paid at the date of the balance sheet.



Current Asset

An asset held which will be consumed or cease to have value within the next financial year; examples are stock and debtors.

Current Liability

An amount which will become payable or could be called in within the next accounting period, examples are creditors and cash overdrawn.

Debtors

Amounts owed to the Council but not paid at the balance sheet date.

Deferred Charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets.

Depreciation

The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Fixed Assets

Tangible assets that yield benefit to the Council and the services it provides for a period of more than one year.

Government Grants

Grants made by the government towards either revenue or capital expenditure to support the cost of the provision of the Authority's services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Authority.

Housing Benefits

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

Housing Revenue Account

A ring-fenced account within the General Fund which includes the expenditure and income arising from the provision of housing accommodation by the Authority.

Infrastructure Assets

Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths and bridges.

Investment Properties

Interest in land and/or buildings which are held for their investment potential.

Liquid Resources

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- readily convertible to known amounts of cash as or close to the carrying amount; or
- traded in an active market.

Minimum Revenue Provision (MRP)

Is the minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

National Non Domestic Rates (NNDR)

A flat rate in the pound set by Central Government and levied on businesses in the City. The money is collected by Brighton & Hove and then passed to Central Government who reallocate the income to all Councils in proportion to their population.

Non-Operational Assets

Fixed assets held but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services for which it has either a statutory or discretionary responsibility.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

Provision

An amount set aside in the accounts for liabilities or losses which are certain or very likely to occur and for which a reliable estimate of the amount of the obligation can be made.

Provision for Credit Liabilities

This represents the sum set aside for repayment of debt. This provision is subsumed within the capital financing reserve.

Public Works Loan Board (PWLb)

A Central Government Agency which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government itself can borrow.

Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

These result from events which have allowed money to be set aside or surpluses of income over expenditure. They are not allocated to specific liabilities in the way that provisions are. Earmarked reserves are allocated for a specific purpose. Unallocated reserves are often described as balances.

Revenue Expenditure

The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Temporary Borrowing

Money borrowed for a period of less than one year.

Unapportionable Central Overheads

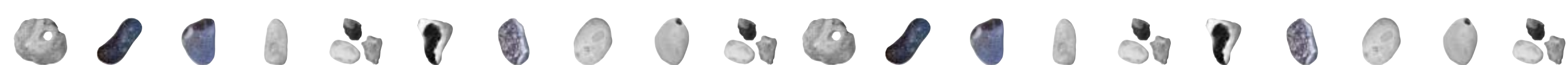
These are overheads for which no user now benefits and should not be apportioned to services. For example pensions arising from discretionary added years service.

Useful Life

The period over which benefits will be derived from the use of a fixed asset.

Work in Progress

The cost of work done on an uncompleted project at the balance sheet date, which should be accounted for.





Brighton & Hove

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