



NATIONAL PROBATION SERVICE  
for England and Wales  
Lancashire

rehabilitation  
**public protection**  
enforcement  
crime reduction



Lancashire Probation Board  
Statement of Accounts

Annual Report 2001-2002 Part 2



## **FOREWORD TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002**

### **Statutory Background**

The National Probation Service for England and Wales was established by the Criminal Justice and Court Services Act 2000. Local probation boards were established in accordance with the police areas to implement the functions conferred on them through the Act. Each Board is a corporate body, which came into existence on 1 April 2001.

### **Accounts**

Each Board is required under Schedule 1, paragraph 16(1) of the Act to make a report to the Secretary of State on the performance of its functions during each financial year, and prepare in respect of each financial year of the board a statement of accounts.

Under Schedule 1, paragraph 16(2) of the Act, the Secretary of State has given direction as to:

- The information to be given in the report and the form in which it is to be given,
- The time by which the report is to be made, and
- The form and manner in which the report is to be published.

### **Principal Activities**

Lancashire Probation Board covers the Lancashire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of almost 1.5m. During the year, the Board employed some 495 full time staff who worked from 18 buildings and 2 hostels across the area.

Each Board is to initially provide assistance to the courts in determining the appropriate sentences to pass, and making other decisions in respect of persons charged with or convicted of offences, and to assist in the supervision and rehabilitation of such persons.

The discharge of policies as established by the National Probation Directorate of the Home Office, are designed to ensure:

- The protection of the public;
- The reduction of re-offending;
- The proper punishment of offenders;

- Ensuring offenders' awareness of the effects of crime on the victims of crime and the public;
- The rehabilitation of offenders.

The Chief Officer is a statutory office holder appointed by the Secretary of State. The CO is the Accountable Officer for the Board and is accountable to the National Director in her position as the Principal Accountable Officer for the National Probation Directorate. The PAO, in turn, is accountable to the Accounting Officer of the Home Office, who is directly accountable to Parliament for safeguarding public funds.

## **Appointments**

The Chair, the Chief Officer and other members of the Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments' "Guidance on Appointments to Public Bodies". The emoluments of these persons are paid for through Home Office funds.

The Lord Chancellor appointed His Honour A Blake to the Board from among the judges of the Crown Court. The emoluments of this appointee are paid for from the Lord Chancellor's Department.

Employees of the Board are ordinary members of the Local Government Pension Scheme. Details of pension arrangements are set out in Notes 1 and 23 to the Accounts.

## **Public Interest**

The Board operates a policy of equal opportunities, regardless of gender, race, disability or sexuality.

The Board observes the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days. In 2001/02 93% of undisputed invoices were paid within 30 days.

## **Management**

The operational management throughout the year was carried out by the Management Board, which consisted of the following members:

Mr J Crawforth (Chief Officer), Mr L Robinson (Chair), and as members Mrs C Broad, His Honour A Blake, Mrs V Burke, Mr A Caddick, Mr S Chapman, Dr A Fowles, Mrs S Hughes, Mr A Khandelwal, Mrs M Lea, Mr A Nixon, Mr V Patel (appointed February 2002), Mrs M Riley and Mr P Upadhyay.

Remuneration of the Board members is disclosed in Note 2 to the Accounts.

## **Post Balance Sheet Events**

There were no material events after the balance sheet date.

## **External Accountability**

Under paragraphs 16-17 of Schedule 1 of the Criminal Justice and Court Services Act 2000, the Board is required to send to the Secretary of State a report on the discharge of its functions during the year and its audited accounts. The Annual Report and Accounts will comply with the specific accounts directions issued by the Secretary of State with the consent of HM Treasury.

The Audit Commission has appointed the District Audit as the external auditor for the Lancashire Probation Board. The Certificate and report is included at page 7.

J D CRAWFORTH - CHIEF OFFICER AND  
ACCOUNTABLE OFFICER FOR THE BOARD  
31 OCTOBER 2002

B G ALDRED - TREASURER  
TO THE BOARD  
31 OCTOBER 2002

## **STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES**

Under Schedule 1, paragraph 17(1)(b) of the Criminal Justice and Court Services Act 2000, local probation boards must prepare a statement of accounts in respect of each financial year, in conformity with an Accounts Direction issued by the Secretary of State, reproduced at the end of these accounts.

The accounts are prepared on an accruals basis and must give a true and fair view of the affairs of the Board at the year-end, the net operating costs, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is expected to comply with the Probation Service Resource Accounting Manual, which is an adaptation of Treasury guidance, and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the Accounts;
- Prepare the accounts on a going concern basis, unless it is inappropriate to presume that the Probation Board will continue in operation.

The Secretary of State has appointed the Chief Officer as Accountable Officer of the Board. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for the keeping of proper records, and for safeguarding the Board's assets, are set out in the Accountable Officer's Memorandum, issued by the Secretary of State.

## **STATEMENT ON THE SYSTEM OF INTERNAL CONTROL**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Home Office policies, aims and objectives, set by the department's Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me through the Financial Memorandum.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of departmental policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. These processes have been in place for the year ended 31 March 2002 and up to the date of approval of the annual report and accounts. The processes also accord with Treasury guidance.

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

The key systems of internal control currently in place operating effectively are listed below:

- Procedures for identifying the Lancashire Probation Boards objectives and key risks;
- The allocation of risk;
- The role of the Audit Committee;
- Involvement and role of internal audit;
- Procedures for ensuring that aspects of risk management and internal control are regularly reviewed and reported on;
- Systems used to ensure compliance with specific regulations or procedures laid down by central departments;
- Monitoring of progress with current initiatives and compliance with extant external requirements.

In addition, work is in progress to develop an overall risk management policy, and to develop procedures for ensuring that all aspects of risk management are fully integrated, monitored and reviewed upon.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their annual audit letter and other reports.

J D CRAWFORTH  
CHIEF OFFICER AND ACCOUNTABLE OFFICER FOR THE BOARD  
31 OCTOBER 2002

## **CERTIFICATE AND REPORT OF THE APPOINTED EXTERNAL AUDITOR**

### **Auditor's Report to the Lancashire Probation Board**

I certify that I have audited the financial statements on pages 9 to 20 which the Management Board asserts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 12, 13 and 20.

### **Respective Responsibilities of Accountable Officer and Auditor**

As described on page 4, the Accountable Officer is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Accountable Officer is also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view of the financial position and result of financial operations of the Board and are properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made there under by the Secretary of State, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 5 reflects the Board's compliance with the Treasury's guidance on the Statement on the system of Internal Control. I am not required to consider whether the Board's statement on internal financial control covers all risks and controls, or form an opinion on the effectiveness of the Board's system of internal financial control. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

### **Basis of Opinion**

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conformed to the authorities which govern them. In forming my opinion, I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- The financial statements give a true and fair view of the state of affairs of the Lancashire Probation Board at 31 March 2002 and of the net operating costs, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made there under by the Secretary of State;
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## **Certificate**

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

T M WATKINSON  
DISTRICT AUDITOR  
31 OCTOBER 2002

## Operating Cost Statement for the year ended 31 March 2002

	Notes	2001-2002		Comparatives are not available	
		£000	£000	£000	£000
<b>Administration Costs:</b>					
Staff Costs	2	12,014.4			
Other Administration Costs	3	4,873.4			
Less: Operating Income	4	-2,117.8			
<b>Net Administration Costs</b>			<b>14,770.0</b>		<b>0.0</b>
<b>Programme Costs:</b>					
Gross Programme Costs	5	0.0			
Less: Programme Income	5	0.0			
<b>Net Programme Costs</b>			<b>0.0</b>		<b>0.0</b>
<b>Net Operating Costs</b>			<b>14,770.0</b>		<b>0.0</b>
<b>Operating Income to be surrendered</b> (Interest received)	4 B		<b>48.8</b>		
<b>Net Resource Outturn</b>			<b>14,818.8</b>		<b>0.0</b>

All income and expenditure are derived from continuing operations.

## Statement of Recognised Gains and Losses for the year ended 31 March 2002

	Notes	2001-2002		Comparatives are not available	
		£000	£000	£000	£000
Net Realised Gain / (Loss) on revaluation of Land and Buildings	6	30.7			
Net Realised Gain / (Loss) on Other Assets	6	-23.3			
Receipt of Donated Assets	16 B	0.0			
<b>Total recognised gains and losses for the financial year</b>			<b>7.4</b>		<b>0.0</b>

## Balance Sheet as at 31 March 2002

	Notes	31 March 2002		31 March 2001 (Restated)	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible assets	6		2,446.9		2,589.8
<b>Debtors falling due after more than one year</b>	10		113.4		0.0
<b>Current Assets:</b>					
Stocks	8	0.0		0.0	
Debtors	9	594.7		151.4	
Cash at bank and in hand	11	596.6		0.0	
		<u>1,191.3</u>		<u>151.4</u>	
<b>Creditors (amounts falling due within one year)</b>	12	<u>-1,434.0</u>		<u>-81.4</u>	
<b>Net current assets</b>			<u>-242.7</u>		<u>70.0</u>
<b>Total assets less current liabilities</b>			<u><b>2,317.6</b></u>		<u><b>2,659.8</b></u>
<b>Creditors (amounts falling due after more than one year)</b>	13	0.0		0.0	
<b>Provisions for liabilities and charges</b>	14	<u>-534.9</u>		<u>-538.1</u>	
			<u>-534.9</u>		<u>-538.1</u>
			<u><b>1,782.7</b></u>		<u><b>2,121.7</b></u>
<b>Taxpayers' equity</b>					
General fund	15		231.9		601.6
Revaluation reserve	16		1,550.8		1,520.1
Donated asset reserve	17		0.0		0.0
			<u>1,782.7</u>		<u>2,121.7</u>

(Signed) **J D Crawforth** (Accountable Officer)  
 (Date) 31-Oct-02

(Signed) **B G Aldred** (Treasurer)  
 (Date) 31-Oct-02

**NOTE:**

The balances at 31 March 2001 are based on the closing balances of the local probation committee accounts which were published and audited. They have been restated to reflect the standardised accounting policies of the National Probation Service (NPS) and transfers that took place on formation of the NPS.

## Cash Flow Statement for the year ended 31 March 2002

	2001-2002		Comparatives are not available	
	£000	£000	£000	£000
<b>Net cash outflow from operating activities</b>				
				-13,757.4
<b>Capital Expenditure and Financial Investment</b>				
Purchase of Fixed Assets (From Note 6)		-36.0		
Plus Opening Balance for Fixed Asset Accruals (From Note 12)		0.0		
Minus Closing Balance for Fixed Asset Accruals (From Note 12)		0.0		
<b>Total cash spent on Fixed Assets</b>		-36.0		
Minus Proceeds of Disposal of Fixed Assets		0.0		
			-36.0	
<b>Financing</b>				
Net Home Office Grant received in current year (From Note 15)		14,286.0		
Chiefs and Chairs (Paid by Home Office) (From Note 15)		104.0		
<b>Total Financing</b>			14,390.0	
<b>Increase / (Decrease) in Cash</b>				596.6
<b>Reconciliation of Operating Cost to Operating Cash Flows</b>				
Net Operating Cost (From Operating Cost Statement)			14,770.0	
Adjustments for non-cash transactions (From Note 3)			-323.5	
Adjustments for movements in working capital other than cash (From Note 7)			-689.1	
<b>Net Cash Outflow from operating Activities</b>				13,757.4

## Notes to the Accounts

### 1 Statement of Accounting Policies

#### 1.1 Basis of Preparation

The accounts have been prepared in accordance with the Probation Service Resource Accounting Manual, which is an adaptation of guidance issued by the Treasury. The particular accounting policies adopted by the Board are described below. They have been applied consistently in dealing with the items considered material in relation to the accounts.

#### 1.2 Accounting Convention

The accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

*{This is the first year of audited accounts therefore comparative figures have not been disclosed for the Operating Cost Statement. Comparative figures for the Balance Sheet items have been restated to reflect the standardised accounting policies of the National Probation Service (NPS) and transfers that took place on formation of the NPS.}*

#### 1.3 Operating Income

Operating income is income that relates directly to the operating activities of the Board. It principally comprises fees and charges for services provided to the Prison Service, which are recovered on a full cost basis in accordance with the Treasury's Fees and Charges guide.

#### 1.4 Tangible Fixed Assets

Title to the freehold land and buildings shown in the accounts is part of the Departmental Estate held in the name of the Secretary of State. Freehold land and buildings have been restated at current cost using professional valuations every five years and appropriate indices in intervening years. The last professional valuation was conducted in May 1999 in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance and was revalued by the use of Office of National Statistics (ONS) indices to their replacement cost as at 31 March 2002.

Other tangible assets have been stated at current cost using appropriate indices. The minimum level for capitalisation of a tangible fixed asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

#### 1.5 Donated Assets

Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement.

#### 1.6 Depreciation

Freehold land is not depreciated. Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal installments over their estimated useful lives. Lives are normally in the following ranges:

- Freehold & long leasehold buildings - 50 years;
- Short leasehold buildings - over the term of the lease;
- Vehicles, Equipment and Computers - 3-10 years.

#### 1.7 Research and Development

Expenditure on research and development has been treated as an operating cost in the year in which it is incurred.

#### 1.8 Stocks

Expenditure on consumables and stationery is written off as incurred. Balances of finished goods for resale are valued at cost, or where materially different, current replacement cost, and at net realisable value only when they either cannot or will not be used.

#### 1.9 Taxation

The Board can reclaim the input VAT element on contracted out services, under agreement with HMC&E. Input VAT on non-qualifying purchases is charged to the Operating Cost Statement as incurred, or is capitalised if associated with the purchase of fixed assets.

## Notes to the Accounts

### 1.10 Capital Charge

A charge, reflecting the cost of capital utilised by the Board, is included under operating costs. The charge is calculated at the government's standard rate of 6% in real terms on all assets less liabilities shown in the Balance Sheet.

### 1.11 Operating Leases

Operating lease rentals are charged to the operating cost statement in equal amounts over the lease term.

### 1.12 Pensions Costs

An independent actuarial valuation was carried out as at 31 March 1998 which determined the amended employer's pension contributions from 1999-2000 to 2001-02. The amended contributions were designed to be such that the regular pension cost is a substantially regular amount based on the average remaining service lives of current employees in the scheme. The policy is to bring the fund value and its corresponding liabilities into balance within that period.

The employer's contributions made in 2001-02 were £1,141,009

An additional amount of £Nil was paid into the Fund within 2001-02 which has been treated as a prepayment against future liabilities.

A further independent actuarial valuation was carried out as at 31 March 2001 to establish the amended employer's pension contributions for the three years from 2002-03 which will be 12.3% of salaries.

The following assumptions were made in the most recent valuation:-

• Inflation -	2.50%
• Rate of increase in salaries -	4.00%
• Rate of increase for pensions in payment -	2.50%
• Rate used to discount the scheme liabilities -	6.00%

The valuation as at 31 March 2002 of the pension scheme proportion as applied to Lancashire Probation Board was as follows:-

		£
Fair value:	Equities	28,185,600
	Bonds	5,952,000
	Other	4,262,400
	<b>Total</b>	<b>38,400,000</b>
		<hr/>
	Present value of liabilities	39,700,000
		<hr/>
	Shortfall	- 1,300,000

### 1.13 Early Departure Costs

The Board is required to meet the additional costs of benefits beyond the normal pension benefits in respect of employees who retire early. The Board's policy is to provide in full for this cost when the early retirement programme has been announced and is binding on the Board.

## 2 Staff Numbers and Costs

A Total staff costs are analysed as follows:

	2001-2002	Comparatives are not available
	£000	£000
Salaries and Wages	10,155.6	
Social Security Costs	717.8	
Other Pension Costs	1,141.0	
<b>Total</b>	<b>12,014.4</b>	<b>0.0</b>

In 2001-02, contributions of £1,141,009 (*comparative: £1,072,840*) were paid to the Local Government Pension Scheme at rates determined by the scheme's Actuary. Employer's contributions were 12.3% of pensionable pay.

## Notes to the Accounts

**B** The average number of whole-time equivalent persons employed during the year (including the Chief Officer and senior management, including the Management Board) contributing to departmental aims and objectives are:495

**C** The Chief Officer is a statutory office holder as appointed by the Secretary of State.

*The gross salary (excluding pension contributions) and pension entitlements of the Chief Officer are as follows:*

	Age at 31 March 2002	Salary * including performance pay at 31 March 2002 £000	Real increase in pension at retirement age %	Total accrued pension at retirement age at 31 March 2002 £000
John Crawford	51	65-70	0.0-2.5	20.0-25.0

There are 15 Board members (named in the foreword to the accounts).

Excluding the Chief Officer, 13 received remuneration under £5,000 during 2001/02 and 1 received remuneration of £15,001 - £20,000.

\* Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting of London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. The estimated monetary value of benefits in kind does not form part of "salaries" for disclosure purposes under resource accounting.

### 3 Other Administration Costs

	2001-2002	Comparatives are not available		
	£000	£000	£000	£000
Rentals under Operating Leases:				
Expenditure on leased accommodation	44.3			
Expenditure on other leases	0.4			
		44.7		0.0
Expenditure on Staff Related and Personnel Activities:				
Agency Staff and Consultants	334.3			
Travel, Subsistence and Hospitality	681.6			
Publicity and Advertising	75.2			
Other Staff Related	237.9			
		1,329.0		0.0
Utilities and Premises	481.9			
Transport Costs	105.5			
Supplies and Services	1,345.7			
Contracted Out Services	252.3			
Third Party Payments	844.3			
Chair's and Member's Expenses	26.8			
Other Administration Costs	97.1			
		3,153.6		0.0
Auditor's Remuneration:				
For audit services	22.6			
For other non-audit services	0.0			
		22.6		0.0
Non-cash costs:				
Depreciation	186.3			
Impairment of Fixed Assets	23.3			
(Profit) / Loss on Disposal of Fixed Assets	0.0			
Cost of Capital	117.1			
Movement in Provisions	-3.2			
		323.5		0.0
<b>Total Other Administration Costs</b>		<b>4,873.4</b>		<b>0.0</b>

## Notes to the Accounts

## 4 Administration Income

	2001-2002	Comparatives are not available
	£000	£000
<b>A Administration Income excluding Operating Income to be Surrendered</b>		
Rent receivable from minor occupiers of Probation Estate property:		
From within the Departmental Boundary	0.0	
From Other Government Departments	13.9	
From External Tenants (including Local Authorities)	0.2	
Secondments to:		
Prison Service	1,069.9	
National Probation Directorate	0.0	
Other Bodies	765.5	
Income from EU Sources: Direct contributions to Board activities	0.0	
Grants Receivable: From Other Government Departments	0.0	
Miscellaneous Income	219.5	
<b>Total Administration Income excluding Operating Income to be surrendered</b>	<b>2,069.0</b>	<b>0.0</b>

Costs associated with staff on secondment are recovered on a full-cost basis in accordance with the Treasury's Fees and Charges Guide.

	2001-2002	Comparatives are not available
	£000	£000
<b>B Operating Income to be Surrendered</b>		
Interest received:		
From Bank	40.9	
From Car Loans	7.9	
From Other Sources	0.0	
<b>Total Operating Income to be surrendered</b>	<b>48.8</b>	<b>0.0</b>
<b>Total Administration Income</b>	<b>2,117.8</b>	<b>0.0</b>

## 5 Net Programme Costs

	2001-2002			Comparatives are not available		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Current Expenditure:						
Single Regeneration Budget	0.0	0.0	0.0			
EU – Economic & Social Fund	0.0	0.0	0.0			
<b>Total Programme Costs</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Notes to the Accounts

## 6 Tangible Fixed Assets

	2001-2002			
	Freehold Land and Buildings £000	Office Machinery, Fixtures and Fittings £000	Vehicles £000	Total £000
<u>Cost / Valuation</u>				
At 1 April 2001	2,424.8	251.7	275.7	2,952.2
Additions	26.6	9.4	0.0	36.0
Net Transfers In/Out	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Revaluations	0.0	0.0	0.0	0.0
Indexation	33.6	0.0	0.0	33.6
Impairment	0.0	-31.2	-12.3	-43.5
At 31 March 2002	2,485.0	229.9	263.4	2,978.3
<u>Depreciation</u>				
At 1 April 2001	153.5	112.5	96.4	362.4
Charged in year	103.3	44.6	38.4	186.3
Net Transfers In/Out	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Revaluations	0.0	0.0	0.0	0.0
Indexation	2.9	0.0	0.0	2.9
Impairment	0.0	-15.9	-4.3	-20.2
At 31 March 2002	259.7	141.2	130.5	531.4
<u>Net Book Value</u>				
<b>At 31 March 2002</b>	<b>2,225.3</b>	<b>88.7</b>	<b>132.9</b>	<b>2,446.9</b>
<b>At 1 April 2001</b>	<b>2,271.3</b>	<b>139.2</b>	<b>179.3</b>	<b>2,589.8</b>
<u>Revaluation Analysis</u>				
Net change to Revaluation	30.7	0.0	0.0	30.7
Impairment (included in above Revaluation)	0.0	-15.3	-8.0	-23.3
Statement of Recognised Gains and Losses	<b>30.7</b>	<b>-15.3</b>	<b>-8.0</b>	<b>7.4</b>

## 7 Movements in Working Capital other than Cash

	Comparatives are not available	
	2001-2002 £000	£000
Increase / (Decrease) in Stock	0.0	
Increase / (Decrease) in Debtors	614.7	
(Increase) / Decrease in Creditors	-1,303.8	
<b>Total Movements in Working Capital other than Cash</b>	<b>-689.1</b>	<b>0.0</b>

## 8 Stock

	31/03/2001 31 March 2002 (Restated)	
	£000	£000
Finished goods for resale	0.0	0.0
<b>Total Stocks</b>	<b>0.0</b>	<b>0.0</b>

## Notes to the Accounts

## 9 Debtors: Amounts due falling within one year.

	31 March 2002	31/03/2001 (Restated)
	£000	£000
Trade Debtors	82.0	0.0
Staff Debtors	87.0	0.0
Debtors due from the other Probation Boards	74.7	0.0
Debtors due from the Prison Service	193.1	0.0
Debtors due from the National Probation Directorate	87.2	0.0
Other Debtors	3.5	81.4
Prepayments and Accrued Income	55.2	0
Prepayment of Pension Fund Contributions	0.0	0.0
<b>Total to be used for Movement in working capital</b>	<b>582.7</b>	<b>81.4</b>
Grants due from Home Office	12.0	70.0
<b>Total Debtors: Amounts due falling within one year.</b>	<b>594.7</b>	<b>151.4</b>

## 10 Debtors: Amounts due falling due after more than one year.

	31 March 2002	31/03/2001 (Restated)
	£000	£000
Staff Debtors	113.4	0.0
Other Debtors	0.0	0.0
<b>Total Debtors: Amounts due falling due after more than one year.</b>	<b>113.4</b>	<b>0.0</b>

## 11 Cash at Bank and in hand

	31 March 2002	31/03/2001 (Restated)
	£000	£000
Bank Balances	591.6	0.0
Cash in hand (including petty cash)	5.0	0.0
<b>Total Cash at Bank and in hand</b>	<b>596.6</b>	<b>0.0</b>

## 12 Creditors: Amounts due falling within one year.

	31 March 2002	31/03/2001 (Restated)
	£000	£000
Trade Creditors and Accruals	993.0	0.0
HM Government Creditors	243.6	0.0
Bank Overdraft	0.0	0.0
Staff Creditors	47.2	0.0
Creditors due to other Probation Boards	16.4	0.0
Creditors due to Prison Service	0.0	0.0
Creditors due to National Probation Directorate	48.7	0.0
Other Creditors	36.3	81.4
Long Term Liabilities due within one year	0.0	0.0
<b>Total to be used for Movements in Working Capital</b>	<b>1,385.2</b>	<b>81.4</b>
Grants due to Home Office	0.0	0.0
Operating Income to be surrendered (Interest received)	48.8	0.0
Fixed Asset Accruals	0.0	0.0
<b>Total Creditors: Amounts due falling within one year.</b>	<b>1,434.0</b>	<b>81.4</b>

## 13 Creditors: Amounts falling due after more than one year.

	31 March 2002	31/03/2001 (Restated)
	£000	£000
Staff Creditors	0.0	0.0
Other Creditors	0.0	0.0
<b>Total Creditors: Amounts falling due after more than one year.</b>	<b>0.0</b>	<b>0.0</b>

## Notes to the Accounts

## 14 Provisions for Liabilities and Charges

	Early Retirement and pension commitments	Other Provisions	Total
	£000	£000	£000
Balance at 1 April 2001	514.7	23.4	538.1
Increase in Provision	44.7	1.0	45.7
Utilised in Year	-48.9	0.0	-48.9
<b>Balance at 31 March 2002</b>	<b>510.5</b>	<b>24.4</b>	<b>534.9</b>

## 15 Movements in the General Fund

	2001-2002	Comparatives are not available
	£000	£000
Net Operating Cost	-14,770.0	0.0
Operating Income to be surrendered (Interest received)	-48.8	0.0
Adjust for non-cash transactions:		
Cost of Capital	117.1	
Transfer from Revaluation and Donated Asset Reserve (From Note 16)	0.0	0.0
Transfer of Fixed Assets	0.0	
Financing activities:		
Net Home Office Grant received in current year	14,286.0	
Chiefs and Chairs (Paid by Home Office)	104.0	
Increase / (Decrease) in Financing Debtors (From Note 9)	-58.0	
(Increase) / Decrease in Financing Creditors (From Note 12)	0.0	
Net Increase / (Decrease) in General Fund	-369.7	0.0
General Fund as at 1 April	601.6	
<b>General Fund as at 31 March</b>	<b>231.9</b>	<b>601.6</b>

## 16 Reserves

## A Revaluation Reserve

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

	2001-2002
	£000
Balance at 1 April 2001	1,520.1
Arising on revaluations during the year (net)	30.7
Transfer to General Fund	0.0
<b>Balance at 31 March 2002</b>	<b>1,550.8</b>

## B Donated Asset Reserve

	2001-2002
	£000
Balance at 1 April 2001	0.0
Additions during the year	0.0
Release to General Fund	0.0
<b>Balance at 31 March 2002</b>	<b>0.0</b>

## 17 Capital Commitments

	31 March 2002	Comparatives are not available
	£000	£000
Capital commitments for which no provision has been made in the accounts were as follows:		
Committed	0.0	
Authorised but not contracted	0.0	
<b>Total</b>	<b>0.0</b>	<b>0.0</b>

**Notes to the Accounts****18 Commitments Under Operating Leases**

At 31 March 2002 the Board was committed to making the following payments during the year in respect of operating leases expiring:

	2001-2002		Comparatives are not available	
	Land and Buildings	Others	Land and Buildings	Others
	£000	£000	£000	£000
Within 1 year	44.3	0.4		
Between 2-5 years	0.0	0.0		
Over 5 years	0.0	0.0		
<b>Total Commitments Under Operating Leases</b>	<b>44.3</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>

**19 Other Commitments**

The Board has not entered into any non-cancellable contracts (which are not operating leases) for building services as at 31 March 2002.

**20 Contingent Liabilities**

At the balance sheet date, the Board has material contingent liabilities in respect of the following matters:

Claims for injury to staff and offenders which fall below individual excess clauses and the annual self insured limits have to be funded by the Probation Board. To date, two claims for 2001/02 amounting to a potential liability of £25,000 have been indicated to the Board. As these claims have only recently been lodged, a reliable estimate of the Board's liability cannot be determined at this stage hence no provision has been made in these accounts for any such claims. Therefore, any successful claim resulting in liability for the Board will have to be funded from future years resources. Additional liabilities may materialise in future years, as claimants have three years from the date of an incident to register a claim.

**21 Related Party Transactions**

The Home Office is regarded as a related party. During the year, the Probation Board had various material transactions with the Home Office. Additionally, the Board has had transactions with some other Probation Boards and other government bodies. The main transactions relate to the provision of staff for long term secondment within the Prison Service.

During the year, a contract was awarded to the University of Central Lancashire in relation to consultancy services, in which one member of the Board declared an interest. That member then took no part in the decisions on this issue. Other than this, none of the Members of the Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Probation Board.

**22 Post Balance Sheet Events**

There were no significant post balance sheet events.

**Notes to the Accounts****23 Additional Accounting Policies****A) Other provisions**

Provisions have been recognised within the accounts where:

- a) The Board has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that a transfer of economic benefits will be required to settle the obligation;
- c) a reliable estimate can be made of the amount of the obligation.

**B) Home Office Grant**

Grants received directly from the Home Office (of any nominal type, classification, or attached conditions) are recognised in the accounts by directly crediting the General Fund.

**C) Operating Income**

Income is accounted for applying the accruals convention and is recognised in the period in which services are provided.

**D) Pensions costs (supplemental)**

As part of the terms and conditions of employment of its officers and other employees, Lancashire Probation Board offers retirement benefits. Although these will not actually be payable until employees retire, the Board has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Lancashire Probation Board participates in the Local Government Pension Scheme, administered by Lancashire County Council. This is a defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

The LGPS is a funded scheme, meaning that employers' and employees' contributions to the pension fund are invested in order to build up a portfolio of investment assets to meet the cost of future retirement benefits.

Under the Local Government Pension Scheme Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. An independent actuarial valuation was carried out as at 31 March 1998 which determined the amended employer's pension contributions from 1999-2000 to 2001-02. The valuation was undertaken by William M. Mercer, an independent firm of actuaries.

The amended contributions were designed to be such that the regular pension cost is a substantially regular amount based on the average remaining service lives of current employees in the scheme. The policy is to bring the fund value and its corresponding liabilities into balance within that period.

The latest actuarial valuation as at 31 March 2001 was undertaken by William M. Mercer, an independent firm of actuaries. Assets were valued using the market value method and liabilities were valued using the project unit method .

In 2001/02, pensions costs of £1,141,009 have been charged to the operating cost statement in accordance with SSAP24. SSAP24 requires that the costs of providing retirement benefits are smoothed over the average remaining service life of current employees.



**National Probation Service, Lancashire Area**

Headquarters Office, 99-101 Garstang Road, Preston PR1 1LD

Telephone 01772 201209 Fax 01772 884399

Website: [www.probation-lancashire.org.uk](http://www.probation-lancashire.org.uk)