

CRIME AND DISORDER ACT 1998

Account, prepared pursuant to Schedule 2, paragraph 9 (4) of the Crime and Disorder Act 1998 the Accounts of The Youth Justice Board for England and Wales for the year ended 31 March 2002, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons paper No. 709 of 2001-2002.)

Presented pursuant to Crime and Disorder Act 1998, c. 44, para 9(8)

Youth Justice Board for England and Wales Account 2001-2002

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Contents

	Page
Foreword to the Accounts	2
Statement of the Board's and Chief Executive's responsibilities	7
Statement on Internal Control	7
The Certificate and Report of the Comptroller and Auditor General	9
Income and Expenditure Account	11
Statement of Total Recognised Gains and Losses	11
Balance Sheet	12
Cash Flow Statement	13
Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities	13
Notes to the Accounts	14
Accounts Direction	28

Foreword to the Accounts

Introduction

This statement of accounts reports the results of the Youth Justice Board for England and Wales (the Board) for the year to 31 March 2002.

History

The Board was established on 30 September 1998 as an Executive Non-Departmental Public Body under the Act. It is financed by grant in aid from the Vote of the Home Office. The Secretary of State is answerable to Parliament for the Board and is responsible for making financial provision for its needs.

Results for the year

The surplus for the year amounted to £1.4m which has been taken to the Income and Expenditure account. The Board received £296.3m in grant in aid in the year ending 31 March 2002 and spent £8.7m on its own running costs (excluding depreciation & interest on PFI contracts), £207.3m on secure accommodation, and £76.2m on managing the Youth Justice System and programmes in the community. The Board had a cash balance of £4.8m at 31 March 2002, of which £4m was held with Michelmores, Solicitors, as a short-term deposit for the purchase of a Secure Training Centre (STC) site in Milton Keynes which was completed in June 2002 (see note 20).

Principal activities

The Board's role is to provide national leadership for the youth justice system.

The Board is required to

- advise the Secretary of State on the operation of the youth justice system, in delivering its aim of preventing offending by children and young people and on changes that may be needed;
- monitor the operation and performance of the youth justice system, including the youth court, the work of the youth offending teams and the delivery of secure accommodation;
- identify and disseminate good practice, including commissioning research and providing grants for developing good practice;
- advise on national standards for the work of youth offending teams and the juvenile secure estate, monitor performance standards and publish results; and
- commission and purchase secure facilities for juveniles on remand and under sentence from April 2000.

Board members and senior management

The Act provides that the Board shall have between 10 and 12 members, appointed by the Secretary of State.

The Secretary of State on 25 September 1998 announced the appointment of the twelve members of the Board for periods of between three and five years. The members who served during the year were as follows

Board members		Appointment to
Lord Norman Warner	Chair	September 2003
Mr Rob Allen		September 2003
Mr Jonathan Black*		September 2002
Mr Cedric Fullwood CBE*		September 2004
Ms Joyce Moseley*		September 2004
Dr Theodore Mutale		September 2003
Mr Charles Pollard		September 2003
Mrs Annabella Scott JP*		September 2004
Mr Martin Stephenson		September 2002
Ms Lorna Whyte		September 2002
Mr Charles Wilson		September 2004
Mr Howard Williamson		November 2004

* member of Audit Committee

The members of the Board have corporate responsibility for ensuring that the Board properly discharges its statutory functions and complies with statutory and administrative requirements for the use of public funds. Members of the Board appoint the Chief Executive although they may not give instructions that conflict with the Chief Executive's duties as the Board's Accounting Officer.

The Board's and Chief Executive's responsibilities are stated on page 7.

The Audit Committee reviews the Board's internal control arrangements, the operation of the internal audit service, and the management of risks.

Senior management team

The senior management team consisted of the Chief Executive, the Managing Director Secure Facilities, The Managing Director Community Interventions (until 28 February 2002), the Director of Finance (until 8 March 2002), the General manager, the Director Managing Youth Justice and the Managing Director Prevention.

Mark Perfect	Chief Executive
Janet Dalrymple	Managing Director Secure Facilities
Roger King	Managing Director Community Interventions (until 28 February 2002)
Charles Clark	Managing Director Prevention
Allan Hutton	Director of Finance (until 8 March 2002)
Matthew Guntrip	Director of Finance (from 20 May 2002)
Ruth Allan	Director Managing Youth Justice
Malcolm Fuller	General Manager

The Chief Executive as Accounting Officer ensures that all public funds made available to the Board are used for the purposes intended by Parliament, that adequate internal controls are maintained, and that proper accounts are prepared. Further details of the responsibilities of the Board and the Chief Executive are given in the Statement on page 7.

Code of practice

The Board adopted a Code of Practice for Members at its first meeting on 16 October 1998. The Board's Code of Practice includes a register of Members' interests, which is available for inspection at the Board's offices by arrangement.

Youth Justice Board for England and Wales Account 2001-2002

Business review

The Intensive Supervision and Surveillance Programme (ISSP), a rigorous community sentence providing an alternative to custody, was introduced for persistent young offenders during the year. 41 ISSP schemes went live in 2001-2002 and 876 young offenders had been placed on the scheme by the end of March 2002.

The Development Fund, established in 1999-2000 for a three year period, to set up and develop bail supervision and other community intervention schemes, financed local projects for a third and final year.

The Board continued to directly fund multi-agency Youth Offending Teams (Yots), which have been responsible for driving forward the majority of reforms in the youth justice system.

Ten Effective Practice Notes were commissioned in 2001-2002, drawing on research and evaluation findings from Development Fund interventions. Guidance will be published in 2002-2003 for practitioners and will be linked to a quality assurance system, audited by the Board.

Yot funding, which is conditional on the attainment of agreed performance targets, was used to

- Roll out Referral Orders nationally
- Recruit and train volunteers for Referral Order panels, Mentoring and Appropriate Adult schemes
- Provide drugs misuse screening and treatment services
- Provided mental health assessment services
- Run education, training and employment programmes
- Continue the implementation of the Final Warnings programme
- Develop the ASSET assessment tool for predicting offending behaviour

The Board delivered the government pledge to halve the time from arrest to sentence for persistent young offenders from 142 days to 71 days in June 2001.

145 holiday Splash schemes ran in the Summer and Easter holidays with approximately 35,000 young people taking part in more than 11,000 innovative activities, with the aim of preventing them from offending.

70 Youth Inclusion Programmes (YIPs), running in some of the most deprived areas of England and Wales, encouraging 'at risk' young people to become positive about their lives and the community, were funded by the Board.

The numbers of young people in custody increased during the year, from 2,753 in April 2001 to 3,034 in April 2002. The increase followed mainly from Lord Woolf's judgement on mobile phone robbery in January 2002, street crime initiatives and the implementation of section 130 of the Criminal Justice & Police Act 2001 on secure remands.

The Board commissioned major capital works at Youth Offending Institutes to provide safer custodial and education and training facilities.

The PLUS Programme, a literacy and numeracy learning resource, was piloted in nine secure juvenile establishments during the year. An evaluation of the pilots showed that the programme was soundly based for raising numeracy and literacy levels for young people with special needs. National roll out is planned for 2002-2003.

Statement of accounts

The Board's Statement of Accounts is prepared on an accruals basis and in accordance with the Accounts Direction (page 28) given by the Secretary of State, with the consent of the Treasury.

The financial statements are set out on pages 11 to 13 and the notes on pages 14 to 27 form part of them.

Fixed assets

In line with Treasury requirements, all fixed assets are included in the balance sheet at current replacement cost. The most significant addition to fixed assets during the year was the transfer of land at STC sites from Home Office at 1 April 2001. This land had a market value of £1.8m at 31 March 2002.

Freehold land and buildings were revalued by external valuers on 31 March 2001 at £22,705,000. The next revaluation is scheduled for 31 March 2003.

Research and development

The Board commissioned £1m of research into Youth Justice for a number of areas including analysis of the factors that put young people at risk of offending, the reasons young people engage in street robbery and a national survey of young people and their offending. The YJB liaises with a number of universities including Sheffield, Kent and Essex. A report will be produced to collate all the evidence from the evaluator's reports as well as additional evidence, such as YJB monitoring data, and will report on all aspects of proposed reforms.

Equal opportunities

YJB has an equal employment policy that states: The YJB is committed to ensuring that all eligible persons shall have equality of opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work. The YJB aims to set an example of best practice among equal opportunities employers and consequently the current equal opportunities policy goes beyond the legislative framework within which all United Kingdom employers must operate. The policy states there must be no discrimination, directly or indirectly, against any eligible person on grounds of race, colour, nationality, gender, disability, sexual orientation, religion, or any other irrelevant factor, whether in recruitment, training, promotion or in any other way.

It is the policy of YJB to follow the codes of practice issued by Commission for Racial Equality. The General Manager has overall responsibility for ensuring that the policy operates effectively for employment issues.

Employee relations

The Board aims to follow best practice in the management of staff, including giving proper attention to communication, consultation, and motivation of staff, seeking to create an environment in which all employees contribute their best to their own and the Board's success. Regular meetings are held in order that information flow, both upwards and downwards, is maintained. Senior Staff have regular meetings with their line managers. All staff are invited to attend briefings on draft Board Papers prior to their submission in order that all may have the opportunity to comment.

Disabled persons

At 31 March 2002 the number of registered disabled people employed was nil. When advertising posts the YJB specifically welcomes applications from disabled persons. It also operates a guaranteed interview scheme whereby disabled persons who meet the criteria for a post are guaranteed an interview.

The Environment

The Board is fully committed to playing its part both in the preservation of natural resources and the prevention of environmental pollution. The principal elements of this policy are

- improving the efficiency of energy usage;
- reducing wastage in the use of goods and products and increasing the recycling of waste materials; and
- reducing the use and release of pollutant substances.

Youth Justice Board for England and Wales Account 2001-2002

Better Payment Practice Code

YJB standard terms are to make payments in respect of goods/services within 30 days of receipt of a valid invoice. The target under the Better Payment Practice Code is to pay 95% of the invoices within the agreed terms. A review of invoices paid in the year showed that 92% were paid in accordance with that policy.

Euro

The finance system has the ability to process Euro transactions. All directly related costs have been charged to the income and expenditure account.

Future developments

The Board's plans are published annually in the Corporate and Business plan, which is approved by the Home Office. The Board will continue to monitor the youth justice system, identify and promote effective practice, make grants to Yots, and advise the Home Secretary how to prevent offending by children and young people. It will publish 10 effective practice notes for youth justice practitioners and managers during 2002-2003 each with quality assurance indicators and prepare a learning and development programme to encourage their implementation. The Board will expand the Intensive Supervision and Surveillance Programme and will continue to invest in and commission, secure accommodation to ensure the delivery of 30 hours of education for young offenders.

Signed on behalf of the Youth Justice Board

Mark Perfect
Chief Executive and Accounting Officer

21 November 2002

Statement of the Board's and Chief Executive's responsibilities

The Board's responsibilities

Under Section 41 of, and Schedule 2 to, the Crime and Disorder Act 1998, the Youth Justice Board for England and Wales is required to prepare a statement of accounts in respect of each financial year in the form and on the basis directed by the Secretary of State for the Home Office, with the consent of the Treasury. The accounts are to be prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Youth Justice Board is required to

- observe the accounts direction issued by the Secretary of State, with the consent of the Treasury, 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 financial statements; and
- prepare the statements on the going concern basis unless it is inappropriate to presume that the Youth Justice Board will continue in operation.

The Chief Executive's responsibilities

The Accounting Officer of the Home Office has designated the Chief Executive of the Youth Justice Board as the Accounting Officer for the Board. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for keeping of proper records, are set out in the non-departmental public bodies Accounting Officers' Memorandum, issued by the Treasury and published in Government Accounting.

Statement on Internal Control

As Accounting Officer, I have responsibility for ensuring that an effective system of internal control is operated and maintained within the Youth Justice Board.

Our system of internal control supports the achievement of the Youth Justice Board's policies, aims and objectives, set by Ministers in the Home Office, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. The system 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 the Youth Justice Board's policies, aims, targets and objectives, to evaluate the nature and extent of main risks and to manage them efficiently, effectively and economically. Further work will be undertaken to promote better understanding of risk management throughout all staff in the Youth Justice Board and I expect to have the procedures in place by March 2003 necessary to implement the Treasury guidance. This takes account of the time needed to embed fully the processes which the Youth Justice Board has agreed should be established and improve their robustness.

Youth Justice Board for England and Wales Account 2001-2002

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. Our system is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes

- publishing clearly defined performance targets in the Corporate and Business Plan with responsibility for delivering those targets delegated to senior managers along with the staff and financial resources needed to deliver them;
- discussion by the Board members of the strategy for delivering each key target;
- quarterly review of performance against targets;
- development of the Youth Justice Board's risk register with responsibility for managing risks assigned to individuals and;
- a board committee structure structured to address the main risks;
- quarterly review of the Risk Register;
- monitoring and review of the Risk Register at the Audit Committee meetings;
- preparation and maintenance of manuals on financial and staffing systems for managers to use with help and support provided by finance and personnel staff;
- internal audit testing and reporting on the system of internal control;
- an Audit Committee to review reports from senior managers, internal and external auditors and management's response to audit reports, which ensure that follow-up action is implemented.

The Youth Justice Board has an Internal Audit unit that operates to the standards defined in the Government Internal Audit Manual. The work of the unit is informed by the analysis of the risk to which the body is exposed, and the internal audit plans are endorsed by the Youth Justice Board's Audit Committee and approved by me.

During 2001-2002 Internal Audit completed a number of audits including, a review of risk management, a review of our Anti Fraud and Corruption Policy and Response Plan, a review of Youth Inclusion Programme grants, a review of payroll arrangements, a review of procedures and controls covering travel and subsistence payments and a follow up of matters raised in previous reports. At least annually, Internal Audit provides me with a report on the Internal Audit activity in the Youth Justice Board. The report includes Internal Audit's independent opinion on the adequacy and effectiveness of the Youth Justice Board's system of internal controls together with recommendations for improvement.

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 management letter and other reports.

For 2002-2003, the Youth Justice Board will continue to review progress of the Risk Register and the Corporate Plan targets, at least quarterly. The programme of work planned for Internal Audit during 2002-2003 has been proposed to and approved by, the Audit Committee.

Mark Perfect
Chief Executive and Accounting Officer

21 November 2002

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 11 to 27 under the Crime and Disorder Act 1998. These financial statements 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 14 to 15.

Respective responsibilities of the Youth Justice Board, the Chief Executive and Auditor

As described on page 7 the Board and the Chief Executive are responsible for the preparation of the financial statements in accordance with the Crime and Disorder Act and directions made thereunder by the Secretary of State with the consent of Treasury and for ensuring the regularity of financial transactions. The Board and the Chief Executive are also responsible for the preparation of the Foreword. 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 and are properly prepared in accordance with the Crime and Disorder Act 1998 and directions made thereunder by the Secretary of State, with the consent of the Treasury, and whether, in all material respects the income and expenditure 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 pages 7 and 8 reflects the Board's compliance with Treasury's guidance 'Corporate Governance: Statement on Internal Control'. I report if it does not meet the requirements specified by Treasury, or the statement is misleading or inconsistent with other information which I am aware of from my audit of the financial statements.

Basis of opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes 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 judgements made by the Board and the Chief Executive 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 income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform 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 Youth Justice Board at 31 March 2002 and of the surplus, total recognised gains and losses, and cash flows for the year then ended and have been properly prepared in accordance with the Crime and Disorder Act 1998 and the directions made by the Secretary of State, with the consent of the Treasury; and

Youth Justice Board for England and Wales Account 2001-2002

- in all material respects the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

5 December 2002

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Income and Expenditure Account for the year ended 31 March 2002

	Notes	2002 £	2001 £
Income			
Government grants	2	296,096,632	234,305,430
Expenditure			
Staff costs	3	(3,818,712)	(2,558,583)
Other operating charges	4	(5,689,814)	(4,444,088)
Youth Justice Programme expenditure	5, 6	(283,558,759)	(232,610,699)
Loss on revaluation of fixed assets		-	(1,245,000)
Interest payable on PFI debt	10	(1,596,631)	(1,666,151)
Cost of capital		153,152	173,558
Total operating expenditure		(294,510,764)	(242,350,963)
Operating surplus/(deficit)			
		1,585,868	(8,045,533)
Other income		-	27,847
Interest received	8	774,898	1,074,385
Interest payable to Home Office	9	(774,898)	(1,069,285)
Cost of capital reversal		(153,152)	(173,558)
Retained surplus/(deficit) for the year		1,432,716	(8,186,144)

All results arise from continuing activities.

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

	Notes	2002 £	2001 £
Retained surplus/(deficit) for the financial year		1,432,716	(8,186,144)
Surplus on revaluation of fixed assets including backlog depreciation	17a	1,919,989	2,021,238
Total recognised gains/(losses) for the financial year		3,352,705	(6,164,906)

The notes on pages 14 to 27 form part of these accounts.

Youth Justice Board for England and Wales Account 2001-2002

Balance Sheet as at 31 March 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	7	24,576,146	21,771,181
Current assets			
Debtors and prepayments	11	783,404	330,738
Cash at bank and in hand	12	4,771,049	2,854,274
Current liabilities			
Creditors falling due within one year	13	(13,089,858)	(12,006,932)
Net current liabilities			
		(7,535,405)	(8,821,920)
Total assets less current liabilities			
		17,040,741	12,949,261
Long term liabilities			
Creditors falling due after more than one year	14	(18,005,784)	(19,019,377)
Total assets less liabilities			
		(965,043)	(6,070,116)
Deferred income			
Deferred government grant	15	360,427	165,722
Capital and reserves			
Income and expenditure account	16	(5,266,697)	(8,259,413)
Reserves	17a/b	3,941,227	2,023,575
Government funds			
		(965,043)	(6,070,116)

Signed on 21 November 2002 on behalf of the Youth Justice Board

Mark Perfect
Chief Executive and Accounting Officer

The notes on pages 14 to 27 form part of these accounts.

Cash Flow Statement for the year ended 31 March 2002

	Notes	2002 £	2001 £
Operating activities			
Net cash inflow from operating activities		3,067,966	1,475,456
Returns on investments and servicing of finance			
Interest received	8	774,898	1,074,385
Interest paid	9	(1,926,089)	-
Other income		-	27,847
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	7	(158,264)	(205,998)
Net cash inflow before financing		1,758,511	2,371,690
Financing			
Grant in aid for capital expenditure	2	158,264	205,998
Increase in cash	18	1,916,775	2,577,688

Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities

	Notes	2002 £	2001 £
Operating surplus/(deficit)		1,585,868	(8,045,533)
Depreciation	7	770,228	746,239
Cost of capital		(153,152)	(173,558)
Loss on disposal of fixed assets	4	63,060	60,373
(Increase)/decrease in debtors	11	(452,666)	2,290,039
Increase in creditors	10/13	1,220,524	27,551,473
Transfer from/(to) reserves	2	34,104	(806,612)
Loss on revaluation		-	1,245,000
Transfer of fixed assets from Home Office	7	-	(21,391,965)
Net cash inflow from operating activities		3,067,966	1,475,456

The notes on pages 14 to 27 form part of these accounts.

Notes to the Accounts

1 Basis of accounts

The Statement of Accounts set out on pages 11 to 13 together with the notes on pages 14 to 27 have been prepared under the historical cost convention, as adjusted by the revaluation and indexation of fixed assets, and on an accruals basis in accordance with the Accounts Direction given by the Secretary of State with the consent of the Treasury in accordance with Section 41 of, and Schedule 2 to, the Crime and Disorder Act 1998.

Principal accounting policies

Turnover

Turnover is wholly attributable to the YJB's goal of providing leadership in the youth justice system. For this reason, it is not deemed necessary to disclose results by segment. There is no turnover relating to geographical areas outside the United Kingdom.

Grant-in-aid

The Board is principally funded by Grant in Aid received from the Home Office which is accounted for when received.

Deferred government grants

Grant in Aid for capital expenditure is credited to a Deferred Government Grant Reserve. Each year an amount equal to the depreciation charge on the Fixed Assets acquired through Grant in Aid is released from the Reserve to the Income and Expenditure Account.

Grant expenditure

Grants paid in respect of Youth Justice Programme expenditure are accounted for as they are paid.

Value added tax

The Board is not eligible to recover VAT incurred and all costs are shown inclusive of any VAT charged.

Fixed assets

Assets are capitalised if they are intended for use on a continuous basis for more than one year and their original cost on an individual or grouped basis is £1,000 or more.

Professional valuations of freehold land and buildings are obtained approximately every three years and modified in the intervening years by use of appropriate indices. Buildings are valued on an Existing Use basis. The valuations are in accordance with RICS Guidance. A surplus is taken to the Revaluation Reserve. A deficit is taken to the Revaluation Reserve only to the extent that a surplus balance for that particular asset exists within the Revaluation Reserve; any further deficit is taken to the Income and Expenditure Account. Increased depreciation charges arising from the revaluation are matched by transfers from the Revaluation Reserve to the Income and Expenditure Account.

Other fixed assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics, except in the year of acquisition when their current and historical cost will not be materially different, or in subsequent years when the difference is immaterial.

Depreciation

Depreciation is provided on all fixed assets on a straight-line basis to write off the cost or valuation (less any estimated residual value) evenly over the asset's anticipated life as follows

Land	not depreciated
Buildings core	40 years for Hassockfield STC 50 years for Medway and Rainsbrook STC
Buildings machine and electrical	25 years
Computer equipment	three years
Office equipment	five years
Leasehold improvements	ten years

Donated assets

Donated tangible fixed assets are capitalised at their fair valuation on receipt. Their value is credited to a Donated Asset Reserve. Each year, an amount equal to the depreciation charge on donated assets, and any deficit on their revaluation in excess of the balance on the Revaluation Reserve, is released from the Donated Asset Reserve to the Income and Expenditure Account.

Cost of capital charge

In accordance with the Treasury booklet, 'Executive Non-Departmental Public Bodies: Annual Reports and Accounts' a notional charge for the cost of capital employed in the year is included in the Income and Expenditure Account along with an equivalent reversing entry. The charge for the year is calculated using the Treasury's discount rate of 6% applied to mean value of capital employed during the year. The value of capital employed excludes the value of assets donated to the Board. An interest rate of 8% is applied to PFI contracts.

Research

Research expenditure into the evaluation of good practice within the Youth Justice System is written off fully in the period incurred.

Pensions

The Board's pension contributions to the Principal Civil Service Pension Scheme (PCSPS) are accounted for as payment in respect of a defined contribution scheme in accordance with guidance issued by the Treasury. The amount charged represents the contributions payable for the year.

Operating leases

Operating lease expenditure is written off in the year in which it is incurred.

2 Government grants

	2002 £	2001 £
Total grant received	296,289,000	231,255,000
Transfers from deferred revenue	-	2,449,816
Transfers to Deferred Government Reserve in respect of fixed asset acquisitions	(158,264)	(205,998)
Transfer from Deferred Government Reserve in respect of fixed asset disposals	63,060	60,373
Transfer (to)/from Deferred Government Reserve in respect of depreciation charged on fixed assets	(99,501)	741,567
Transfers from Donated Asset Reserve in respect of deprecation charged	2,337	4,672
	<u>296,096,632</u>	<u>234,305,430</u>

Youth Justice Board for England and Wales Account 2001-2002

3 Staff costs

a Analysis of total staff costs

	2002 £	2001 £
Board members		
Salaries and emoluments	116,024	103,261
Social Security contributions	9,443	5,701
Pension contributions	9,440	8,339
	<u>134,907</u>	<u>117,301</u>
Staff		
Salaries and emoluments	2,896,880	2,018,451
Social Security contributions	397,592	155,351
Pension contributions	389,333	267,480
	<u>3,683,805</u>	<u>2,441,282</u>
Total employment costs		
Salaries and emoluments	3,012,904	2,121,712
Social Security contributions	407,035	161,052
Pension contributions	398,773	275,819
	<u>3,818,712</u>	<u>2,558,583</u>

- b The Chair, who is the highest paid Board Member is employed on a five year fixed term, part time contract and for the year to 31 March 2002 received emoluments of £68,440, including contributions to his personal pension scheme. The Chairman's personal pension scheme provides benefits analogous with the Principal Civil Service Pension Scheme (PCSPS).

In the year ending 31 March 2002 the Board members, excluding the Chairman received fees of £144 per day in the following band

Band	Number	
	2002	2001
£5,000 - £9,999	11	10
£0 - £4,999	-	1

- c The salary and pension entitlements of the most senior employees of the Board were as follows

Name and title	2002	2002	Total	2001	2001	Total
	Salary	Real increase in pension at 60	accrued pension at 60 at 31 March 2002	salary	Real increase in pension at 60	accrued pension at 60 at 31 March 2001
	£000	£000	£000	£000	£000	£000
Mr Mark Perfect - Chief Executive	85-90	7.5-10	25-30	65-75	0-2.5	20-25
Mr R King - MD Community Intervention (11 months)	55-60	0-2.5	0-5	55-65	0-2.5	0-5
Mrs J Dalrymple - MD Secure Facilities	55-60	0-2.5	0-5	55-65	0-2.5	0-5
Mr Charles Clark - MD Prevention*	85-90	-	-	-	-	-

* Mr Charles Clark was on secondment from Essex Police Authority. The Board reimburses Essex Police Authority for his salary cost, but bears no costs in respect of his pension.

The Chief Executive's remuneration for the year was £102,018, including employers pension contributions of £16,857. The Chief Executive is an ordinary member of the PCSPS and is engaged by the Board under a three-year fixed term contract ending June 2004.

The Managing Directors are ordinary members of the PCSPS and are employed by the Board under three-year fixed term contract ending October 2002 for MD Secure facilities and March 2003 for MD Prevention.

Permission to disclose the ages of senior staff and their aggregate emoluments has been withheld.

The average number of full time equivalent employees employed by the Youth Justice Board during the year, including seconded and agency staff was as follows

	2002	2001
Administration	24	20
Policy	90	68
Total	114	88

Pension contributions

Pension benefits are provided to employees through the PCSPS, which is a defined benefit scheme, which provides benefits on a 'final salary' basis at a normal retirement age of 60. Benefits accrue at a rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. Pensions increase in payment in line with the Retail Price Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension.

The cost of the Board's pension contributions to the PCSPS, and to a personal pension scheme, is included in employment costs. For the year ending 31 March 2002 contributions of £398,773 (2001- £275,819), were payable to the PCSPS and to a personal pension scheme at rates determined by the Government Actuary and advised by the Treasury. These rates were in the range of 12.0 per cent to 18.5 per cent of pensionable pay, (2001-12.0 to 18.5 per cent). Rates will remain the same for next two years, subject to revalorization of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation.

The PCSPS is an unfunded multi-employer defined benefit scheme but the YJB is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 1999. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

Youth Justice Board for England and Wales Account 2001-2002

4 Other operating charges

	2002 £	2001 £
Accommodation costs	840,393	618,396
Audit fee - external	34,800	36,500
Audit fee - internal	33,000	28,000
Board meetings	32,549	10,759
Communications	518,028	613,989
Conferences	263,321	233,924
Consultancy	490,244	477,307
Depreciation	770,228	746,239
General administration	294,083	278,001
IT costs	857,291	276,370
Legal costs	86,235	33,639
Loss on disposal of fixed assets	63,060	60,373
Operating lease payments	17,804	15,002
Professional fees	387,014	16,558
Secure facilities	-	13,989
Temporary (agency) staff costs	701,816	485,366
Travel and subsistence	260,193	151,422
YOT database	39,755	348,254
Total	<u>5,689,814</u>	<u>4,444,088</u>

Operating lease payments

Operating lease payments of £17,804 are for mobile phones and pagers, which have a minimum one-year contract.

Notional costs

Notional costs of Home Office services provided to YJB in the year to 31 March 2002 are not reflected in these accounts. These costs are included in Other Administration Costs in the resource accounts of the Home Office and are not significant with overall sums. A Home Office review is underway to develop a more robust methodology for calculating these costs for inclusion in the accounts to 31 March 2003.

5 Youth justice programme expenditure

Around 260 intervention projects in the fields of parenting, mentoring, restorative justice, cognitive behaviour, education/training/employment and substance misuse received their third and final year of development fund grants. In addition funding continued for four voluntary organisations to support these projects and identify and disseminate good practice in the different fields.

The Board continued to support 128 bail supervision schemes through 2001-2002 until 31 March 2002 when Development Fund provision for these and other Intervention projects came to an end. The aim of the scheme is to supervise young people on bail, to prevent offending whilst on bail, to ensure attendance at court as required and to reduce custodial remands.

70 Youth Inclusion Programmes (YIPs) were funded in some of the most deprived estates across England and Wales, focusing on the 50-60 most at-risk youngsters in each estate. YIPs put in place a structured and supervised environment to provide an alternative activity for young people who might otherwise turn to drugs and crime. The Board funded 145 Easter and Summer Splash holiday schemes - providing positive and constructive activities for young people from deprived neighbourhoods, with the aim of preventing them from offending.

The Board continues to employ consultants to help local areas tackle delays in the time taken to arrest and sentence persistent offenders.

The 154 Youth Offending Teams (Yots) across England and Wales benefited from the general funding to assist in the delivery of effective practice. Each Yot was required to sign up to key performance criteria, committing themselves to delivery of national standards and written agreement with learning and skills councils and local education authorities to ensure that all young offenders are offered suitable education, training or employment opportunities.

The expenditure on secure accommodation can be broken down into three key elements: £134m for the provision of HM prison service custodial services, £49m on secure training centres, which include £15m on the service element for PFI contractors (see note 10) and £24m on local authority secure units for education and training, which resulted in a policy to re-engineer custodial provision.

Expenditure was allocated to programmes as shown below

	2002 £	2001 £
Grants for intervention projects	37,046,287	17,395,525
Grants for Bail Supervision Schemes	9,643,446	6,595,445
Grants for Youth Inclusion Programmes including Holiday Splash Schemes	7,956,677	5,759,982
Grants for training and IT systems	1,285,731	1,190,631
Grants for junior attendance centres	1,423,481	1,321,323
Tackling delays consultancy	4,235,390	3,278,602
Research into youth justice system	1,097,002	517,539
Direct Yot funding	13,525,534	8,489,449
Purchasing of secure accommodation: HM Prison (YOIs)	134,539,025	123,857,224
(refer to note 6 below) Local Authority Secure Units	49,291,703	38,210,733
Secure Training Centres	23,514,483	25,994,246
Total	<u>283,558,759</u>	<u>232,610,699</u>

6 Home office costs for secure estate (2000)

Payments of £5,701,216 were made during 2001 to providers of secure accommodation in respect of juveniles in custody in 1999-2000 and prior years. Responsibility to settle this outstanding debt was transferred to the Board from the Home Office when responsibility for secure placements passed to the Board in April 2000 (this is included in note 5 above).

	2002 £	2001 £
	-	5,701,216

Youth Justice Board for England and Wales Account 2001-2002

7 Tangible fixed assets

	Land & buildings	Computer equipment	Office equipment	Leasehold improvements	Total
	£	£	£	£	£
Cost/valuation at 1 April 2001	22,705,000	289,734	50,106	256,311	23,301,151
Land transfer	1,560,000	-	-	-	1,560,000
Additions	-	12,153	16,998	129,113	158,264
Disposals	-	(105,748)	-	-	(105,748)
Revaluation	1,946,773	(4,769)	(1,299)	(4,405)	1,936,300
Cost/valuation at 31 March 2002	26,211,773	191,370	65,805	381,019	26,849,967
Depreciation at 1 April 2001	1,313,035	153,977	16,080	46,878	1,529,970
Provided during the year	661,494	57,473	13,159	38,102	770,228
Disposals	-	(42,688)	-	-	(42,688)
Revaluation	21,525	(3,991)	(417)	(806)	16,311
Depreciation at 31 March 2002	1,996,054	164,771	28,822	84,174	2,273,821
Net book value at 31 March 2002	24,215,719	26,599	36,983	296,845	24,576,146
Net book value at 31 March 2001	21,391,965	135,757	34,026	209,433	21,771,181

The land and buildings were re-valued on an existing use basis by Lambert Smith Hampton (Chartered Surveyors) for Medway and by Insignia Richard Ellis (Chartered Surveyors) for Rainsbrook and Hassockfield on 31 March 2001 in accordance with RICS *Appraisal and Valuation Manual*.

Land and buildings valued at £24m are for three Secure Training Centres (STCs) disclosed in note 10, under public finance initiative transactions.

The last valuation was carried out on 31 March 2001 on an Existing Use Valuation or Depreciated Replacement Cost basis in accordance with RICS Guidance. The next revaluation is due in March 2003. A surplus is taken to the Revaluation Reserve.

Land of three STCs was transferred from the Home Office to the Youth Justice Board on 1 April 2001. The following balances passed to the Board at that date.

	Medway	Rainsbrook	Hassockfield	Total
	£	£	£	£
Valuation at 1 April 2001	400,000	425,000	735,000	1,560,000
Revaluation	50,000	145,000	45,000	240,000
Valuation at 31 March 2002	450,000	570,000	780,000	1,800,000

8 Interest received

The Board earned interest of £774,898 (2001: £1,074,385) on funds deposited at the Bank.

9 Interest payable

The interest earned during the year of £774,898 (2001: £1,069,285) is repayable to the Home Office under the terms of the Board's financial memorandum. Interest repaid to the Home Office during the year amounted to £1,926,089 (£143,728 for 1999-2000, £1,069,285 for 2000-2001 and £713,076 for 2001-2002).

10 PFI transactions

Responsibility for management of contracts with private sector companies for the running of the following Secure Training Centres (STCs) rests with the Board. These contracts are as follows

STC	Contractor	Term
Medway	ECD (Cookham Wood) Ltd	15 years to April 2013
Rainsbrook	ECD (Onley) Ltd	15 years to May 2014
Hassockfield	Medomsley Training Services	15 years to September 2014

The Board holds a reversionary interest in the STC buildings on elapse of the contract term. STC buildings have been capitalised as fixed assets and depreciated accordingly in the financial statements. The original fair capital value has been established by external valuers as noted above (see note 7) and a corresponding notional debt to the contractor based on a 15 year mortgage at 8% on the value has also been established. This debt and the imputed interest on it is repaid from part of the total amount paid to the contractors each year. The balance of the amount paid is treated as a service element, i.e. the cost of operating the centre each year, and is taken to the income and expenditure account.

The following transactions have been shown in respect of PFI transactions.

	Medway £	Rainsbrook £	Hassockfield £	Total £
Income and expenditure account				
<i>Youth Justice Programme expenditure</i>				
Service element to contractors	4,298,777	5,396,168	5,350,640	15,045,585
Imputed debt interest 8%	511,369	499,267	585,995	1,596,631
Balance sheet				
<i>Fixed assets - building</i>				
Replacement costs 1 April 2001	8,900,000	7,285,000	6,520,000	22,705,000
Revaluation	831,883	478,344	396,546	1,706,773
Depreciation 1 April 2001	(674,917)	(353,129)	(284,989)	(1,313,035)
Depreciation charge	(253,789)	(205,859)	(201,846)	(661,494)
Backlog depreciation	(11,064)	(5,789)	(4,672)	(21,525)
Net book value 31 March 2002	8,792,113	7,198,567	6,425,039	22,415,719
Creditors due within 1 year - PFI debt	359,743	307,218	346,633	1,013,594
Creditors due after more than 1 year - PFI debt	5,699,274	5,649,158	6,657,352	18,005,784
Debt repayment in year	333,095	284,461	320,957	938,513
Debt repayable 1-2yrs	388,522	331,796	374,364	1,094,682
Debt repayable 2-5yrs	1,362,203	1,163,312	1,312,562	3,838,077
Debt repayable 5-10yrs	3,100,968	2,648,207	2,987,964	8,737,139
Debt repayable 10-15yrs	847,581	1,505,843	1,982,462	4,335,886
In addition the annual service element payment due to all operators is set out below				
Service element	6,413,902	4,934,549	5,133,494	16,481,945

Youth Justice Board for England and Wales Account 2001-2002

11 Debtors

	2002 £	2001 £
Other debtors	245,104	17,783
Prepayments	538,300	312,955
	783,404	330,738

12 Cash

	2002 £	2001 £
Cash at bank	4,771,012	2,854,250
Cash held at office	37	24
	4,771,049	2,854,274

Cash at bank includes £4,062,134 deposited with Michelmores Solicitors to purchase a STC site in Milton Keynes.

13 Creditors falling due within one year

	2002 £	2001 £
Trade creditors	6,507,337	5,641,901
Interest payable to Home Office	61,822	1,213,013
Accruals and deferred revenue	5,507,105	4,213,504
PFI (STC contract) creditors (see note 10)	1,013,594	938,514
	13,089,858	12,006,932

14 Creditors falling due after more than one year

	2002 £	2001 £
PFI (STC contract) creditors (see note 10)	18,005,784	19,019,377

15 Deferred government grant reserve

	2002 £	2001 £
Balance at 1 April 2001	165,722	355,345
Transfer of STC sites from the Home Office	-	406,319
Capital grant for the year	158,264	205,998
NBV of disposals transferred to income and expenditure account	(63,060)	(60,373)
Depreciation transferred from/(to) income and expenditure account	99,501	(741,567)
Balance at 31 March 2002	360,427	165,722

16 Income and expenditure account

	2002 £	2001 £
Balance at 1 April 2001	(8,259,413)	(73,269)
Retained surplus/(deficit) for the financial year	1,432,716	(8,186,144)
Transfer of STC land from the Home Office	1,560,000	-
Balance at 31 March 2002	<u>(5,266,697)</u>	<u>(8,259,413)</u>

17 Reserves*a Revaluation reserve (see note 7)*

	2002 £	2001 £
Balance at 1 April 2001	2,021,238	253,480
Surplus on revaluation of fixed assets	1,936,300	1,991,465
Backlog depreciation	(16,311)	(223,707)
Balance at 31 March 2002	<u>3,941,227</u>	<u>2,021,238</u>

Surplus on revaluation of fixed assets is made up as follows

Upward revaluation of STC land (see note 7)	240,000
Upward revaluation of Medway STC (see note 10)	831,883
Upward revaluation of Rainsbrook STC (see note 10)	478,344
Upward revaluation of Hassockfield STC (see note 10)	396,546
Downward revaluation of other fixed assets	(10,473)
Total	<u>1,936,300</u>

Backlog depreciation is calculated as follows

Backlog depreciation for STCs (see note 10)	21,525
Backlog depreciation for other fixed assets	(5,214)
Total	<u>16,311</u>

b Donated asset reserve

Balance at 1 April 2001	2,337	7,009
Depreciation transferred to income and expenditure account	(2,337)	(4,672)
Balance at 31 March 2002	<u>-</u>	<u>2,337</u>

Youth Justice Board for England and Wales Account 2001-2002

c Reconciliation of movements in government funds

	2002 £	2001 £
Surplus/(deficit) for the year	1,432,716	(8,186,144)
Surplus on revaluation of fixed assets	1,919,989	2,021,238
Transferred from donated asset reserve	(2,337)	(4,672)
Increase/(decrease) in deferred government grant reserve	194,705	(189,623)
Transfer of assets from the Home Office	1,560,000	-
Movement in government funds during the year	5,105,073	(6,359,201)
Government funds at 1 April 2001	(6,070,116)	289,085
Government funds at 31 March 2002	(965,043)	(6,070,116)

18 Analysis of changes in cash

	2002 £	2001 £
Balance at 1 April 2001	2,854,274	276,586
Increase in cash	1,916,775	2,577,688
Balance at 31 March 2002	4,771,049	2,854,274

19 Related party transactions

During the year ending 31 March 2002, the YJB had material transactions with other central and local government bodies including the Home Office and various local councils through Youth Offender Institutes (YOIs) and Youth Offender Training Schemes (Yots). Further details of these transactions are disclosed in note 5.

Board members are required under the Code of Best Practice to declare any personal, financial and business interests which may conflict with their duties on the Board. Members may not participate in Board discussions or decisions on financial matters where a conflict of interest arises.

During the year the Board entered into a number of transactions with organisations with which Board members were related parties. These transactions are detailed below.

A register of Board members' interests is maintained and is available for inspection at the Board's offices.

Youth Justice Board members and related parties

Member	Company/partnership/ trust/organisation etc	Role in/relationship with organisation	Transactions	£
Cedric Fullwood	Centre for Crime & Justice Studies	Vice President	Payment in respect of grants towards the cost of running programmes.	95
Rob Allen	Payback	Trustee	Payment in respect of grants towards the cost of running programmes.	65
Jonathan Black	Duke of Edinburgh Award	Vice President	Payment in respect of grants towards the cost of running programmes.	3,000
Joyce Moseley	RPS Rainer	Chief Executive	Payment in respect of contributions to Bail Support and Remand Management Scheme.	449,562
	Communities that Care	Adviser		90,695
Annabella Scott	Howard League for Penal Reform	Council Member	Payment in respect of grants towards the cost of running programmes.	1,507
	NACRO*	Member		1,945,569
	Centre for Crime & Justice Studies	Member		95
Howard Williamson	NACRO Cymru	Member of Advisory Council	Payment in respect of grants towards the cost of running programmes.	3,858
Martin Stephenson	CfBT (INCLUDE before October 2000)	Martin Stephenson's spouse is a Managing Director of INCLUDE	Payment in respect of grants	3,859,343
	ECOTEC	Associate Director		315,006
Charles Wilson	ADDACTION	Board Member	Payment in respect of grants.	60,297

* Annabella Scott has been a member of NACRO and the Centre for Crime and Justice Studies at various points in the past and is likely to be involved with them in the future but there is no definite start/end date.

20 Capital commitments

On 17 March 2002 the Chief Accounting Officer authorised the purchase of a STC site in Milton Keynes for £4,062,134 which was completed on 25 June 2002.

21 Commitments under operating leases

At 31 March 2002 the Board had annual commitments under operating leases as set out below

	STC contracts £	Buildings £	Total £
Operating leases which expire after five years	16,481,945	334,875	16,816,820

Operating lease commitments under STC contracts relate to the basic annual payments due to Operators for running the centres (see note 10).

Operating lease payments of £17,804 for mobile phones and pagers have a minimum one-year contract (see note 4).

Youth Justice Board for England and Wales Account 2001-2002

22 Post balance sheet events

No events have occurred in the period between the balance sheet date and the date on which these financial statements have been approved by the Chief Executive, which would require disclosure to give a proper understanding of the financial position.

23 Contingent liabilities

As at 31 March 2002 there were no Contingent Liabilities (2001: £ nil).

24 Financial instruments

Financial Reporting Standard (FRS) 13, Derivatives and Other Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. At the year-end there were funds on short term deposit but short term assets and liabilities are excluded from FRS 13. Because of the largely non-trading nature of its activities and the way in which non-departmental public bodies are financed, the Youth Justice Board is not exposed to the degree of financial risk faced by business entities.

Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Youth Justice Board has no powers to borrow or purchase foreign currency with Grant-in-Aid. Surplus grant may be held on deposit but interest must be repaid to the Home Office. Financial assets and hedge liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Youth Justice Board in undertaking its activities.

Liquidity risk

The Board's net revenue resource requirements are financed by submitting plans to the Home Office annually, as is its capital expenditure. The Youth Justice Board is therefore not exposed to significant liquidity risks.

Interest rate risk

The Youth Justice Board has no long term interest bearing deposits and any interest earned on short term deposits is paid to the Home Office. There is an imputed interest cost for the PFI creditor calculated at 8%. As this is a fixed rate for the term of the contract, the Youth Justice Board does not face an interest rate risk.

Interest rate profile

The following table shows the interest rate and currency profiles of the Board's financial liabilities.

At 31 March 2002	Total	Fixed rate financial liabilities	Fixed rate	Weighted average period until maturity Years
	£000	£000		
Sterling - Medway STC	6,059	6,059	8%	11 years, 1 month
Sterling - Rainsbrook STC	5,956	5,956	8%	12 years, 2 months
Sterling - Hassockfield STC	7,004	7,004	8%	12 years, 6 months
Total	19,019	19,019		

The financial liabilities included above all relate to PFI projects.

Foreign currency risk

All material assets and liabilities are denominated in sterling, so the Youth Justice Board is not exposed to currency risk.

Fair value

The book value and fair values of the financial liabilities differ due to discounting of the long term creditors at 6% p.a. to determine their fair value while cash flows include imputed interest calculated at 8% p.a. The rate of 6% has been used as this is the notional cost of capital adopted by the Youth Justice Board in compliance with the Treasury Guidance for Non-Departmental Public Bodies.

Financial Liabilities	Book value as at 31 March 2002 £000	Fair value as at 31 March 2002 £000	Notional discount Rate
Sterling - Medway STC	6,059	6,698	6%
Sterling - Rainsbrook STC	5,956	6,635	6%
Sterling - Hassockfield STC	7,004	7,819	6%
Total	19,019	21,152	

Youth Justice Board for England and Wales Account 2001-2002

Accounts Direction given by the Secretary of State for the Home Department, with Approval of the Treasury, in Accordance with Section 41 of, and Schedule 2 to, the Crime and Disorder Act 1998

The annual accounts give a true and fair view of income and expenditure and cash flows from the financial year, and the state of affairs as at the year-end. Subject to this requirement the Youth Justice Board for England and Wales shall prepare accounts for the financial year ended 31 March 2002 and subsequent financial years in accordance with

- 1 Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance;
- 2 other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;

except where agreed otherwise with the Treasury, in which case exception shall be described in the notes to the accounts.

Signed by authority of the Secretary of State for the Home Department

John Gieve

18 November 2002

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