



Annual Accounts



2008 - 2009

For year ending 31st March 2009
(unaudited)

Angus Council Annual Accounts 2008/09 (Unaudited)

Contents

Introduction by Provost Ruth J Leslie Melville MBE	Will be included in Annual Report
Message from the Chief Executive	Will be included in Annual Report
Local Code of Corporate Governance	Will be included in Annual Report
Explanatory Foreword	10-14
Accounting Policies	15-19
The Statement of Responsibilities for the Statement of Accounts	20
Core Financial Statements:	
Statement 1 – Income and Expenditure Account	21
Statement 2 – Statement of Movement on the General Fund Balance	22
Statement 3 – Statement of Total Recognised Gains and Losses	22
Statement 4 – Balance Sheet	23
Statement 5 – The Cashflow Statement	24-25
Notes to the Core Financial Statements	26-47
Supplementary Statements:	
Statement 6 – HRA Income and Expenditure Account	48
Statement of Movement on the HRA Balance	49
Notes to the HRA Income and Expenditure Account	50
Statement 7 – Council Tax Income Account	51
Council Tax Income Account Notes	51-52
Statement 7 – Non-Domestic Rate Income Account	53
Statement 8 – Trading Accounts	54
Statement 9 – Capital Expenditure	55
Statement 10 – Loans Fund Revenue Account	56
Statement 11 – Charitable Trusts	57-58
Statement 12 – Common Good	59-60
Group Accounts	
Statement 13 – The Group Accounts	61-67
Notes to the Group Accounts	68-72
Statement 14 - Statement on the System of Internal Financial Control	73-74
Independent Auditors' Report	(will be in audited version)

EXPLANATORY FOREWORD

The accounts of Angus Council are set out in statements 1 to 14. They incorporate the information required by the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice. The statements are intended to present fairly the finances of the council during the year to 31 March 2009 and are supported by various notes.

The accounts identify two major categories of expenditure - revenue spending covering operational expenditure and capital spending covering costs of acquisition, construction and improvement of assets. This report draws together all the figures and provides an explanation of the financial performance of the council during 2008/2009.

Accounting Principles

The Statement of Main Accounting Principles sets out the basis upon which the Financial Statements have been prepared and explains the accounting treatment. The council has adopted the accounting practices recommended by the Chartered Institute of Public Finance and Accountancy and the Local Authorities (Scotland) Accounts Advisory Committee.

Particular attention is drawn to the pensions accounting requirements under Financial Reporting Standard 17 (FRS17). Under these requirements, costs of services delivered by the council are restated to include an actuarially assessed cost of the increased liability falling upon the council in respect of employee pensions under the Local Government Pension Scheme. This is as opposed to the actual employer contributions paid during the year in accordance with the Scheme. Adjustments are made to ensure that the impact on council tax and housing rents from the FRS17 presentational requirements are neutral.

The FRS17 requirements also lead to the creation of a Pension Asset or Pension Liability offset by a Pension Reserve. At the 31 March 2009 there was a Pension Liability of £81.657m (as shown in the Balance Sheet - Statement 4) with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2009 of the Scheme's assets (investments, etc) attributable to the council and the present value of the liabilities relating to pensions for council employees (past and present). Thus if the council were to have discharged its responsibilities at 31 March 2009 there would have been a shortfall of some £81.657m. However it is important to recognise that this snapshot scenario is not a provision within the Scheme. The Scheme is a long term operation and periodic actuarial assessment is made of the rate of contribution that the council as an employer has to pay to the Pension Fund to ensure that it meets its long term liability. The Pension Liability of £81.657m compares with £39.046m the previous year – an adverse movement of £42.611m.

The 2008 SORP adopted the amendment to FRS 17 Retirement benefits and as a result of this the quoted securities held as assets in the Tayside Superannuation Fund are now valued at bid price rather than mid-market value. The effect of this change is that the value of the scheme assets within the Tayside Superannuation Fund at 31 March 2008 has been restated from £39.046m to £42.097m, an increase of £3.051m. An equivalent amendment has been made to the Pension reserve. These restatements are not considered to be material and therefore no prior year adjustment has been applied in this regard.

The Financial Statements

In accordance with the Accounting Code of Practice (ACOP) the council produces various Accounting Statements. A brief description of the purpose of each Statement is shown on the Statement concerned. The council operates under two main funds – the General Fund and the Housing Revenue Account but it also has responsibility for the Common Good Funds and various Charitable Trusts.

(i) **Income and Expenditure Account**

This sets out a summary of the resources generated, consumed or set aside by the Council in providing services during the year. It includes depreciation for the use of assets throughout the year and the Council's full pension obligations under Financial Reporting Standard 17 (FRS 17).

(ii) **Statement of Movement on the General Fund Balance**

This details a reconciliation between the balance on the Income and Expenditure Account and the statutory requirements based on the Council's funding via government grants, council taxes and housing rents. This statement provides the actual resources available to the Council on its General Fund Account.

(iii) **Statement of Total Recognised Gains and Losses**

Provides details on the movement in net worth in the Balance Sheet relating to the Income and Expenditure Account balance and other unrealised gains/losses.

Other financial statements presented within the Statement of Accounts are detailed as follows:

(iv) **Balance Sheet**

This details the overall financial position of the Council as at 31 March 2009.

(v) **Cash Flow Statement**

This summarises the inflows and outflows of cash arising from both revenue and capital transactions during the year.

(vi) **Notes to the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet and Cash Flow Statement**

These notes provide additional detail with regard to the contents of the above noted Financial Statements.

(vii) **Group Accounts**

These statements include the Common Good figures and Charitable Trust and the relevant proportion of the Joint Boards and Tayside Contracts Joint Arrangement (the Council's associated companies for accounting purposes).

2007/08 Comparative Figures

The comparative figures for 2007/08 have been restated where required to reflect the presentational changes to the main financial statements outlined above.

Review Of The Year

The council sets a General Fund revenue budget within the parameters laid down by the Scottish Government. The Housing Revenue Account revenue budget was established in light of all relevant legislative requirements. Capital budgets were formulated within the provision of the Prudential Code Regime. The council operated within the agreed or adjusted budgets in financial year 2008/09 and this highlights the benefits of careful financial monitoring during the year and a strong discipline of financial control among all Council departments

General Fund Position

The General Fund finances council services funded by Government Grants and local taxpayers. It can be seen from the note 28 to the core statements that the General Fund balance at the end of the year was £17.189m with £0.250m of this being attributable to Devolved School Management (DSM). The opening balance on the General Fund at 1 April 2008 was £17.476m including £0.325m attributable to the DSM. The movement on the General Fund Balance was therefore a decrease of £0.287m. The budget set for 2008/09 after adjustment for budget carry forwards and other earmarked sums assumed a deficit of £6.005m. Accordingly the closing balance of £17.189m represents an overall favourable movement against budget of £5.718m arising as follows: -

	<u>£m</u>
Underspends on departmental budgets(inc Trading Accounts)	4.206
Additional interest income on balances held	0.668
Additional Council Tax income	0.698
Additional Surplus from Tayside Contracts	0.166
Miscellaneous Other	<u>(0.020)</u>
	<u>5.718</u>

Of the closing General Fund balance of £17.189m, £0.250m is attributable to DSM and £15.068m is committed or earmarked as follows:

	<u>£m</u>
Working Balance/Contingency (per existing policy)	3.250
Earmarked monies (incl earmarked grants)	5.913
Amount for vehicle etc replacement	0.031
50% budget carry-forward scheme	0.474
Proposed 100% carry forwards	1.865
Use of Balances per 2009/10 Budget Setting	2.843
Affordable Housing	<u>0.692</u>
Total	<u>15.068</u>

Allowing for the DSM and these committed or earmarked sums leaves an uncommitted or un-earmarked balance of £1.871m and the future use of this sum will require to be considered as part of the budget strategy for 2010/11 and beyond.

Housing Revenue Income and Expenditure Account

The Housing Revenue Account deals with council house management transactions. It ended the year with a deficit of £2.007m compared with a budgeted deficit of £0.100m.

The main reason for this is: an additional CFCR contribution of £1.507m to fund the overall Housing capital programme; an overspend on planned maintenance of £0.224m mainly due to the carry over of programme expenditure from 2007/08 and an acceleration of a number of 2008/09 programmes; and an increase in bad debt provisions of £0.399m on housing rents and other sales ledger debts.

The additional expenditure was offset somewhat by: increased rental income of £0.114m mainly due to higher than budgeted housing stock and service charges; and a number of minor underspends in net terms amounting to £0.109m.

The Housing Revenue Balance at the year end was £1.174m. This is over the policy minimum level of £0.500m and will be taken into account in the ongoing commitment and review of programmes to achieve the Scottish Housing Quality Standard for the housing stock as early as possible.

Trading Accounts

The Local Government in Scotland Act 2003 requires the maintenance of Trading Accounts for services meeting certain criteria and the council has decided that Trading Accounts should be maintained for certain activities relating to Grounds Operations, Sports Services, Waste Collection and Disposal and Vehicle Maintenance. Statement 8 shows that a surplus of £0.499m was returned to the General Fund from these trading accounts in 2008/09 which is included within the General Fund position noted above. It is a requirement that Trading Accounts break even on a rolling 3 year basis. This was achieved in 2008/2009.

Tayside Contracts operate under a joint arrangement between Angus, Dundee and Perth & Kinross councils. The Angus Council share of the operating surplus plus an element of interest is £0.311m and this has been included within the Council's Income and Expenditure Account and is included within the General Fund position noted above.

Other Reserves

The Balance Sheet indicates that there are Capital and Revenue Reserves of £357.202m. A net £329.341m of this total relates to unusable reserves and arise from capital accounting financial instruments arrangements and accounting requirements under FRS17. The other £27.861m is accounted for by General Fund and Housing Revenue balances of some £19.105m with the remaining £8.756m being largely represented by Renewal and Repairs Funds, the Capital Fund, Usable Capital Receipts and the Insurance Fund. More detail is shown in Note 28 in the Core Financial Statements.

Capital Budget Performance

The council invested £36.484m in its General Services and Housing Capital programmes. Further detail is provided in Statement 9 where a comparison between actual and budgeted spend is shown.

Capital Expenditure and Debt

The level of capital spend undertaken by local authorities is governed by the provisions of The Prudential Code whereby any borrowing is required to be prudent, sustainable and affordable.

Statement 9 outlines the capital expenditure undertaken during 2008/09 by Angus Council and how this was funded. The gross capital expenditure of £36.484m consisted mainly of expenditure on improvements of housing stock, schools, building development/improvement and roads. The capital expenditure was funded through borrowing (30%), sale of assets (10%), contribution from revenue (36%), capital fund (2%) with the remainder (22%) being met from grants received/other income.

On the General Fund, borrowing increases overall indebtedness and consequently the level of principal repayments and loan interest to be paid increases each year. In the past few years Housing Revenue Account capital expenditure was financed primarily from revenue contributions and from capital receipts arising mainly from the sale of council homes, therefore little or no borrowing was required to finance the capital expenditure. In 2008/09, Housing Revenue Account capital expenditure funding included a more significant amount of borrowing and consequently the level of principal repayments and loan interest to be incurred by the Housing Revenue Account will increase for 2009/10 and beyond.

The council has several sources of borrowing to fund capital expenditure, the most significant of which is the Public Works Loan Board, a Government sponsored body set up with the primary purpose of lending to U.K. local authorities. Capital Debt being carried by the Council amounted to some £165.5m at 31 March 2009, with £128.5m attributable to the General Fund, £24.7m to the Housing Revenue Account and £12.3m to external bodies. This debt was financed from external and internal sources.

Capital Receipts

The receipts which are generated from the sale of surplus assets (e.g. land, buildings, equipment) are used to fund capital expenditure (both General Fund and Housing). Whilst the majority of receipts are generally applied to the capital programme in the year of receipt, unused receipts are held in reserve for use in future financial years. Capital receipts may also be ring-fenced towards specific projects subject to prior committee approval (for example, the proceeds from the sale of vehicles are retained by the Community Services division to be utilised towards the purchase of new vehicles).

Capital Commitments

Capital expenditure commitments totalling some £24.9m (gross) exist as at 31 March 2009, £15.2m of which relates to the General Fund and £9.7m relating to Housing. On a net basis, some £16.1m of commitments exist in total at 31 March 2009, of which £6.4m relates to the General Fund and £9.7m relates to Housing. (Source: 2009/10 General Fund Provisional Capital Budget Volume and 2009/10 Housing Rent Setting Report - Appendix 1).

Euro

There was no significant expenditure in the year in preparing for the possible introduction of the Euro. However, it is worth noting that the main financial system the council uses is fully Euro compatible.

Group Accounts

The Accounting Code of Practice requires that the Council sets out a statement not only of its own financial position but also for all of the activities which the Council has a significant financial interest or responsibility for. The Group Accounts are detailed in Statement 13.

Acknowledgement

This is the thirteenth set of Annual Accounts of Angus Council and indicates that the difficult financial targets which had been set in financial year 2008/09 have been achieved.

The key to the achievement of these targets has been the implementation of a robust budgetary control system which enabled a proactive virement strategy to be adopted. Accordingly, I would wish to record my thanks to all of the Council's staff for their essential contribution to helping ensure that the financial targets were delivered.

Finally, I would also like to record my sincere thanks to all of the staff and especially my own team who have helped to produce the Accounting Statements within the statutory timescales. This is a major challenge each year because of the complexities and timescale involved and the Accounts simply would not be available within the required timescales but for the wholehearted commitment and extra effort of these officers.

Ian Lorimer
Head of Finance
30 June 2009

ACCOUNTING POLICIES

PRINCIPLES ADOPTED IN COMPILING ACCOUNTS

General

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S) AAC).

The Accounts are intended to present fairly the financial position of the Council and have been prepared in accordance with the basic accounting concepts of relevance, reliability, comparability, understandability, materiality, accruals, going concern and primacy of legislative requirements.

Change in Accounting Policy

The 2008 SORP adopted the amendment to FRS 17 Retirement benefits and as a result of this the quoted securities held as assets in the Tayside Superannuation Fund are now valued at bid price rather than mid-market value. The effect of this change is that the value of the scheme assets within the Tayside Superannuation Fund at 31 March 2008 has been restated from £39.046m to £42.097m, an increase of £3.051m. An equivalent amendment has been made to the Pension reserve. These restatements are not considered to be material and therefore no prior year adjustment has been applied in this regard.

The net liability as at 31 March 2008 is rebased and is used as the starting figure for the year ending 31 March 2009.

Capital Transactions

Capital transactions have been recorded on an accruals basis and relate to increases in the value, life or utility of assets which yield benefits to the authority for periods of more than one year.

General Fund Services are charged for the use of assets no matter how financed and this charge includes a provision for depreciation where appropriate. The amount of capital expenditure financed from revenue has been charged to the General Fund as has the provision for the repayment of debt to the extent that this is not covered by depreciation. The effect of this accounting treatment is however adjusted for elsewhere in the accounts to ensure a true bottom line position is established.

Capital accounting arrangements have also been applied to the Housing Revenue Account on the same basis as for General Fund Services. Capital accounting arrangements were previously also applied to the Common Good Account, however in line with LASAAC Guidance these arrangements have not been applied in 2008/09, leaving depreciation as a real charge to the Common Good Account.

Deferred Assets which are deemed not to represent a continuing direct benefit to the authority are financed from revenue in the year they are incurred. Premiums paid through debt rescheduling were previously shown as Deferred Premiums in the Balance Sheet and were charged to revenue over the period of the replacement loans. In line with the requirements of the 2007 SORP, the balance of the Deferred Premiums at 1 April 2007 was transferred to the new Financial Instruments Adjustment Account.

ACCOUNTING POLICIES (continued)

This balance will continue to be charged to revenue over the period of the existing loans as allowed by statutory guidance. Premiums incurred after April 2008 have been charged to the Income and Expenditure Account.

Depreciation

Provision has been made for depreciation on buildings, infrastructure assets, vehicles and equipment.

Depreciation is not charged in the year of acquisition but thereafter the straight line method of depreciation is applied where appropriate.

Leasing

Estimates of the undischarged leasing obligations on operating and finance leases are recorded in the notes to the Core Financial Statements.

Debtors and Creditors

Provision has been made on an actual or estimated basis for all known debtors and creditors as at 31 March, 2009.

Bad and Doubtful Debts

Amounts owed to the council have been reviewed and provision has been made for possible bad or doubtful debts.

Fixed Assets – Common Good

Heritable property has been recorded at values supplied by Lickley Proctor, Chartered Surveyors at 31 March 2004 and new values from Graham & Sibbald as at March 2009 that have been undertaken as part of the rolling valuation programme.

Fixed Assets – Other Services

Operational land and buildings (excluding council houses) are revalued on the basis of a five-year rolling programme. Graham and Sibbald Chartered Surveyors have now been engaged for this purpose. The 1st 5 year programme period commenced on 1 April 1999 and was largely completed on 31 March 2004. The 2nd 5 year programme period commenced on 1 April 2004 and covers the period to 31 March 2009.

Infrastructure, community assets, vehicles and equipment are carried at depreciated historic cost where this can be determined.

Council houses and land have been valued in 2008/09 by Graham and Sibbald by reference to benchmark market valuations, with due account being taken of Right-to-Buy discount available to tenants.

Non-operational assets were revalued at open market value at 31 March 2007

Investments

All short term investments have been recorded at cost and long term investments have been recorded at market value as at 31 March 2009.

ACCOUNTING POLICIES (continued)

Stocks and Stores

Stocks and Stores held by the council are recorded at the lower of cost and net realisable value.

Reserves

Details of Reserve Funds and accounts are shown in Note 28 to the Core Financial Statements.

The reserve relating to Pensions arises out of the requirements of FRS 17. As mentioned in the explanatory forward the opening balance of this reserve has been restated due to the adoption of the amendments in FRS 17 Retirement benefits. The reserve at March 2008 has been restated from £39.046m to £42.097m, an increase of £3.051m.

The Capital Fund represents sums set aside to finance future capital expenditure. Renewal and Repair Funds provide for the maintenance of assets. The Insurance Fund is maintained to address the cost of current and future public liability, property and motor claims, and is ring-fenced for this purpose.

The Financial Instruments Adjustment Account was introduced in 2007/08 to comply with the requirements of FRS25, FRS26 and FRS29 in respect of financial instruments.

For the General Fund and Housing Revenue Account, Council policy is to maintain balances of £3.250m and £0.500m respectively for working balance and contingency purposes.

The Council had committed or earmarked £12.068m of the remaining General Fund balance for spending subsequently as referred to in the Explanatory Foreword.

In respect of the Housing Revenue Account the Council has plans to bring the housing stock up to the Scottish Housing Quality Standard and the excess balance above the contingency will be taken into account as those plans are taken forward.

Other ear-marked portions of the General Fund are of a relatively minor nature relating to the operation of car parks, Arbroath Harbour, and Burial Grounds.

Renewal and Repairs Funds

Renewal and Repairs expenditure has been charged to the service account to which it relates and has been financed by a contribution from the Renewal and Repairs Fund.

Redemption of Debt

Angus Council has adopted a policy of making provision for redemption of debt on the basis of the annuity method of debt repayment by reference to the appropriate repayment period for each type of asset.

Loans Fund Interest

Interest has been calculated and allocated to the Income & Expenditure Account in accordance with the Local Authority (Scotland) Accounts Advisory Committee Guidance Note No. 2.

ACCOUNTING POLICIES (continued)

Pension Costs

The requirements of FRS17 have been met and the costs of services delivered by the Council have been stated with the inclusion of actuarially assessed current service pension costs, rather than actual contributions made to the Pensions Fund as previously. Relevant other adjustments have been made within the Income & Expenditure Account and the Housing Revenue Account that ensures the impact of FRS17 is neutral in Council Tax and Housing Rent terms. Furthermore, FRS 17 results in the creation of a Pension Liability and a Pension Reserve.

Government Grants

Grants and subsidies have been credited to the appropriate revenue and capital accounts and accruals have been made for balances known to be receivable for the period to 31 March 2009.

Allocation of Central Support Costs

Central Support Costs are fully allocated to the user departments and capital accounts on the following basis.

- Staff time spent on various services.
- Payroll – numbers of FTE employees.
- Creditors and Debtors – number of transactions.
- Building costs – floor areas.

Comparative Figures

Figures for 2007/08 are shown as appropriate for the purpose of comparison.

Group Accounts

The Group Accounts consolidate the Council's position with figures from the Common Good and Charitable Trusts accounts together with appropriate proportions from Tayside Joint Police Board, Tayside Fire and Rescue Board, Tayside Joint Valuation Board and Tayside Contracts.

Financial Instruments

a) FRS 25, 26 and 29

The 2008/09 final accounts comply with the requirements of the Statement of Recommended Practice 2008 (the 2008 SORP), issued by the Chartered Institute of Public Finance and Accountancy / LASAAC Joint Committee. The 2008 SORP consolidated the requirements of FRS 25, 26 and 29 first introduced as a new local authority accounting standard in the 2007 SORP.

The accounting treatment and presentation of financial instruments required by the incorporation of FRS 25, 26 and 29 into the 2008 SORP, is designed to present a higher quality of information, in line with the private sector. In addition, in order to help identify, quantify and inform on the exposure to and management of risk, "fair value" disclosure requirements are incorporated in the 2008 SORP.

ACCOUNTING POLICIES (continued)

b) Amortised Cost

Compliance with the financial instruments accounting standards means that most financial instruments (whether borrowing or investment) have to be valued on an amortised cost basis using the effective interest rate (EIR) methodology.

c) Fair Value

Financial instruments are also required to be disclosed at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

THE STATEMENT OF REPOSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The council is required:

1. To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Head of Finance.
2. To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LA(S)AAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March, 2009.

In preparing the statement of accounts, the Head of Finance has:

1. selected suitable accounting policies and then applied them consistently
2. made adjustments and estimates that were reasonable and prudent
3. complied with the Code of Practice

The Head of Finance has also:

1. kept proper accounting records which were up to date
2. taken reasonable steps for the prevention and detection of fraud and other irregularities.

I believe that the statement of accounts presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2009.

Ian Lorimer
Head of Finance
30 June 2009

Statement 1 - Income and Expenditure Account
For the Year Ended 31 March 2009

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accrual basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2007/08 Net Expenditure £000s	Service	2008/09 Gross Expenditure £000s	2008/09 Gross Income £000s	2008/09 Net Expenditure £000s	2008/09 Net Budget £000s
92,736	Education	104,258	5,196	99,062	99,762
49,821	Social Work	74,666	14,965	59,701	60,134
18,743	Roads & Transport Services	26,153	5,769	20,384	20,800
12,160	Cultural & Related Services	19,678	7,716	11,962	11,715
10,553	Environmental Services	14,938	2,729	12,209	13,528
2,569	Planning & Development Services	6,900	2,912	3,988	3,806
2,510	Central Services	5,290	3,157	2,133	2,882
(1,835)	Housing Revenue Account	19,000	19,952	(952)	(1,499)
1,333	Housing Services General Fund	25,418	22,509	2,909	3,480
15,759	Joint Boards	16,457	0	16,457	16,477
4,675	Corporate & Democratic Core	4,377	0	4,377	4,952
867	Exceptional Items	0	0	0	0
230	Non Distributed Costs	673	0	673	673
210,121	Net Cost of Services	317,808	84,905	232,903	236,710
(149)	(Gain)/Loss on the disposal of fixed assets			(117)	0
(1,243)	(Surpluses)/Deficits on trading undertakings not included in Net Cost of Services			(810)	(492)
7,798	Interest payable and similar charges			8,429	7,499
(1,752)	Interest and investment income			(2,545)	(895)
(1,196)	Pensions interest cost & expected return on pension assets			491	491
213,579	Net Operating Expenditure			238,351	243,313
	Income from taxation and general government grants				
(44,774)	Council tax			(45,207)	(44,509)
(128,837)	General government grants			(151,112)	(151,112)
(39,850)	Non-domestic rates redistribution			(41,934)	(41,934)
118	(Surplus)/Deficit for Year			98	5,758

Statement 2 - Statement of Movement on the General Fund Balance
For the Year Ended 31 March 2009

This statement shows how the (surplus)/deficit on the Council's Income and Expenditure Account for the year reconciles to the surplus for the year on the General Fund. Note 1 to the statement of accounts explains the significance of the General Fund and this reconciliation statement.

2007/08 £000s		2008/09 £000s
118	(Surplus)/Deficit for the Year on the Income and Expenditure Account	98
(839)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year (See Note 1 to Core Financial Statements)	2,173
(721)	(Increase)/Decrease in General Fund Balance for the year	2,271
(20,655)	General Fund Balance brought forward	(21,376)
(21,376)	General Fund Balance carried forward	(19,105)

Statement 3 - Statement of Total Recognised Gains and Losses
For the Year Ended 31 March 2009

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2007/08 £000s		2008/09 £000s
118	(Surplus)/Deficit for the year on the Income and Expenditure Account	98
(21,310)	(Surplus)/deficit arising on revaluation of fixed assets	(8,126)
(14,475)	Actuarial (gains)/losses on pension fund assets and liabilities	42,178
3,231	Transfer to Financial Instrument Adjustment Account	0
4	Any other recognised (gains)/losses required to be included	(20)
(32,432)	Total recognised loss/(gain) for the year	34,130

Statement 5 - The Cashflow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. For the purpose of this statement cash is defined as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.

2007/08 £000s		2008/09 £000s	
Revenue Activities			
Cash outflows			
143,033	Cash paid to and on behalf of employees	146,000	
133,415	Other Operating Cash Payments	144,655	
9,402	Housing Benefit paid out	10,423	
<u>285,850</u>	Total Cash Outflows		301,078
Cash Inflows			
(8,311)	Housing rents (net of rebates)	(10,135)	
(39,545)	Council tax	(39,730)	
(12)	Community Charge Income	(5)	
(17,765)	Non domestic rate income - from national pool	(19,444)	
(22,153)	Non domestic rate income - rate receipts	(21,400)	
(127,912)	Revenue support grant	(151,024)	
(24,633)	DWP grants for housing & council tax benefit	(25,017)	
(22,896)	Other government grants	(9,223)	
(33,722)	Cash received for goods and services	(28,827)	
(19,810)	Other operating cash receipts	(20,071)	
<u>(316,759)</u>	Total Cash Inflows		(324,876)
<u>(30,909)</u>	Net Revenue Activities		(23,798)
Returns on Investment and Servicing of Finance			
Cash outflows			
8,669	Interest paid	8,430	
23	Interest element of finance lease payments	22	
<u>8,692</u>	Total Cash Outflows		8,452
Cash Inflows			
(2,159)	Interest received		(2,049)
<u>6,533</u>	Net Servicing of Finance		6,403
Capital Activities			
Cash Outflows			
32,885	Purchase of fixed assets	36,160	
0	Other capital cash payments	0	
<u>32,885</u>	Total Cash Outflows		36,160
Cash Inflows			
(4,053)	Sale of fixed assets	(2,872)	
(8,355)	Capital grants received	(9,106)	
<u>(12,408)</u>	Total Cash Inflows		(11,978)
<u>20,477</u>	Net Capital Activities		24,182
<u>(3,899)</u>	Net Cash (inflow)/outflow before financing		6,787

Statement 5 - The Cashflow Statement

Management of Liquid Resources			
20,208	Net Increase/(Decrease) in Short Term Deposits		(7,669)
Financing			
Cash Outflows			
18,800	Repayment of Amounts Borrowed	15,000	
13	Capital element of finance lease rental payments	<u>15</u>	
<u>18,813</u>			15,015
Cash Inflows			
<u>(37,170)</u>	New Loans Raised		<u>(12,558)</u>
<u>(37,170)</u>	Total Cash Inflows		(12,558)
<u>(18,357)</u>			2,457
<u>(2,048)</u>	Net (Increase)/Decrease in Cash		1,575

Notes to the Core Financial Statements

1 Reconciliation of the surplus/deficit for the year on the Income and Expenditure Account to surplus/deficit for the year on the General Fund Balance (Statement 1)

The deficit for the year on Income and Expenditure Account is £0.098m. This is explained as follows:

The Income and Expenditure Account discloses the income received and expenditure incurred in operating the Council's services for the year and is equivalent to the Profit and Loss Account of a business. Income and Expenditure and the resulting surplus or deficit for the year are measures using essentially the same accounting conventions that most large UK businesses are required to use in preparing their audited financial statements. Accountants refer to such accounting conventions as UK Generally Accepted Accounting Practices (UK GAPP). The UK GAAP based approach is codified in the Code of Practice on Local Authority Accounting (known as the SORP), which local authorities are required by statute to observe when preparing their annual statement of accounts.

However, the items that the Council are required to credit and debit to its General Fund when determining the surplus or deficit for the year are laid down in statute and non statutory proper practices rather than being UK GAPP based. For example, a charge for depreciation of fixed assets must be charged to the Income and Expenditure Account in accordance with the SORP but depreciation must be excluded from the General Fund in accordance with statute.

Below is a detailed breakdown of the differences between the income and expenditure included in the Council's Income and Expenditure account in accordance with the SORP, and the amounts that statute and non statutory proper practice required the Council to debit and credit to the General Fund.

2007/08 £000s	2008/09 £000s	2008/09 £000s
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
(25,107) Depreciation and impairment of fixed assets	(26,132)	
2,994 Government Grants Deferred amortisation	3,454	
149 Net gain on sale of fixed assets	117	
127 Differences between amounts debited/credited to the Income & Expenditure Account and amounts payable /receivable to be recognised under statutory provisions relating to soft loans and premiums and discounts on the early repayment of debt	173	
1,460 Net charges made for retirement benefits in accordance with FRS 17	2,618	
(20,377)		(19,770)
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
6,702 Loans fund principal repayments	7,152	
11,875 Capital expenditure charged in-year to the General Fund Balance	15,633	
18,577		22,785
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
30 Transfers for other income on other general fund reserves	0	
119 Transfers to/(from) the Capital Fund	(29)	
732 Transfers to/(from) the Renewal and Repairs Fund	(742)	
80 Transfers to/(from) the Insurance Fund	(71)	
961		(842)
(839) Net additional amount required to be (credited)/debited to the General Fund		2,173

Notes to the Core Financial Statements

2 Finance Leases

The following values are held under finance leases by the authority, accounted for as part of tangible fixed assets:

	Land & Buildings		Plant and Equip	Total
	Forfar Resource Centre	Scutching Mill		
	£000s	£000s	£000s	£000s
Value at 1 April 2008	409	121	0	530
Additions	0	0	0	0
Revaluations	0	0	0	0
Depreciation	(19)	(4)	0	(23)
Disposals	0	0	0	0
Value at 31 March 09	390	117	0	507

Outstanding obligations to make payments under the aforementioned finance leases (excluding finance costs) at 31 March 2009, accounted for as part of long term liabilities, are as follows:

	Land & Buildings		Plant and Equip	Total
	Forfar Resource Centre	Scutching Mill		
	£000s	£000s	£000s	£000s
Obligations payable in 2009/10	11	4	0	15
Obligations payable between 2010/11 & 2012/13	53	21	0	74
Obligations payable after 2012/13	360	91	0	451
Total liabilities at 31 March 2009	424	116	0	540

No new finance leases have been signed by the authority during financial year 2008/09.

The gross amount of assets held under finance leases amounts to £0.611m and the accumulated depreciation amounts to £0.104m

There are no commitments existing at the balance sheet date in respect of finance leases but whose inception occurs after the year end.

3 Operating Leases

	Vehicles	APC	Total
	£000s	£000s	£000s
Vehicles and Automated Public Conveniences (APC)			
Details of the operating leases in operation are as follows:-	0	0	
Gross book value of original agreement	2,309	251	2,560
Repayments to March 2008	2,226	49	2,275
Value at March 2008	83	202	285
New Operational Leases 2008/09	0	180	180
Repayments 2008/09	51	58	109
Value at 31 March 2009	32	144	176

The final payment on the existing Automated Public Convenience Contracts at 31st March 2008 was made during financial year 2008/09. Two new operating leases were commenced for a five year period on 1st April 2008. The cost over the five year period amounts to £0.180m.

Outstanding obligations to make payments under the aforementioned operating leases at 31 March 2009, accounted for as part of long term liabilities, are as follows:

	Vehicles	APC	Total
	£000s	£000s	£000s
Obligations payable in 2009/10	32	36	68
Obligations payable between 2010/11 & 2013/14	0	108	108
Obligations payable after 2013/14	0	0	0
Total Liabilities at 31 March 2009	32	144	176

Notes to the Core Financial Statements

4 Publicity Expenditure

Section 5(1) of the Local Government Act 1986 requires certain expenditure on publicity to be separately accounted for.

Publicity expenditure was incurred as follows :-

	2008/09 £000s	2007/08 £000s
Staff recruitment	358	383
Marketing	362	650
General advertising	82	138
Total	802	1,171

5 Pensions (Teachers)

In respect of the Scottish Teachers' Superannuation Scheme (STSS) administered by the Scottish Public Pensions Agency, the employer's rate of contribution for 2008/09 was 13.5%. The amount paid over in respect of employer's contributions was £5.778m. (£5.689m in 2007/08).

The scheme operates on a notionally funded basis and has no 'real' pension fund capable of investment.

The scheme is a multi-employer defined benefit scheme in which the assets and liabilities underlying the scheme are not identifiable at individual employer level on a consistent and reasonable basis.

6 Unfunded Discretionary Benefits

The Council may award discretionary pension benefits. Under the Accounting Code of Practice, such benefits are awarded under a single employer defined benefit scheme and the council is responsible for all pension payments relating to added years' benefits which it has awarded.

In 2008/09, the council paid £1.067m representing 1.0% of pensionable pay in unfunded discretionary benefits. (£0.933m representing 0.9% in 2007/08). This sum related in the main to awards made in previous financial years.

Nine awards were made in 2008/09 amounting to £0.161m. (£0.058m in 2007/08) in respect of retiring employees associated with management restructures.

7 2008/2009 Budget

The 2008/09 net budget figures shown in the above statement will differ from the published budget to reflect depreciation calculated under capital accounting arrangements; expenditure in respect of which a contribution was made from the Renewal and Repairs Fund; and variations arising from the application of FRS17.

8 Pensions (Non-Teaching)

The majority of non-teaching staff participate in the Local Government Pension Scheme (Scotland). For authorities in the Tayside area this is administered by Dundee City Council and is a defined benefit scheme related to pay and service.

It is a multi-employer scheme where individual employer's shares of assets and liabilities can be identified on a consistent and reasonable basis.

In 2008/2009 the council paid employer contributions totalling £12.989m representing 19.9% of employees' pensionable pay.

The Council recognises the costs of retirement benefits in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. The following transactions have been made in the Income and Expenditure Account during the year.

	2008/09 £000s	2007/08 £000s
Net cost of services		
Amount charged to operating profit -		
Service cost	10,751	12,093
Past service costs	86	95
Curtailment and settlements	93	47
Total operating charge	10,930	12,235
Net operating expenditure		
Expected return on corporate assets	21,399	21,131
Interest on pension scheme liabilities	(21,890)	(19,935)
Net return on assets	(491)	1,196
Net cost included in Income & Expenditure account	11,421	11,039

Notes to the Core Financial Statements

8.1 Asset and Benefit Obligation Reconciliation for the year to 31 March 2009

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	2008/09 £000s	2007/08 £000s
Opening Defined Benefit Obligation	344,152	363,521
Service Cost	10,751	12,093
Interest Cost	21,890	19,935
Actuarial losses (gains)	(65,063)	(50,868)
Losses (gains) on curtailments	93	47
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Estimated benefits paid net of transfers in	(10,213)	(3,800)
Past service cost	86	95
Contributions by Scheme participants	4,193	3,995
Unfunded pension payments	743	(866)
Closing Defined Benefit Obligation	305,146	344,152

Reconciliation of opening & closing balances of fair value Scheme assets	2008/09 £000s	2007/08 £000s
Opening fair value of Scheme assets	302,055	305,455
Expected return of Scheme assets	21,399	21,165
Actuarial gains (losses)	(106,974)	(36,401)
Contributions by employer including unfunded pensions	13,772	12,508
Contributions by Scheme participants	4,193	3,995
Assets acquired in a business combination	-	-
Estimated benefits paid net of transfers in including unfunded pensions	(10,956)	(4,666)
Receipt of bulk value transfer	-	-
Fair value of Scheme assets at end of period	223,489	302,055

Reconciliation of opening & closing surplus	2008/09 £000s	2007/08 £000s
Surplus/(Deficit) at beginning of the year	(42,097)	(58,067)
Current Service Cost	(10,751)	(12,093)
Employer Contributions	13,029	11,641
Unfunded pension payments	743	866
Past Service Costs	(86)	(95)
Other Finance Income	(491)	(1,230)
Settlements/Curtailments	(93)	(47)
Actuarial gain/loss	(41,910)	14,466
Surplus/(Deficit) at end of the year	(81,657)	(42,097)

8.2 Profit & Loss Account Costs for the year to 31 March 09

The amounts recognised in the Income & Expenditure Account are:	2008/09 £000s	2007/08 £000s
Current service cost	10,751	12,093
Interest on obligation	21,890	19,935
Expected return on Scheme assets	(21,399)	(21,131)
Past service cost	86	95
Losses (gains) on curtailments and settlements	93	47
Total	11,421	11,039

Notes to the Core Financial Statements

8.3 Statement of Recognised Gains and Losses

	2008/09 £000s	2007/08 £000s
Actual Return less expected return on pension scheme assets	(79,072)	(36,401)
Experience gains and losses	(13,456)	-
Changes in assumptions underlying the present value of the scheme liabilities	50,617	50,868
Actuarial gain/(loss) in pension scheme	(41,910)	14,466
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial gain/(loss) recognised in STRGL	(41,910)	14,466

8.4 Assets

Whole fund assets	31 March 2009		31 March 2008	
	£000's	%	£000's	%
Equities	806,360	64.4%	1,067,183	68.8%
Gilts	143,799	11.5%	197,523	12.7%
Other Bonds	106,425	8.5%	75,513	4.9%
Property	126,748	10.1%	168,784	10.9%
Cash	69,046	5.5%	43,267	2.8%
Total	1,252,378	100.0%	1,552,270	100.0%

8.5 Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2008 for the year to 31 March 2009). The return on gilts and other bonds are assumed to be the gilt yield (with any adjustment to reflect default risk) at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

	2008/09 £000s	2007/08 £000s
Actual return on Scheme assets	(57,673)	(15,236)

8.6 Financial Assumptions

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		
Retiring today	Males	21.37
	Females	24.44
Retiring in 20 years	Males	22.30
	Females	25.34

The financial assumptions used for the purpose of the FRS17 calculations are :

	As at 31 March 2009		As at 31 March 2008		As at 31 March 2007	
	% p.a	Real	% p.a	Real	% p.a	Real
Price Increases	3.0%	-	3.7%	-	3.3%	-
Salary Increases	4.5%	1.5%	5.2%	1.5%	4.8%	1.5%
Pension Increases	3.0%	-	3.7%	-	3.3%	-
Discount Rate	6.7%	3.6%	6.6%	2.8%	5.4%	2.0%

Notes to the Core Financial Statements

Asset Class

The expected return for each class of assets are:

	Expected Return at		
	01 April 2009 % p.a.	01 April 2008 % p.a.	01 April 2007 % p.a.
Equities	7.8%	7.6%	7.2%
Gilts	4.0%	4.3%	4.4%
Bonds	6.5%	6.6%	5.4%
Property	7.3%	7.1%	6.7%
Cash	3.0%	5.0%	5.0%

8.7 Amounts for the Current And Previous Periods

	Year to March 09 £000s	Year to March 08 £000s	Year to March 07 £000s	Year to March 06 £000s	Year to March 05 £000s
Defined Benefit Obligation	(305,146)	(344,152)	(363,521)	(355,700)	(302,841)
Scheme Assets	223,489	302,055	305,455	274,779	213,492
Surplus/Deficit	(81,657)	(42,097)	(58,067)	(80,921)	(89,349)
Experience Adjustment on Scheme Liabilities	14,446	0	0	5,634	0
Experience Adjustments on Scheme Assets	(106,974)	(36,401)	5,858	46,691	10,561

Local government legislation provides that local authorities have an obligation to meet the expenditure of the Joint Boards of which they are constituent members. As a consequence Angus Council has additional liabilities from the pension deficits of Tayside Fire and Rescue Board, Tayside Joint Police Board, Tayside Valuation Joint Board and Tayside Contracts. Further information regarding these deficits can be found in the annual report and accounts of the relevant bodies.

9 Surplus From Trading Operations

The amount shown of £0.810m (£1.243m in 2007/08) includes the Council's share of the surplus generated by Tayside Contracts of £0.311m, (£0.161m in 2007/08) together with the surplus arising from the Council's trading accounts of £0.499m (£1.082m in 2007/08).

10 Local Authorities (Goods and Services) Act 1970

Councils must keep separate account of agreements entered into under this legislation. Expenditure incurred during 2008/09 totalled £0.338m (£0.449m in 2007/08) whilst income received amounted to £0.417m (£0.453m in 2007/08).

11 Audit Fee

In 2008/09 Angus Council incurred the following fees relating to external audit and inspection:

	2008/09 £000s	2007/08 £000s
Fees payable to Audit Scotland for statutory external audit services	<u>265</u>	<u>274</u>

12 Members' Allowances/Remuneration and Officers' Remuneration

The amount of Councillor Remuneration, Allowances & Expenses was £0.609m for the full year 2008/09. (£0.536m from 3 May 2009 - 31 March 2008 in 2007/08) and £0.013m of this was recovered from outside bodies and organisations. (Tayside Joint Police Board, COSLA and Tayside Community Justice Authority.)

The number of employees (including teachers) whose remuneration was £0.050m or more in bands of £0.010m were:

Remuneration Band	2008/09 Number of Employees	2007/08 Number of Employees
£50,000 - £59,999	32	25
£60,000 - £69,999	14	14
£70,000 - £79,999	14	14
£80,000 - £89,999	8	6
£90,000 - £99,999	2	4
£100,000 - £109,999	4	1
£110,000 - £119,999	0	0
£120,000 - £129,999	1	1

The 2007/08 position reflects the implementation of the Council's new senior management structure from 1 August 2006, which creates part year effects on the level of salary paid

Notes to the Core Financial Statements

13 Related Parties

During the year, transactions with related parties arose as follows:

	2008/09 Expenditure £000s	2008/09 Income £000s	2007/08 Expenditure £000s	2007/08 Income £000s
Central Government				
- General Government Grants	0	151,112	0	128,837
- Net contribution from NNDR Pool	0	41,934	0	39,850
- Housing & Council Tax Benefit Grant	0	25,946	0	25,703
- Teachers' Pension Scheme	8,553	0	8,423	0
Scottish Enterprise Tayside - Grants	0	212	0	202
Police Board-Requisition and Associated Interest	10,009	0	10,117	0
Fire & Rescue Board - Requisition	5,632	0	5,219	0
Joint Valuation Board - Requisition	816	0	810	0
Tayside Contracts - Share of Surplus and associated interest	0	311	0	161
Tayside Contracts -Contract etc.Payments	20,649	0	15,448	0
Dundee City Council Pension Fund	17,185	0	15,562	0
Dundee City Council - re. DERL	758	250	824	250
Angus Community Care Charitable Trust:				
Contribution due to Trust	114	0	71	0
Amounts due to Trust re: Rental Income	360	0	437	0
Amounts due from Trust	0	151	0	32
Angus Environmental Trust -				
Landfill Tax Credit	91	0	75	0
Various minor contracts	0	32	0	37
Resource Transfer - NHS Tayside	0	5,150	0	5,677
Sports Tayside	0	251	0	311
Angus Digital Media Centre	0	0	54	0
Total	64,167	225,349	57,040	201,060

Notes to the Core Financial Statements

14 Movement of Tangible Fixed Assets in 2008/09

Operational Assets						
	Council Dwellings £000s	Land & Buildings £000s	Infra- structure £000s	Community Assets £000s	Vehicles, Plant, etc £000s	Sub Total £000s
GBV at 1 April 2008	279,518	260,620	84,108	2,789	24,704	651,739
Restatements	0	(101)	0	0	0	(101)
Expenditure	9,996	9,585	13,208	152	3,257	36,198
Disposals	(1,843)	(4,274)	0	0	(244)	(6,361)
Revaluations	0	14,897	0	0	0	14,897
Impairments	(21,296)	(2,579)	0	0	0	(23,875)
Transfers	0	(995)	(1,064)	(104)	511	(1,652)
GBV at 31 March 2009	266,375	277,153	96,252	2,837	28,228	670,845
Depreciation at 1 April 2008	0	(37,145)	(26,979)	(214)	(13,038)	(77,376)
Restatements	0	375	191	0	(1)	565
Charge for year	(4,920)	(10,445)	(4,483)	(32)	(3,404)	(23,284)
W/Back depn on disposals	0	344	0	0	175	519
W/Back depn on revaluations	0	9,551	0	0	0	9,551
W/Back depn on Impairments	4,920	226	0	0	0	5,146
Depreciation at 31 March 2009	0	(37,094)	(31,271)	(246)	(16,268)	(84,879)
NBV at 31 March 2009	266,375	240,059	64,981	2,591	11,960	585,966

Non Operational Assets					
	Investment £000s	Assets under Construction £000s	Surplus Assets £000s	Sub Total £000s	GRAND TOTAL £000s
GBV at 1 April 2008	5,155	1,043	2,794	8,992	660,731
Restatements	0	0	0	0	(101)
Expenditure	0	261	0	261	36,459
Disposals	(155)	0	(175)	(330)	(6,691)
Revaluations	0	0	(35)	(35)	14,862
Impairments	0	0	(487)	(487)	(24,362)
Transfers	(25)	0	1,677	1,652	0
GBV at 31 March 2009	4,975	1,304	3,774	10,053	680,898
Depreciation at 1 April 2008	0	0	(337)	(337)	(77,713)
Restatements	0	0	(273)	(273)	292
Charge for year	0	0	(208)	(208)	(23,492)
W/Back depn on disposals	0	0	0	0	519
W/Back depn on revaluations	0	0	130	130	9,681
W/Back depn on impairments	0	0	201	201	5,347
Depreciation at 31 March 2009	0	0	(487)	(487)	(85,366)
NBV at 31 March 2009	4,975	1,304	3,287	9,566	595,532

15 Depreciation

Provision has been made for depreciation on buildings, infrastructure, vehicles and equipment. The straight line method of depreciation has been applied over the asset's outstanding useful life. Outstanding life has been assumed as follows:

Council Dwellings	- 50 years.
Buildings	- each property has been individually assessed to derive outstanding useful life, up to a maximum of 60 years.
Infrastructure	- the majority of infrastructure assets are depreciated over 20 years.
Vehicles	- varies between 4 and 10 years according to the class of vehicle.
Equipment	- 5 years.

Notes to the Core Financial Statements

16 Assets Employed

The net book value of assets employed as at 31 March 2009 can be broken down as follows:

	2008/09	2007/08
	£000s	£000s
Assets employed by the General Fund	311,166	284,999
Assets employed by the Housing Revenue Account	268,570	281,769
Assets employed by Trading Services	15,796	16,250
TOTAL ASSETS EMPLOYED	595,532	583,018

17 Valuation Details

Category	Date of Valuation	Basis of Valuation	
Council Dwellings	31/03/09	Open Market Value Benchmark Basis	External Valuers Graham & Sibbald, Chartered Surveyors Partner (MRICS qualified)
Operational Land & Property	Final year of a 5-year Rolling Valuation Programme	Open market value or depreciated replacement cost	External Valuers Graham & Sibbald, Chartered Surveyors Partner (MRICS qualified)
Non Operational Land & Property	31/03/07	Open market value	External Valuers Graham & Sibbald, Chartered Surveyors Partner (MRICS qualified)
Community Assets	N/A	Historic cost where available	N/A
Infrastructure	N/A	Historic cost where available	N/A
Equipment	N/A	Historic cost where available	N/A
Vehicles & Plant	N/A	Historic cost where available	N/A

18 Information on assets held

The following statement shows the number of fixed assets owned by the Council.

Category of Asset	31/03/09	31/03/08
Council Dwellings	7,851	7,920
Council Offices	35	37
Nursery Schools	1	1
Primary Schools	55	59
Secondary Schools	8	8
Sports Centres & Swimming Pools	11	11
Residential Homes & Care Centres	20	20
Community Centres	6	6
Halls	7	7
Libraries	6	6
Museums	6	6
Cemeteries	72	72
Public Conveniences	37	37

Notes to the Core Financial Statements

19 Movement in Fixed Assets during the five year valuation programme.

	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant, etc £000s	Total £000s
Valued at open market value or depreciated replacement cost				
2004/05	16,861	1,315	207	18,383
2005/06	19,553	1,258	115	20,926
2006/07	28,556	932	143	29,631
2007/08	17,806	3,504	0	21,310
2008/09	(16,375)	21,903	0	5,528
Total	66,401	28,912	465	95,778

20 Angus Council has entered into three Public Private Partnerships as follows:-

A. The Council has entered into a contract to facilitate dualling of the A92 which had a works value in the order of £50m with the road opening to traffic on 27 September 2005. The unitary charge is being charged in full to the Roads revenue account apart from £0.129m being charged to a long term debtor. This long term debtor will build up over the operational period of the agreement reaching, at the end of this period, a total value representing the residual value of the road at historic cost. This value will be transferred to the Council's balance sheet at that time as a fixed asset.

B. The Council entered into a joint arrangement with NHS Tayside for the refurbishment and provision of Beech Hill House which had a works value in the order of £1.9m and was made available to the Council on 21 March 2005. The unitary charge is being charged in full to the Social Work revenue account apart from £0.147m being charged to a long term debtor. This long term debtor will build up over the operational period of the agreement reaching, at the end of this period, a total value representing the residual value of the land and buildings at "fair value". This value will be transferred to the Council's balance sheet at that time as a fixed asset.

C. The Council entered into a contract to facilitate refurbishment and replacement of 7 schools in Forfar and Carnoustie and these were anticipated to become operational during 2007/08 and 2008/09. Two of these schools were subject of demolition and replacement by new build. In such circumstances it was necessary to accelerate the depreciation of these fixed assets within the Council's accounts so that they are fully written-off when demolished. These assets have now been fully written out as part of the 2008/09 final accounts. Four schools became operational during 2007/08 as follows: Woodlands PS (4 October 2007); Strathmore PS (16 January 2008); Burnside PS (20 February 2008); and Whitehills PS (29 February 2008). A further 2 schools became operational during 2008/09 as follows: Carlogie PS (7 November 2008); and Carnoustie HS (5 December 2008). The total works value in respect of these 6 schools is in the order of £33.4m. The unitary charge in respect of these schools is being charged in full to the Education revenue account apart from a total of £2.285m being charged to a long term debtor. This long term debtor will build up over the operational period of the agreement reaching, at the end of this period, a total value representing the residual value of the land and buildings at "fair value". This value will be transferred to the Council's balance sheet at that time as a fixed asset.

21 Long Term Investments

	2008/09 £000s	2007/08 £000s
Long term investments have been made in:		
Government Securities	<u>10</u>	<u>10</u>

Notes to the Core Financial Statements

22 Debtors

	2008/09 £000s	2007/08 £000s
Amounts falling due after 1 year		
Housing Advances	493	524
External Bodies (Debt)	11,301	12,279
PPP Long Term Debtor	11,696	5,711
Common Good	528	540
Total Long Term Debtors	24,018	19,054
Amounts falling due within 1 year		
Revenue and Customs	2,717	2,123
External Bodies (Loan Charges)	1,630	2,890
Council Tax etc	6,599	6,919
Housing Rents (Houses and Garages)	1,584	1,589
Interest Debtors	0	0
Other Miscellaneous Debtors and Accruals	18,171	16,811
	30,701	30,332
Less Bad Debt Provision		
- Council Tax	(4,362)	(4,258)
- NDRI	(310)	(373)
- Community Charge	(7)	(13)
- Sales ledger	(535)	(473)
- Housing Rents	(696)	(614)
	(5,910)	(5,731)
Total Short Term Debtors	24,791	24,601

23 Investments

Short Term Investments of £33.051m (£40.226m in 2007/08) arise as a result of the timing of expenditure and associated income and the movements in fund and revenue balances or otherwise as part of ongoing Treasury Management operations. The Council adopts a prudent, yet pro-active, approach to its Treasury Management operations which are governed by the Chartered Institute of Public Finance and Accountancy Treasury Management Code of Practice.

24 Bank Overdraft

The Council's cleared in hand balance as at 31 March 2009 was £0.267m (£2.559m in 2007/08). The difference between this figure and that shown as the overdraft figure in the Balance Sheet is because of cheques which had been drawn but not paid as at 31 March 2009.

25 Revenue Advances from Other Funds

The sums borrowed from other accounts were made up of:

	2008/09 £000s	2007/08 £000s
Common Good	(3,221)	(3,157)
Charities	(1,099)	(1,080)
Total Short-Term Borrowing	(4,320)	(4,237)

26 Creditors

	2008/09 £000s	2007/08 £000s
Payroll related Creditors (N.I., PAYE, Pension)	(6,006)	(5,821)
Other Creditors and accruals	(28,465)	(28,146)
Total Creditors	(34,471)	(33,967)

27 Provisions

The provisions figure includes sums for compulsory purchase of land for the A92 assembly and an equal pay provision for both Angus Council and Tayside Contracts. The provision is made up as follows:

	Equal Pay			Total £000s
	A92 £000s	Angus Council £000s	Tayside Contracts £000s	
Opening balance at 1 April 2008	(238)	(307)	(870)	(1,415)
Payments in year	22	3	0	25
Provision created during 2008/09	0	0	544	544
Closing balance 31 March 2009	(216)	(304)	(326)	(846)

Notes to the Core Financial Statements

The Council has previously incurred costs in relation to agreed settlements for equal pay claims that were made for the period up to March 2006 in respect of council staff and August 2006 for Tayside Contracts staff. The 2008/09 accounts include a provision for further potential equal pay liability up to the date of single status implementation of 1 April 2008 in respect of council staff and 1 July 2008 for Tayside Contracts staff.

The Council may have further equal pay liability beyond this provision but the legal status of this is not clear. Although the likelihood of further equal pay liabilities arising is presently considered to be remote, the Council continues to take a very prudent approach to potential additional costs arising from Job Evaluation implementation/Equal Pay. It has, therefore, earmarked approximately £3m within its general fund balance as part of an overall Job Evaluation/Equal Pay funding strategy.

28 Detail of Movement on Reserves

The Council keeps a number of reserves in the balance sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 31/3/2008 £000s	Movement 2008/09 £000s	Balance 31/3/2009 £000s	Purpose of Reserve
Unusable				
Revaluation Reserve	21,310	8,126	29,436	Store of gains on revaluation of fixed assets
Capital Adjustment Account	381,819	2,675	384,494	Store of capital resources set aside to meet past expenditure.
Financial Instruments Adjustment Account	(3,104)	172	(2,932)	Statutory reserve in respect of financial instrument accounting treatment adjustments.
Pensions Reserves	(39,046)	(42,611)	(81,657)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet.
Unusable Total	<u>360,979</u>	<u>(31,638)</u>	<u>329,341</u>	This reserve covers both Local Government Pension Scheme (LGPS) and teachers
Usable				
Usable Capital Receipts	1,641	851	2,492	Proceeds of fixed asset sales and carried forward specific capital grant available to meet future capital investment.
Fund Balances and Reserves				
Renewal & Repair Fund	3,784	(436)	3,348	Resources available to ensure the Council has the necessary flexibility to meet essential and urgent repairs
Capital Fund	2,567	(606)	1,961	Resources available to meet future capital investment and/or principal repayments on debt.
Insurance Fund	985	(30)	955	
General Fund	17,476	(287)	17,189	Resources available to meet future running costs for non-housing services
Housing Revenue Account	3,181	(2,007)	1,174	Resources available to meet future management costs of council housing stock
Other earmarked General Fund				
Arbroath Harbour Reserve	162	15	177	
Car Parking Reserves	315	(3)	312	
Specific Reserves	242	11	253	
Total General Fund Balances	<u>21,376</u>	<u>(2,271)</u>	<u>19,105</u>	
Total Fund Balances and Reserves	<u>28,712</u>	<u>(3,343)</u>	<u>25,369</u>	
Total	<u>391,332</u>	<u>(34,130)</u>	<u>357,202</u>	

Notes to the Core Financial Statements

The General Fund Balance has the following commitments:

	31/03/09 £000s		31/03/08 £000s
Contingency	3,250		3,250
Ear marked : -			
- Ring fenced monies	5,913	4,777	
- Affordable Housing	692	498	
- Proposed 100% carryforwards	1,865	2,106	
- Asset replacement	31	304	
- 2009/10 budget commitments	<u>2,843</u>	<u>3,747</u>	
	11,344		10,934
Budget Carry Forward Scheme (subject to final determination)	474		375
Total Commitments	<u><u>15,068</u></u>		<u><u>14,559</u></u>

Further details on the movement of the reserves are shown below:-

	£000s
Movement in the Revaluation Reserve	
This reserve accounts for the gains on the revaluation of fixed assets not yet realised through sale	
Increase in Value of General Fund Assets	24,543
Decrease in Value of Council Dwellings	(16,376)
Depreciation charge of revalued assets (Historic v Revalued amount)	(41)
Movement	<u><u>8,126</u></u>

	£000s
Movement in the Capital Adjustment Account	
Excess depreciation over debt repayments	(18,938)
Amortisation of deferred government grants	(3,908)
Fixed asset disposals	(2,704)
Capital financed from current revenue	13,157
Usable capital receipts applied	11,717
Capital financed from local capital fund	684
PFI transactions	2,476
Other transactions	191
Movement	<u><u>2,675</u></u>

	£000s
Movement in the Financial Instruments Adjustment Account	
This reserve was established on 1 April 2007 to comply with the requirements of the 2007 SORP and is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.	
Amount charged to I&E Account in year - amortised premiums & discounts	200
Amount charged to I&E Account in year - variable rate borrowing	(28)
Movement	<u><u>172</u></u>

	£000s
Movement in the Usable Capital Receipts Reserve	
This reserve was established to comply with local authority capital accounting rules and represents the capital receipts available to finance capital expenditure in future years after setting aside amounts for the repayment of existing loans.	
Gross amount received in 2008/09	1,600
Amount applied to finance new capital investment in 2008/09	(749)
Movement	<u><u>851</u></u>

	£000s
Movement in the Renewal & Repair Fund	
Contributions made in 2008/09	4,217
Amount of expenditure in 2008/09	(654)
Interest received	298
Amount used as cfr to fund capital expenditure	(4,297)
Movement	<u><u>(436)</u></u>

Notes to the Core Financial Statements

Movement in the Capital Fund	£000s
Contributions made to the fund in 2008/09	133
Expenditure from the fund to meet capital expenditure in 2008/09	(684)
Expenditure from the fund to meet principal repayments in 2008/09	(162)
Interest received	107
Movement	(606)

Movement in the Insurance Fund	£000s
Amounts received from service revenue accounts during 2008/09	1,793
Amount expended on premiums and claims settlements during 2008/09	(1,864)
Interest received	41
Movement	(30)

The General Fund Revenue Balance includes £0.250m, (£0.326m in 2007/08) in respect of Devolved School Management Reserve Funds and hypothecated education grants and £0.692 (£0.498m in 2007/08) in respect of 2nd Homes Discount for Affordable Housing. These are earmarked for that purpose and are not available for general Council use.

Included in the Specific Reserves figure is £0.084m related to various minor trusts for which the council is sole trustee. The purposes of these trust funds are related to various council services. The funds are mostly invested internally and there are no significant liabilities arising.

29 Related Parties

Note 13 to the Core Financial Statements refers to relevant related parties. Amounts at the end of the financial year, either due to or by the Council, were all in accordance with normal business and there were no material issues as to the question of the amounts being properly due.

At 31 March 2009 the following debtors and creditors existed with related parties:

	Debtors 2008/09 £000s	Creditors 2008/09 £000s	Debtors 2007/08 £000s	Creditors 2007/08 £000s
Central Government				
- General Government Grants	0	0	0	0
- Net contribution from NNDR Pool	1,101	0	0	89
- Housing & Council Tax Benefit Grant	628	0	0	344
- Teachers' Pension Scheme	709	0	0	696
Scottish Enterprise Tayside - Grants	0	0	0	1
Police Board - Requisition & Associated Interest	445	0	458	0
Fire & Rescue Board - Requisition	0	138	0	0
Joint Valuation Board - Requisition	12	0	39	0
Tayside Contracts - Share of surplus & Associated Interest	310	0	0	161
Tayside Contracts - Contract etc. Payments	0	2,942	0	3,651
Dundee City Council Pension Fund	0	1,437	0	1,288
Angus Community Care Charitable Trust				
- Contribution due to Trust	0	0	71	0
- Amounts due to Trust re: Rental Income	0	39	0	158
- Amounts due from Trust re: Reimbursement of Exps	6	0	25	0
Angus Environmental Trust				
- Landfill Tax Credit	0	16	0	18
Resource Transfer	0	0	0	0
Sports Tayside	5	0	2	0
Angus Digital Media Centre	0	0	17	0
	3,216	4,572	612	6,406

It should be noted that the amounts outlined above are contained within the debtors and creditors figures in the Balance Sheet.

30 Post Balance Sheet Events

No events occurred since the year end that would have an impact on the 2008/09 financial statements (2007/08 none).

31 Exceptional Items

The 2007/08 exceptional item relates entirely to a payment which has been required to be paid to HM Revenues & Customs (HMRC) in respect of a disputed landfill tax liability. This disputed liability was disclosed in the 2006/07 Accounts as a contingent liability. The Council is currently pursuing recovery of the disputed landfill tax liability through the VAT & Duties Tribunal but was required to pay the disputed amount (including accrued interest of £0.077m) of £0.867m on a without prejudice basis as a condition of making its appeal to the Tribunal. The Tribunal case is sisted following a court ruling on a related landfill tax issue brought by the Waste Recycling Group Ltd. The outcome from the court ruling is that Angus Council can lodge a claim for recovery of the amount paid (£0.867m) under new guidance issued by HMRC (HMRC Brief 58/08 refers). The Council is therefore now pursuing its claim under the new guidance but should this be unsuccessful the Council will seek to resume its case through the Tribunal process.

Notes to the Core Financial Statements

32 Financial Instruments

The 2008 SORP requires the Council to make disclosures in respect of its financial instruments, which in the main comprise the borrowing, lending, investments, creditors and debtors of the Council. The purpose of these disclosures is to provide information regarding:

- the significance of financial instruments for the Council's financial position and performance; and
- the nature and extent of risks arising from financial instruments to which the Council is exposed and how the Council manages those risks.

Analysis of Financial Instruments

Financial instrument items carried on the Balance Sheet can be categorised as disclosed below.

	Long Term		Current	
	31 March 2009 £000s	31 March 2008 £000s	31 March 2009 £000s	31 March 2008 £000s
Borrowings				
Financial liabilities at amortised cost	151,268	153,740	43,580	41,444
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Borrowings	151,268	153,740	43,580	41,444
Investments				
Loans and receivables	12,322	13,343	55,034	61,577
Available-for-sale financial assets	10	10	0	0
Fair value through Profit and Loss	0	0	0	0
Unquoted equity under available-for-sale	0	0	0	0
Total investments	12,332	13,353	55,034	61,577

There are no LOBOs (Lender Option, Borrower Option loans) included in long long term borrowing with a call date in the next 12 months.

The loans and receivables are stated on the basis of amortised cost, the available-for-sale financial assets are stated at fair value using market rates at close of business on 31 March 2009.

The long term figures above assume that in arriving at the amortised cost for a LOBO, the maturity period of a LOBO is taken as the contractual period to maturity.

Financial liabilities at amortised cost include long term borrowing of £152.454m as per the balance sheet. £1.186m of this value is in respect of accrued interest and this is included within the current category in this note as this is due within 1 year.

Analysis of Gains / Losses in respect of Financial Instruments

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are disclosed below.

	Financial Liabilities Measured at amortised cost £000s	Financial Year 2008-09		2007/08	
		Financial Assets		Total	Total
		Loans and receivables £000s	Available- for-sale assets £000s	£000s	£000s
Interest expense	(8,044)	0	0	(8,044)	(7,631)
Losses on derecognition	(630)	0	0	(630)	(825)
Impairment losses	0	0	0	0	0
Interest payable and similar charges	(8,674)	0	0	(8,674)	(8,456)
Interest income	0	2,546	0	2,546	1,759
Gains on derecognition	405	0	0	405	624
Interest and investment income	405	2,546	0	2,951	2,383
Gains on revaluation	0	0	0	0	0
Losses on revaluation	0	0	0	0	0
Amounts to the I&E account after impairment	0	0	0	0	0
Surplus from revaluation of financial assets	0	0	0	0	0
Net gain / (loss) for the year	(8,269)	2,546	0	(5,723)	(6,073)

Entries have only been included above for categories with non-zero values in the analysis of financial instruments.

Comparable figures for financial year 2007-08 are shown above.

Notes to the Core Financial Statements

Fair Value of Financial Assets and Liabilities Carried At Amortised Cost

Financial liabilities and loans and receivables are carried on the Balance Sheet at amortised cost. Their fair values have been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The discount rate utilised should equal the current rate in relation to the same instrument from a comparable lender. This has been assumed to be the rate applicable in the market on the date of valuation, for an instrument of the same duration as the outstanding period from valuation date to maturity. Discount rates have therefore been determined by applying the following principles:

- For PWLB debt, the discount rate used is the rate for new borrowing as per the rate sheet number 072/09 as this excludes the margin included in the premature repayment rate, which represents the lender's profit as a result of debt rescheduling, as any motivation other than securing a fair price should be ignored;
- In respect of LOBO debt and market lending, discount rates equal the rates available for an equivalent instrument, with equivalent terms from a comparable lender;
- In respect of the long term debtors, the discount rates used are those applicable to PWLB new borrowing for a period equal to the remaining period of the long term debtor, as taken from PWLB rate sheet number 072/09;
- Long term investments are carried on the Balance Sheet at historic cost but are not material. No fair value calculation has therefore been carried out and the amortised cost value has been included in the fair value;
- For comparability with Balance Sheet carrying values, accrued interest has been included in the fair value calculations;
- No early repayment or impairment has been allowed within the fair value calculations;
- No adjustments have been made where any relevant dates fall on a non-working day; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Notes to the Core Financial Statements

Applying these principles, the fair value of financial liabilities carried at amortised cost are disclosed below.

	31 March 2009		31 March 2008	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
PWLB	121,789	132,892	124,245	134,246
LOBOs	30,665	31,657	30,707	32,719
Creditors	34,471	34,471	33,967	33,967
Short term borrowing	4,320	4,320	4,237	4,237
Bank overdraft	3,603	3,603	2,028	2,028
Total financial liabilities	194,848	206,943	195,184	207,197

All of the Council's PWLB and LOBO loan portfolio are fixed rate, fixed term loans. The fair value of these loans is more than the carrying amount as the Council's loan portfolio contains a number of loans with fixed rates which are higher than the rates available for similar loans at the Balance Sheet date.

Comparable fair value figures are shown for financial year 2007/08.

Again applying the above principles, the fair value of financial assets carried at amortised cost are disclosed below.

	31 March 2009		31 March 2008	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Bank deposits of 7 days or less	302	301	5,003	5,003
Deposits with Banks and Building Societies	32,749	33,064	35,223	35,194
Long term debtors	12,332	8,136	13,353	8,745
Debtors	21,983	21,983	21,351	21,351
Total financial assets	67,366	63,484	74,930	70,293

All of the Council's bank and building society deposits are fixed rate, fixed term deposits of 364 days or less. The fair value of these deposits is less than the carrying amount as the Council's deposit portfolio contains a number of deposits with fixed rates which are lower than the rates available for similar deposits at the Balance Sheet date.

In respect of long term debtors, the fair value is less than the carrying value as the present value of the future cash flows from these debtors are worth less to the Council as a result of the effects of inflation.

Comparable fair value figures are shown for 2007/08.

Notes to the Core Financial Statements

Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks in respect of financial instruments and in particular the following:

- credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments; and
- market risk - the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The management of the Council's treasury position is focused on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Management of the treasury position is carried out centrally within the Finance Division and the Council has fully adopted the CIPFA Code of Treasury Management Practices in this regard. In line with this Code, the Council Strategy for the management of financial risks is supported by written policies and procedures covering areas such as credit, liquidity and market risks. These areas are expanded upon below.

Credit Risk

Credit risk arises primarily from deposits with banks and other financial institutions, but also arises from credit exposures to the Council's customers. Deposits are only made with banks or other financial institutions which have been assessed independently by the Council's Treasury Management advisers as being sufficiently secure and which have a minimum Fitch long term rating of A and a minimum Fitch short term rating of F1.

The Council has a formal policy of depositing no more than £10m with any single institution (or group of companies), with the exception of the Council's main bank for which the limit is £20m covering all accounts held with this bank. During the current market volatility which has resulted from the well publicised economic downturn, the Head of Finance has operated an informal policy of depositing funds only with higher rated institutions (\geq AA- and F1+), UK clearing banks and those covered by the UK Government guarantee scheme. The £10m limit applied to these financial institutions, again with the exception of the Council's main bank (which had a limit of £20m for operational reasons).

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience of default and uncollectability and experience and advice in respect of current market conditions.

	Amounts at 31 March 2009	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2009	Estimated maximum exposure - default etc
	£000s	%	%	£000s
Deposits with the Council's main bank	8,618	0	0	0
Deposits with other banks	21,416	0	0	0
Deposits with Building Societies	3,017	0	0	0
Customers	6,866	0.98	1.48	102
Totals	39,917	0.98	1.48	102

No credit limits were exceeded during the year and the Council does not expect any losses from non-performance of any of its counterparties in relation to deposits and bonds.

The Council does not generally give credit for customers and in this regard it can be reported that £1.514m of the £6.866m customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows.

	31 March 2009 £000s
Less than 3 months	537
3 to 6 months	98
6 months to 1 year	141
More than 1 year	738
Total	1,514

Notes to the Core Financial Statements

Liquidity Risk

As the Council has ready access to borrow funds from the Public Works Loans Board (PWLB), there is no significant risk that the Council will be unable to raise funds to meet its commitments under financial instruments. The risk instead is that the Council may have to replenish a significant proportion of its borrowing at a time when interest rates may not be favourable. In accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities, the Council has a policy in respect of upper and lower limits with regard to the maturity structure of fixed rate borrowing. The limits are set with the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing as set out in the following table.

	Upper Limit %	Lower Limit %
Under 1 year	25	0
1 year and within 2 years	25	0
2 years and within 5 years	50	0
5 years and within 10 years	50	0
10 years and above	100	50

In conjunction with the Council's Treasury Management advisers, the Head of Finance adopts a pro-active management of the Council's borrowings to ensure that the above limits are observed. This is achieved through the careful planning of the timing of new loans taken out and the early repayment of existing borrowings where conditions are favourable.

The maturity structure of the Council's financial liabilities is as follows, stated using carrying values.

	As at 31 March 2009 £000s	As at 31 March 2008 £000s
Loans Outstanding		
PWLB	121,789	124,245
LOBOs - European Banks	16,573	16,614
LOBOs - UK Banks	14,092	14,093
Total	152,454	154,952
Maturity Structure		
Less than 1 year	1,186	1,212
Between 1 and 2 years	2,000	0
Between 2 and 5 years	4,241	2,500
Between 5 and 10 years	9,524	2,524
Over 10 years	135,503	148,716
Total	152,454	154,952
The 2007/08 figures are shown for comparison.		
In the over 10 years category there are no LOBOs which have a call date in the next 12 months.		

All trade and other payables are due to be paid in less than 1 year.

Market Risk - Interest Rate Risk

The Council could be exposed to interest rate movement risk in respect of its borrowings and investments. For example a rise in interest rates could have the following effects:

- borrowings at variable rates - interest expenses charged to the I&E Account would increase;
- borrowings at fixed rates - no change in interest expenses but fair values would decrease;
- investments at variable rates - interest income credited to the I&E Account would increase; and
- investments at fixed rates - no change in interest income but fair values would decrease.

The Council currently has no variable rate borrowings or investments and consequently is not currently exposed to interest rate risk. Additionally all borrowings and investments are carried at historic cost. There are consequently no impacts on either the I&E Account or the STRGL in respect of interest rate risk.

Notes to the Core Financial Statements

Market Risk - Price Risk

The Council currently has no variable rate borrowings or investments and consequently is not currently exposed to interest rate risk. Additionally all borrowings and investments (with the exception of a small amount of long term investments) are carried at amortised cost and not fair value. There are consequently no impacts on either the I&E Account or the STRGL in respect of interest rate risk.

Market Risk - Price Risk

The Council does not generally invest in equity shares but does hold some minor long term investments as available-for-sale. As these investments have arisen as a result of bequests, the Council is not in a position to limit its exposure to price risk by diversifying its portfolio. As the amount held is relatively negligible (£10k), there is not considered to be any real risk to the Council in this regard, although the impact of any material gains or losses would be recognised in the STRGL.

Market Risk - Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in foreign exchange rates.

33 Standard Security, Orchardbank Business Park

Angus Council entered into a minute of agreement with Hermiston Securities Limited in 2003. This was to facilitate the joint servicing and development of adjacent sites at Orchardbank, Forfar which are owned by the two parties. In order to ensure reciprocal rights over future capital receipts, each party granted a standard security over the area of land in their ownership. Angus Council's current land ownership at Orchardbank is held as a Tangible Fixed Asset on the Balance Sheet. The extent of the standard security over Angus Council's land reduces as land sales take place and at the 31 March 2009 the estimated value of this was £1.200m.

34 Capital Expenditure

The Council invested £36.484m in its General Service and Housing Capital Programmes. Further detail of this is set out in Statement 9.

Notes to the Core Financial Statements

35 Reconciliation of Surpluses on General Fund and Housing Revenue Account with Revenue Activities Sub-total in Statement 5 - Cashflow Statement.

	2008/09	2008/09
	£000s	Total £000s
Surplus/(Deficit) for Year per Income/Expenditure Account (Statement 1)		(98)
<u>Non Cash Transactions</u>		
Depreciation & Impairment	26,132	
Government Grants etc Amortisation	(3,454)	
FRS 17 Adjustments	(2,618)	
Financial Instruments Adjustments	(173)	
Other Adjustments	179	
	20,066	20,066
Items Classified Elsewhere in the Cash Flow Statement		
Add Interest Payable & Similar Charges	8,429	
Less Interest & Investment Income	(2,545)	
Less (Gain)/Loss on Disposal of Fixed Assets	(117)	
Sub-total	5,767	5,767
		25,735
Adjust For Movements In Working Capital :-		
Decrease/(Increase) in Stocks		(184)
Increase/(Decrease) in Creditors		1,439
Decrease / (Increase) in Other Debtors		(3,192)
		(1,937)
Revenue activities sub-total per Statement 5		23,798

36 Reconciliation to Net Debt

	2008/09	2007/08
	Movement £000s	Movement £000s
Increase / (Decrease) in Cash in the Period per Statement 5	(1,575)	2,048
Decrease/(Increase) in Debt and Lease Financing	2,457	(18,357)
(Decrease)/Increase in Liquid Resources	(7,669)	20,208
Movement in Net Debt in Period	(6,787)	3,899
Net Debt at start of financial year	(120,763)	(124,662)
Net Debt at end of financial year	(127,550)	(120,763)

Notes to the Core Financial Statements

37 Analysis of Net Debt

	Balance at 31/3/08 £000s	Cashflow £000s	Balance at 31/3/09 £000s
Cash in Hand	(38)	0	(38)
Overdrafts	2,028	1,575	3,603
		<u>1,575</u>	
Debt due within 1 year	4,237	83	4,320
Debt due after 1 year	153,221	(2,500)	150,721
Deferred Liability	540	(16)	524
Deferred Income	745	(24)	721
		<u>(2,457)</u>	
Current Asset Investments	(39,970)	7,669	(32,301)
Total	<u>120,763</u>	<u>6,787</u>	<u>127,550</u>

38 Reconciliation of Relevant Movements within the Financing and Management of Liquid Resources.

	Balance At 31/3/08 £000s	Balance At 31/3/09 £000s	2008/09 Movement £000s	2007/08 Movement £000s
Management of Liquid Resources				
Short Term Investments	<u>(39,970)</u>	<u>(32,301)</u>	<u>7,669</u>	<u>(20,208)</u>
Management of Financing				
Temporary Loans	0		0	0
Revenue Advances from Common Good, Trust Funds & Tourist Board	4,237	4,320	83	203
PWLB Loans	123,221	120,721	(2,500)	8,200
LOBO Loans	30,000	30,000	0	10,000
Deferred Liability	540	524	(16)	(13)
Deferred Income	745	721	(24)	(33)
	<u>158,743</u>	<u>156,286</u>	<u>(2,457)</u>	<u>18,357</u>
Net Financing - per Cash Flow Statement (Statement 5)			<u>(2,457)</u>	<u>18,357</u>

The value of loans referred to in the note above are shown on a cash basis and differ from the carrying values shown in the Balance Sheet (Statement 4) due to the revised treatment of accrued interest, whereby this is added to the carrying value shown in the Balance Sheet.

39 Liquid Resources

The short term deposits referred to in the statement arise as a result of the timing of expenditure and associated income and the movements in funds and revenue balances. Amounts invested at 31 March 2009 were repayable within a maximum of four months of the end of the financial year.

40 Analysis of Government Grants

	2008/09 £000s	2007/08 £000s
Revenue Support Grant	151,024	127,912
DWP Grants For Council Tax / Housing Benefit	25,017	24,633
Other Government Grants	9,223	22,896
Total Government Grants Per Cash Flow Statement	<u>185,264</u>	<u>175,441</u>

Statement 6 - HRA Income and Expenditure Account
For the Year Ended 31 March 2009

The HRA Income and Expenditure account shows in more detail the income and expenditure on HRA services included in the whole authority Income and Expenditure account.

2007/08 Actual £000s		2008/09 Actual £000s	2008/09 Actual £000s	2008/09 Budget £000s
	Income			
(8,629)	Dwelling rents	(8,779)		(8,493)
(9,314)	Rent rebates	(9,695)		(9,695)
(380)	Non-dwelling rents	(397)		(406)
(1,006)	Other income	(1,020)		(1,041)
(19,329)	Total Income		(19,891)	(19,635)
	Expenditure			
5,644	Repairs and maintenance	6,039		5,658
5,587	Supervision and management	6,123		6,206
4,680	Depreciation and impairment of fixed assets	4,959		4,959
119	Bad Debts	261		100
362	Void Rents	374		404
204	Supporting People Protected Payments	158		87
139	Provision for Bad Debts	369		100
759	Other expenditure	656		622
17,494	Total Expenditure		18,939	18,136
(1,835)	Net cost of HRA Services per Authority Income and Expenditure Account (Statement 1)		(952)	(1,499)
190	HRA services share of Corporate and Democratic Core		202	202
0	HRA share of other amounts included in the whole authority Net cost of services but not allocated to specific services		0	0
(1,645)	Net cost of HRA Services		(750)	(1,297)
0	(Gain) or loss on sale of HRA fixed assets		0	0
1,177	Interest payable and similar charges		1,163	1,319
(324)	Interest and investment income		(312)	270
(71)	Pension interest cost and expected return on pension assets		17	17
(863)	(Surplus)/Deficit for Year		118	309

Statement of Movement on the HRA Balance
For the Year Ended 31 March 2009

This statement shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the Housing Revenue Account Balance for the year.

2007/08 £000s		2008/09 £000s
(863)	Surplus for the Year on the HRA Income and Expenditure Account	118
1,186	Net additional Amount required by statute to be debited or (credited) to the HRA Balance for the year	1,889
323	(Increase)/Decrease in Housing Revenue Account Balance for the year	2,007
(3,504)	Housing Revenue Account balance brought forward	(3,181)
<u>(3,181)</u>	Housing Revenue Account balance carried forward	<u>(1,174)</u>

Notes to the HRA Income and Expenditure Account

1 Note of reconciling items for the Statement of Movement on the HRA Balance.

2007/08 £000s		2008/09 £000s
	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year	
(4,680)	Depreciation and impairment of fixed assets	(4,959)
0	Government grants deferred amortisation	32
0	Net gain on sale of fixed assets	0
71	Net charges made for retirement benefits in accordance with FRS 17	(17)
<u>(4,609)</u>		<u>(4,944)</u>
	Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA balance for the year	
425	Loans fund principal repayments	476
5,370	Capital expenditure funded by the HRA	6,357
<u>5,795</u>		<u>6,833</u>
<u>1,186</u>	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	<u>1,889</u>

2 Dwelling Rents Income

This is the total rents income for the year. Average annual rents charged were £44.02 per week.

3 Housing Stock

The council was responsible for managing an average of 7,886 houses during the year. The comparable figure for 2007/08 was 8,003 houses.

The stock relating to the Housing Revenue Account was as follows :-

2007/08		2008/09
46%	Cottage Type	39%
54%	Flats/Maisonettes	61%
<u>100%</u>		<u>100%</u>
	Stock changes can be summarised as follows :-	
8,086	Stock at 1 April	7,920
	Add:-	
0	New Build	0
0	Conversions	0
0	Stock repurchased	0
	Less:-	
(113)	Right to buy sales	(60)
0	Disposal - Private Sector	0
(17)	Conversions	(9)
0	Demolitions	0
(36)	Closures	0
<u>7,920</u>	Stock at 31 March	<u>7,851</u>

4 Rent Arrears

Average rent arrears per house at 31 March 2009 were £180.17. Rent arrears at 31 March 2009 were 7.82% of gross rent income. The comparable figures at 31 March 2008 were £171.83 and 7.76% respectively.

Arrears at 31 March 2009 were £1.414m compared to £1.357m at 31 March 2008 and the provision for bad or doubtful debt has been increased to £0.696m at 31 March 2009 from £0.614m at 31 March 2008.

5 Rent Rebates

During 2008/09 there were approximately 4,320 tenants in receipt of housing benefit which is equivalent to 53.9% of the total number of council tenants. The comparable figures for 2007/2008 were 4,427 and 55.9% respectively.

Statement 7 - Council Tax Income Account

	2008/09 £000s	2007/08 £000s
Gross Charge	52,258	51,669
Deduct - Exemptions	(1,487)	(1,442)
Disabled Relief	(54)	(52)
Discounts	(4,914)	(4,845)
Net Council Tax	45,803	45,330
Adjustments Rebates (Council Tax Benefit)	(5,544)	(5,582)
less: Government Grants	5,556	5,668
Ministry of Defence Properties	(108)	(97)
Contribution Received	108	97
Provision for Bad Debts	(777)	(905)
Gain on Council Tax benefits to be transferred to Miscellaneous Other Services Revenue Account	(12)	(86)
NET CURRENT YEAR COUNCIL TAX INCOME	45,026	44,425
PRIOR YEARS' COUNCIL TAX		
Adjustments to Charges	(51)	(179)
Adjustments to Provision for Bad Debts	231	541
COMMUNITY CHARGE		
Adjustments to Provision for Bad Debts	1	(13)
TOTAL INCOME TO INCOME AND EXPENDITURE ACCOUNT	45,207	44,774

Council Tax Income Account Notes

1 Council Tax Income

The 2008/09 financial year is the fourteenth year of operation of the Council Tax which replaced the Community Charge. The Council Tax charge is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of the occupants of the property.

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax charge levied for each property is calculated in proportion to the Council Tax charge for a Band D property by applying fractions. A discount of 25% on the Council Tax charge is made where there are fewer than two adult residents of a property. Discounts are made for unoccupied property. Persons who are in detention, students and people with learning disabilities are disregarded for Council Tax purposes. Reductions in Council Tax payable are also available for people with other qualifying disabilities.

The range of values and the fractions used in calculating the Council Tax payable for each valuation band are set out below.

Valuation Band	Property Valuation Range	Fraction of Band D
A	£0 - £27,000	6/9
B	£27,001 - £35,000	7/9
C	£35,001 - £45,000	8/9
D	£45,001 - £58,000	9/9
E	£58,001 - £80,000	11/9
F	£80,001 - £106,000	13/9
G	£106,001 - £212,000	15/9
H	Over £212,000	18/9

Council Tax Income Account Notes

2 Calculation of the Council Tax Charge Base 2008/09

	Valuation Band								2008/09	2007/08
	A	B	C	D	E	F	G	H	TOTAL	TOTAL
Total Number of Properties	15,214	12,341	6,686	7,705	6,797	2,671	1,348	156	52,918	52,406
Less Exemptions/ Deductions	608	300	140	100	100	35	16	20	1,319	1,314
Less Adjustment for Single Discounts	2,253	1,126	550	476	305	83	41	4	4,838	4,821
Less Adjustment for Double Discounts	405	177	127	78	55	32	26	12	912	883
Effective Number of Properties	11,948	10,738	5,869	7,051	6,337	2,521	1,265	120	45,849	45,388
Band D Equivalent Factor (Ratio)	(6/9)	(7/9)	(8/9)	(9/9)	(11/9)	(13/9)	(15/9)	(18/9)		
Band D Equivalent Number of Properties	7,965	8,352	5,217	7,051	7,745	3,641	2,108	240	42,319	41,751
Less Provision for Non-Collection 2%									846	835
COUNCIL TAX BASE 2008/09 (equivalent to a Council Tax of £1,072)									41,473	40,916

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2008/09 Council Tax income of £44.459m. Inclusion of £0.050m provision for income from prior years' charges, results in a total budget for Council Tax income of £44.509m as shown in the Income and Expenditure Account (Statement 1).

3 Council Tax Properties and Council Tax Charges

	2008/09 Effective Number of Properties	2008/09 Total Council Tax Charge £	2007/08 Effective Number of Properties	2007/08 Total Council Tax Charge £
A	11,948	714.67	11,930	714.67
B	10,738	833.78	10,727	833.78
C	5,869	952.89	5,817	952.89
D	7,051	1,072.00	6,987	1,072.00
E	6,337	1,310.22	6,183	1,310.22
F	2,521	1,548.44	2,416	1,548.44
G	1,265	1,786.67	1,210	1,786.67
H	120	2,144.00	118	2,144.00
	45,849		45,388	

Statement 7 - Non-Domestic Rate Income Account

	2008/09 £000s	2007/08 £000s
Gross Charge	28,535	27,591
Deduct - Reliefs and Other Deductions	(6,986)	(5,242)
Interest on Overpaid Rates	(81)	(19)
Provision for Bad Debts	(79)	(158)
CONTRIBUTION TO NATIONAL NON-DOMESTIC RATES POOL (NNDRP)	21,389	22,172
Net Contribution from NNDRP (See Note 3 below)	20,545	17,678
TOTAL NON-DOMESTIC RATES FROM NNDRP	41,934	39,850
Adjustments for years prior to introduction of NNDR	0	0
NON-DOMESTIC RATE INCOME TO INCOME AND EXPENDITURE ACCOUNT	41,934	39,850

Non-Domestic Rate Income Account Notes

1 Non-Domestic Rate Income/Contribution from Non-Domestic Rate Pool

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

The 2008/09 rate poundage set nationally was 45.8p for properties with a rateable value of £11,501 to £29,000 and 46.2p for those more than £29,000.

A small business rate relief scheme operated in 2008/09 whereby properties with a rateable value less than £11,500 were eligible for a discount between 5 and 50% on the poundage rate.

(The 2007/08 rate poundage set nationally, was 44.1p for properties with a rateable value of £11,501 to £29,000 and 44.4p for those more than £29,000.)

2 Rateable Subjects and Values (1 April 2008)

Non-Domestic Rateable Subjects	Rateable Value as at 1 April 2007 £000s	No of properties	Rateable Value as at 1 April 2008 £000s
Shops	12,998	1,151	12,940
Public Houses	1,427	108	1,348
Offices including banks	4,664	468	4,644
Hotels etc	1,473	63	1,443
Industrial Subjects etc	15,175	1,096	17,226
Leisure, Entertainment, Caravans etc	3,157	425	3,127
Garages and Petrol Stations	1,045	122	1,095
Cultural	365	58	378
Sporting Subjects	455	158	436
Education and Training	5,879	97	6,327
Public Service Subjects	5,617	334	5,430
Communications (Non Formula)	145	22	144
Quarries Mines etc	410	25	379
Petrochemical	2,205	0	0
Religious	688	176	689
Health & Medical Care	3,994	138	4,907
Other	271	363	2,482
Care Facilities	1,000	0	0
Advertising	31	0	0
Undertaking	2,119	0	0
	63,118	4,804	62,994

3 National Non-Domestic Rate Pool (NNDRP)

	2008/09 £000s	2007/08 £000s
Contribution from NNDRP	41,934	39,850
Less Contribution to NNDRP	(21,389)	(22,172)
NET CONTRIBUTION FROM NNDRP	20,545	17,678

Statement 8 - Trading Accounts

Purpose

This statement shows the financial performance of activities which the council has determined should be accounted for as Trading Accounts.

Trading Accounts Activities						
		Ground Operations	Sports Services	Waste and Cleaning Operations	TOTAL	Budget
		2008/09	2008/09	2008/09	2008/09	2008/09
		£000s	£000s	£000s	£000s	£000s
Expenditure		5,927	3,853	8,339	18,119	17,304
Turnover		5,771	4,114	8,733	18,618	17,652
(Surplus)/Deficit		156	(261)	(394)	(499)	(348)
Three Year Position	2006/07	(372)	(553)	(40)	(965)	(639)
	2007/08	(299)	(582)	(201)	(1,082)	(980)
	2008/09	156	(261)	(394)	(499)	(348)
	Total	(515)	(1,396)	(635)	(2,546)	(1,967)

Trading Accounts Notes

General

1 The Local Government in Scotland Act 2003 requires the council to maintain and disclose trading accounts for significant trading operations and for them to breakeven over a rolling 3 year period. The council determined trading accounts should be kept for activities described below.

2 Description of Activities

Ground Operations:

The Council has extensive grounds to maintain. These include parks, gardens, playing fields, burial grounds and various open spaces. The bulk of the work is subject to an ongoing contract won originally under competition as required by the former Compulsory Competitive Tendering (CCT) legislation. These operations are carried out by the Neighbourhood Services department.

Sports Services:

Various sports and leisure centres, caravan sites and swimming pools are run by the Council. Most of these are subject to an ongoing contract won competitively under the Compulsory Competitive Tendering legislation. Responsibility for the day to day running of these various facilities fall to the Neighbourhood Services department.

Waste & Cleaning Operations:

Activities include Domestic & Commercial Refuse Collection, Waste Disposal including Recycling, Street Cleansing, Vehicle Workshop and Building Cleaning. These activities relate to ongoing contracts won competitively under Compulsory Competitive Tendering legislation. The Neighbourhood Services department is responsible for running these activities.

3 Turnover

The source of total turnover of £18.618m was £2.817m from external sources outwith the Council and £15.801m received internally from other Angus Council departments.

4 Prescribed Financial Objective

The requirement for Trading Accounts is that they should at least break even over a rolling three year period. The financial objective was met for all activities as at the end of 2008/09.

5 FRS17

The Trading Account position is after allowing for the effect of FRS17 adjustments which have had a significant impact on the surplus position shown. Notwithstanding these adjustments a surplus has still been achieved.

6 Capital Charges - Interest

Had a notional interest charge of 3.5% been applied to the trading account for the use of assets this would have amounted to £0.541m. (Sports Services £0.492m, Ground Operations £0.048m and Waste & Cleaning Operations £0.001m).

7 Immediate Future Prospects

The Council is committed to Best Value and the financial discipline of at least break-even for Trading Accounts. A Best Value Review is currently ongoing in relation to the Waste and Cleaning Operations Trading Account, instigated by the significant changes in the nature of the services provided since the original CCT contracts were won. A wider review of the continuation of the above Services as Trading Accounts is also currently underway.

Statement 9 - Capital Expenditure

Purpose

This statement indicates the expenditure during the year on the acquisition, creation or enhancement of capital assets as well as expenditure on loans to private parties. Capital expenditure is not directly charged against the revenue account in the year in which it is incurred but is normally charged over the number of years in which benefit will accrue to the Council.

Capital Expenditure on Services

	2008/09 Actual £000s	2008/09 Budget £000s	2007/08 Actual £000s
Education	7,835	7,526	5,532
Social Work & Health	29	88	229
Infrastructure Services:-			
Directorate	55	52	3
Roads	9,861	9,110	7,395
Environmental and Consumer Protection	1,648	2,456	901
Planning and Transport	1,849	1,755	1,643
Economic Development	276	631	274
Neighbourhood Services:-			
Community Services	2,628	2,603	3,242
Other Housing	48	52	840
Housing Revenue Account	9,997	10,146	10,396
Corporate Services	2,233	3,090	2,480
Advances :-			
Council House Purchase	25	25	5
Private House Purchase	0	0	0
Housing Associations	0	0	0
Total Expenditure	<u>36,484</u>	<u>37,534</u>	<u>32,940</u>
Expenditure Analysed	2008/09 Actual £000s		2007/08 Actual £000s
Acquisition or creation of Fixed Assets:-			
Site and building acquisition	146		0
Works and site servicing	30,132		27,398
Professional fees	2,569		3,281
Vehicles and plant	3,294		2,112
Miscellaneous	318		144
	<u>36,459</u>		<u>32,935</u>
Long term debtors:-			
Advances	25		15
Total Expenditure	<u>36,484</u>		<u>32,950</u>
Financed By	2008/09 Actual £000s	2008/09 Budget £000s	2007/08 Actual £000s
Sale of assets	3,526	4,688	4,540
Government grants	7,006	7,590	6,853
Other income	1,216	928	1,808
Contribution from revenue	13,157	13,009	10,326
Local Capital Fund	684	716	821
Advances from loans fund (borrowing)	10,895	10,676	8,592
	<u>36,484</u>	<u>37,607</u>	<u>32,940</u>

Notes

1 Vehicle Hire Centre

All vehicles are leased or purchased centrally through the Vehicle Hire Centre which is administered by the Director of Neighbourhood Services. Vehicles are then hired to the appropriate Service Departments. The Vehicle Hire Centre is not responsible for vehicles required by Tayside Contracts.

2 2008/09 Budget

The 2008/09 budget shown for General Fund departments is the monitoring budget for the year (per report 879/08), adjusted to exclude non-enhancing items of expenditure. The 2008/09 budget for the Housing Revenue Account is the original budget for the year (per the 2008/09 Final Revenue Budget Volume).

Statement 10 - Loans Fund Revenue Account

Purpose

This statement shows revenue transactions of the Loans Fund. The Loans Fund provides a central pool of finance for all council expenditure. All external loans, borrowed to finance capital spending, are paid into the fund. Interest due on these borrowings and debt management expenses are charged to the account and recovered annually from the service revenue accounts based on their outstanding loan debts.

	2008/09 £000s	2007/08 £000s
Expenditure		
Interest Paid on Loans :-		
Public Works Loan Board	6,556	6,137
Public Works Loan Board Redemptions	225	201
Other Mortgages and Bonds	1,301	1,178
Internal Loans	186	237
Interest Paid on Revenue Balances	2,181	2,095
Expenses of Borrowing	134	149
TOTAL EXPENDITURE	10,583	9,997
Income		
Interest received	2,545	1,752
Interest charged to borrowing accounts	7,904	8,096
Expenses recovered from borrowing accounts	134	149
TOTAL INCOME	10,583	9,997

Loans Fund Revenue Account Notes

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.76% in 2008/09. The 2007/08 rate was 4.92%

Debt Management Expenses

The equivalent rate for debt management expenses was 0.09%. The 2007/08 rate was 0.09%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2009 was £165.5m or £1,507.49 per head of population. The figures at 31 March 2008 were £160.8m or £1,464.92 respectively.

Statement 11 - Charitable Trusts

Purpose

The Council acts as sole trustee for 195 Charitable Trusts and Endowments. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2009.

Income and Expenditure Account for the year ended 31 March 2009

	2008/09 £000s	2007/08 £000s
Expenditure		
Beneficiaries	62	91
Administration	34	32
Total Expenditure	96	123
Income		
Rents, feu duties, dividends and interest	48	48
Loans fund interest	46	60
Total Income	94	108
(Surplus)/Deficit	2	15

Balance Sheet as at 31 March 2009

	2008/09 £000s	2007/08 £000s
Fixed Assets		
Heritable Property	2	2
Total Fixed Assets	2	2
Long Term Investments		
Investments	746	958
Total Long Term Investments	746	958
Current Assets		
Debtors	10	10
Short Term Investments	9	15
Revenue Advances to Loans Fund	1,099	1,080
Total Current Assets	1,118	1,105
Current Liabilities		
Creditors and accruals	2	3
Total Current Liabilities	2	3
Working capital	1,116	1,102
Total Net Assets	1,864	2,062
Reserves		
Revenue account	501	503
Capital account	1,363	1,559
Total Reserves	1,864	2,062

Ian Lorimer CPFA
Head of Finance
30 June 2009

Charitable Trusts Notes

1 Principal Trust Funds

Charity	Area Covered	Balance at 31/3/09 Capital £000s	Balance at 31/3/09 Revenue £000s
David Duncan Charity	Arbroath	8	3
Inchcape Fund	Arbroath	21	5
Andrew Jervise Bequest	Brechin	2	18
Ex Provost Mitchell's Bequest	Brechin	73	35
Mrs. C. R. Graham's Bequest	Carnoustie	12	12
Boyle Bequest	Forfar	1	26
Strang's Mortification	Forfar	946	70
Charitable Trusts	Forfar	12	0
Charles F. Nicoll Bequest	Forfar	16	5
Helen Nicoll Bequest	Forfar	8	3
Miss Agnes Lowson Trust	Forfar	52	14
Poor Lands	Kettins	13	17
Vert McLean Endowment Fund	Kirriemuir	15	15
James Wilkie Bequest	Kirriemuir	8	1
Ancient Hospital	Montrose	13	2
William Jack Trust	Montrose	16	5
William Thomson Mortification	Montrose	9	4
James Wyllie Bounty Fund	Montrose	10	0
Trust for Gilding Dome	Montrose	0	69

2 Capital Reserves

The movement in the Charitable Trusts Capital Reserve is summarised below :-

	Balance at 1/4/08 £000s	Income £000s	Expend. £000s	Balance at 31/3/09 £000s
Movement during year	1,559	180	376	1,363

3 Registered Charities

Of the 195 Charitable Trusts and Endowments the Council is Trustee for, 66 are registered charities and require to be administered in line with the Office of the Scottish Charities Regulator (OSCR).

4 Financial Instruments

In respect of financial instruments held by the Charitable Trusts, these all relate to investments and minor creditors & debtors due within 1 year. As the creditors & debtors are for relatively insignificant sums and the investments are all carried at fair value in the Balance Sheet, no further disclosures are necessary in respect of Charitable Trusts financial instruments.

Statement 12 - Common Good

Purpose

The Council administers the Common Good Account for five towns within the district. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2009.

Income and Expenditure Account for the year ended 31 March 2009

	Actual 2008/09 £000s	Budget 2008/09 £000s	Actual 2007/08 £000s
Expenditure			
Property Costs	15	23	19
Supplies and Services	2	4	1
Third Party Payments	0	0	0
Central Support Services Charges	30	49	24
Projects	368	409	174
Loan Interest Payable	26	40	26
Depreciation	203	101	102
Total Expenditure	644	626	346
Income			
Fees, Charges etc	300	304	293
Interest on Loans	140	151	177
Other Income	10	10	0
Total Income	450	465	470
Net (Surplus)/Deficit	194	161	(124)

Balance Sheet as at 31 March 2009

	2008/09 £000s	2007/08 £000s
Fixed Assets		
Heritable Property (less Depreciation), Other Assets	5,754	3,485
Total Fixed Assets	5,754	3,485
Current Assets		
Debtors	6	0
Revenue Advances to Loans Fund	3,221	3,157
Total Current Assets	3,221	3,157
Current Liabilities		
Creditors and Accruals	0	0
Total Current Liabilities	0	0
Working Capital	3,227	3,157
Long Term Creditor	528	539
Total Net Assets	8,453	6,103
Reserves		
Income & Expenditure Account	2,476	2,670
Capital Account	2,112	2,069
Revaluation Reserve	3,865	1,364
Total Reserves	8,453	6,103

Ian Lorimer CPFA
Head of Finance
30 June 2009

Common Good Notes

1 Movement in Individual Common Good Reserve Funds

Income and Expenditure Account

	Balance at 1/4/08 £000s	Income £000s	Expenditure £000s	Balance at 31/3/09 £000s
Arbroath	887	127	86	928
Brechin	707	114	166	655
Forfar	860	121	265	716
Kirriemuir	6	1	0	7
Montrose	210	87	127	170
TOTAL	2,670	450	644	2,476

Capital Account

Arbroath	762	0	0	762
Brechin	336	59	30	365
Forfar	460	5	0	465
Kirriemuir	0	0	0	0
Montrose	511	9	0	520
TOTAL	2,069	73	30	2,112

2 Movement between Income and Expenditure Account and Advance to Loans Fund in 2008/09

	(Surplus) / Deficit on Inc & Exp Account £000s	Add Back Depreciation Charge £000s	Less Cash Transactions (See Note 3) £000s	Balance Advanced (To) / From Loans Fund £000s
Arbroath	(41)	42	12	(71)
Brechin	52	44	(58)	(50)
Forfar	144	11	(5)	128
Kirriemuir	(1)	0	0	(1)
Montrose	40	106	(4)	(70)
TOTAL MOVEMENT IN YEAR	194	203	(55)	(64)
2007/08 Balance b/f	2,670			3,157
Increase Per (Surplus)/Deficit Above	(194)			64
Balance as at 31/03/09	2,476			3,221

3 Cash Transactions Adjusted In Note 2 Above

Receipts from sale of Common Good assets	(73)
Principal repayment on loan from General Fund (long term creditor)	12
Other debtors / creditors	6
	<u>(55)</u>

Statement 13 - The Group Accounts

1. Introduction

The Group Accounts have been prepared on the basis of a full consolidation of the financial statements of the Council and its subsidiary and associated companies.

Associate companies are consolidated in accordance with FRS 9 using the equity method. The Council's investment in these companies is incorporated at cost and adjusted each year by the Council's share of the companies' results as recognised in the Group Income and Expenditure Account and its share of other gains and losses.

Subsidiary companies are consolidated in accordance with FRS 2 with the income, expenditure, assets and liabilities consolidated on a line-by-line basis.

The results of the following organisations have been consolidated within the Group Accounts:

Name of combining entity	Method of Accounting
a) Common Good	Subsidiary
b) Charities	Subsidiary
c) Tayside Contracts	Joint Arrangement
d) Tayside Joint Police Board	Associate
e) Tayside Fire and Rescue Board	Associate
f) Tayside Joint Valuation Board	Associate

2. Statement of Accounting Policies

The majority of the accounting policies adopted to produce the Group Accounts complement those used to prepare the Council's own accounts. However, additional policies and departures have occurred in order to meet UKGAAP standards required for the preparation of Group Accounts.

3. Consolidation

Transactions between the Council and its subsidiaries are eliminated on consolidation.

Group Income and Expenditure Account
For the Year Ended 31 March 2009

2007/08 Net Expenditure £000s		2008/09 Gross Expenditure £000s	2008/09 Gross Income £000s	2008/09 Net Expenditure £000s
92,736	Education	104,258	5,196	99,062
49,821	Social Work	74,666	14,965	59,701
18,743	Roads & Transport Services	26,153	5,769	20,384
12,160	Cultural & Related Services	19,678	7,716	11,962
10,553	Environmental Services	14,938	2,729	12,209
2,569	Planning & Development Services	6,900	2,912	3,988
2,510	Central Services	5,290	3,157	2,133
(1,835)	Housing Revenue Account	19,000	19,952	(952)
1,333	Housing Services General Fund	25,418	22,509	2,909
4,675	Corporate & Democratic Core	4,377	0	4,377
230	Non Distributed Costs	673	0	673
15	Interest in Subsidiary - Charitable Trusts	96	94	2
(124)	Interest in Subsidiary - Common Good	644	450	194
26,020	Share of the Operating result of Associates	25,259	0	25,259
867	Exceptional Items	0	0	0
0	to be allocated items	0	0	0
220,273	Net Cost of Services	327,350	85,449	241,901
(135)	Gain on the disposal of fixed assets			(130)
(1,243)	(Surplus)/Deficit on Trading Operations			(810)
7,798	Interest payable			8,429
186	Share of interest payable of Associates			243
(1,752)	Interest and investment income			(2,545)
(183)	Share of interest and investment income of Associates			(155)
(1,196)	Pensions Interest Cost & Expected Return on Pensions Assets			491
8,202	Pensions Interest Cost & Expected Return on Pensions Assets of Associates			9,603
231,950	Net Operating Expenditure			257,027
(139,167)	General government grants			(161,694)
(39,850)	Non-domestic rates redistribution			(41,934)
(44,774)	Income from council tax			(45,207)
8,159	Net (Surplus)/Deficit			8,192

**Reconciliation of the Single Entity (Surplus)/Deficit to the Group
(Surplus)/Deficit For the Year Ended 31 March 2009**

2007/08 £000s		2008/09 £000s
118	(Surplus)/Deficit for the Year on the Authority Income and Expenditure Account	98
0	Authority, Profit & Loss on disposal	0
161	Adjustments for transactions with other group entities	311
279	(Surplus)/Deficit in the Group Income and Expenditure Account attributable to the authority	409
	(Surplus)/deficit in the Group Income and Expenditure Account attributable to group entities (adjusted for intra group transactions):	
(109)	- Subsidiaries	196
8,150	- Associates	7,898
(161)	- Joint Arrangements	(311)
8,159	(Surplus)/deficit for the year on the Group Income and Expenditure Account	8,192

Group Balance Sheet as at 31 March 2009

2007/08 £000s	Fixed Assets	2008/09 £000s	2008/09 £000s
0	Intangible Fixed Assets	0	
	Tangible Fixed Assets		
	Operational assets		
279,518	Council Dwellings	266,375	
227,072	Other Land and Buildings	245,934	
13,338	Vehicles, Plant, and Equipment	13,922	
57,128	Infrastructure Assets	64,981	
2,575	Community Assets	2,591	
	Non-operational assets:		
5,155	Investment Properties	4,975	
1,043	Assets Under Construction	1,304	
2,458	Surplus Assets Held For Disposal	3,287	
588,287	Total fixed assets	<u>603,369</u>	603,369
968	Long-term investments		756
18,515	Long-term debtors		23,490
607,770	Total long-term assets		<u>627,615</u>
	Current Assets		
929	Stocks and work in progress	1,143	
25,099	Debtors	25,954	
40,241	Investments	33,060	
39	Cash and Bank	39	
66,308		<u>60,196</u>	60,196
674,078	Total assets		<u>687,811</u>
	Current Liabilities		
(1,287)	Short-term borrowing	(923)	
(59)	Revenue Advances from other accounts	(54)	
(32,375)	Creditors	(34,571)	
(3,308)	Bank Overdraft	(4,320)	
(37,029)		<u>(39,868)</u>	(39,868)
637,049	Total assets less current liabilities		647,943
	Long-term liabilities		
(155,595)	Long-term borrowing		(153,308)
(1,415)	Provisions		(846)
(38,361)	Government grants deferred		(42,268)
(766)	Government grants unapplied		
(745)	Deferred Income		(721)
(1,062)	Finance Lease		(957)
(41,147)	Liability related to defined benefit pension scheme		(87,159)
(136,936)	Liability in Associates		(126,124)
261,022	Total assets less liabilities		<u>236,560</u>

Financed by:		
22,674	Revaluation Reserve	33,301
382,231	Capital Adjustment Account	384,979
(3,104)	Financial Instruments Adjustment Account	(2,932)
(41,147)	Pensions reserve	(87,160)
1,641	Usable Capital Receipts	2,492
33,601	Fund Balance and reserves	30,140
2,062	Charitable Trusts Reserve	1,864
(136,936)	Reserves of Associates	(126,124)
<hr/>		<hr/>
261,022	Total net worth	236,560

Ian Lorimer CPFA
Head of Finance
30 June 2009

Group Statement of Total Recognised Gains and Losses
For the Year Ended 31 March 2009

2007/08 £000s		2008/09 £000s
8,159	(Surplus) / Deficit for the year on the Group Income and Expenditure Account	8,192
(21,035)	(Surplus) / Deficit arising on revaluation of fixed assets	(20,080)
0	IORB / Transactions direct to Reserves	0
(33,554)	Actuarial (gains) / losses on pension fund assets and liabilities	36,099
3,231	Transfer to Financial Instruments Adjustment Account	0
(430)	Any other recognised (gains) / losses required to be included	251
(43,629)	Total recognised (gains) and losses for the year	24,462

The Group Cashflow Statement

2007/08 £000s		2008/09 £000s
(31,558)	Net Cash Inflow/(Outflow) from Revenue Activities (Note 8)	(26,748)
0	Dividends from Joint Ventures and Associates	0
	Returns on Investment and Servicing of Finance	
	Cash Outflows	
8,730	Interest Paid	8,487
8,730		8,487
	Cash Inflows	
(2,159)	Interest Received	(2,049)
(2,159)		(2,049)
6,571	Net Servicing of Capital	6,438
	Capital Expenditure and Financial Investment	
	Cash Outflows	
33,344	Purchase of Fixed Assets	36,655
0	Other Capital Cash Payments	0
33,344		36,655
	Cash Inflows	
(4,070)	Sale of Fixed Assets	(2,879)
(8,355)	Capital Grants Received	(9,106)
(12,425)		(11,985)
20,919	Net Capital Activities	24,670
(4,068)	Net Cash Inflow/Outflow before financing	4,360
	Management of Liquid Resources	
20,208	Net Increase/(Decrease) in Short Term Deposits	(7,669)
	Financing	
	Cash Outflows	
19,131	Repayment of Amounts Borrowed	15,039
125	Capital element of finance lease	139
0	Repayments to Constituent Authorities	123
3	Equal Pay - Payments	74
19,259		15,375
	Cash Inflows	
(37,516)	New Loans Raised	(12,889)
0	New Short Term Loans	0
(176)	Equal Pay - Reimbursement of Costs	0
(37,692)		(12,889)
(18,433)		2,486
(2,293)	Net (Increase)/Decrease in Cash	(823)

Notes to the Group Accounts

1 Combining Entities

The results of Tayside Valuation, Tayside Fire & Rescue and Tayside Police Joint Boards which are jointly administered with Dundee City and Perth & Kinross Council have been included in the Group Accounts. The Council is exempt from including the Boards as subsidiaries under the "rebuttable presumption" which recognises that Central Government exercises a dominant influence on the Boards, evidenced particularly by its ability to reconstitute or abolish statutory bodies or otherwise influence their operating and financial policies.

The Council does however have voting rights and the ability to exercise significant influence over the Joint Boards. The Joint Boards have therefore been incorporated in the Group Accounts under the equity method of accounting for associates.

For the purpose of consolidation and incorporation within the Group Accounts, recognition has been made of the Council's interest which is based on its share of the contributions made to the Joint Boards as detailed below:

Tayside Valuation Joint Board	26.71%	(2007/08, 26.71%)	Associate
Tayside Fire and Rescue Board	19.00%	(2007/08, 19.00%)	Associate
Tayside Joint Police Board	24.40%	(2007/08, 24.40%)	Associate

The accounting period for all entities is the year to 31 March 2009 and each of the Boards' Statements of Accounts presents fairly their individual financial position.

The individual accounts relating to these Boards are published separately and can be obtained from the following addresses:-

Tayside Valuation Joint Board (Joint Arrangement)	Depute Chief Executive (Finance), Dundee City Council, Floor 4, Tayside House, 28 Crichton Street, Dundee, DD1 3RF
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Tayside Valuation Joint Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to valuation for rating and Council Tax.

Tayside Fire and Rescue Board	Head of Corporate Services, Fire & Rescue Headquarters, Blackness Road, Dundee, DD1 5PA.
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Tayside Fire and Rescue Board was created in 1996 to take over from Local Authorities in its area for specified duties in relation to fire and rescue.

Tayside Joint Police Board	Director of Corporate Services, Force Headquarters, PO Box 59, West Bell Street, Dundee, DD1 9JU.
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Tayside Joint Police Board was created in 1996 to take over from Local Authorities in its area for specified duties in relation to police provision.

The income, expenditure, assets and liabilities of the Charitable Trusts which are administered by the Council have also been included as a managed fund. The Income and Expenditure Account and the Balance Sheet of the Charitable Trusts is detailed on page 57 of the Abstract of Accounts.

The income, expenditure, assets and liabilities of the Common Good Funds which are administered and controlled by the Council have also been included in the consolidated accounts. The aggregate Income and Expenditure Account and the aggregate Balance Sheet of the Common Good Funds is detailed on page 59 of the Abstract of Accounts.

Angus Council's (31.00% (2007/08, 29.00%)) share of the assets and liabilities of Tayside Contracts Joint Committee which is jointly administered and controlled with Dundee City Council and Perth & Kinross Council has also been included. There has been no impact on the Group Income and Expenditure Account as the net surplus for the year is already included in the Council's Income and Expenditure Account. A copy of Tayside Contracts individual accounts are published separately and can be obtained from the Head of Financial Services, Tayside Contracts, 1 Soutar Street, Dundee, DD3 8SS.

2 Nature of Combination

The Council inherited its interest in the Joint Boards following the reorganisation of local government in 1996. It is considered that the Council's interest in these entities was obtained on an acquisition basis. As no consideration was given however, no goodwill requires to be accounted for.

3 Financial Impact of Consolidation and Going Concern

The effect of inclusion of the Joint Boards (associates), Charitable Funds (subsidiary) and Common Good Funds (subsidiary) is to decrease both reserves and net assets by £121m (2007/08 £130m), largely because of the combined pension liability of the Joint Boards. This is mainly as a direct result of the requirement to fully account for FRS17 Retirement Benefits. All associates have prepared their accounts on a "going concern" basis. Statutory arrangements in place with the Scottish Government and constituent authorities for the funding of the deficit on Police and Fire pensions means that the financial position of the Boards remain assured. In common with these public bodies, the Council's Group Accounts have been prepared on a "going concern" basis as there is no reason to suggest that future funding will not continue. Apart from the disclosures made in the notes to the Group Accounts, there were no material amounts or details in relation to associates or managed funds.

4 Debtors (net of provisions)

	2008/09 £000s	2007/08 £000s
Angus Council Debtors	24,791	24,601
Charitable Trusts Debtors	10	10
Common Good Fund Debtors	6	0
Intra Group Debtors	(310)	(146)
Tayside Contracts Joint Committee Debtors	1,457	634
Total Group Debtors (net of provisions)	<u>25,954</u>	<u>25,099</u>

5 Short Term Investments

	2008/09 £000s	2007/08 £000s
Angus Council Short Term Investments	33,051	40,226
Charitable Trusts Short Term Investments	9	15
Total Group Short Term Investments	<u>33,060</u>	<u>40,241</u>

6 Creditors

	2008/09 £000s	2007/08 £000s
Angus Council Creditors	34,471	33,967
Charitable Trust Creditors	2	3
Intra Group Creditors	(3,283)	(4,586)
Tayside Contracts Joint Committee Creditors	3,381	2,991
Total Group Creditors	<u>34,571</u>	<u>32,375</u>

7 Liability related to defined benefit pension scheme

	2008/09 £000s	2007/08 £000s
Angus Council - Pensions Liability	81,657	39,046
Tayside Contracts Joint Committee - Pensions Liability	5,502	2,101
Total Group Pension Liability	<u>87,159</u>	<u>41,147</u>

8 Group Cash Flow Statement

There has been no impact on the Group Cash Flow Statement from the inclusion of the Joint Boards or Charitable Trusts in the consolidated accounts. Cash transactions between the Joint Boards, the Charitable Trusts and the Council are already included within the Council's Cash Flow Statement and there were no dividend transactions.

The impact of the inclusion of Tayside Contracts within the Group Cash Flow Statement is to increase the movement in the net cash position by £2,398,000 (2007/08, increase £245,000). This represents the Council's share (31% (2007/08, 29%)) of the cash increases in the year.

The deficit per the Group Income and Expenditure Account for the year can be reconciled to the revenue activities, net cash inflow / outflow from revenue activities as follows:

	2008/09 £000s	£000s
Surplus / (Deficit) per Group Income and Expenditure Account		(8,192)
Add Back: Net Interest		(6,438)
Items on an Accruals Basis:		
Movements in Stocks	(214)	
Movements in Revenue Debtors	(4,015)	
Movements in Revenue Creditors	<u>1,886</u>	
		(2,343)
Movements in Non Cash Transactions		(9,775)
Net Cash Inflow from Revenue Activities		<u><u>(26,748)</u></u>

9 Additional Disclosure

The aggregate of the: Valuation; Fire and Rescue; and Police Boards gross liabilities is 35% of the Group gross liabilities. In addition the Police Board gross liabilities are 27% of the Group gross liabilities.

	Combined Boards		Police Board	
	2008/09 £000s	2007/08 £000s	2008/09 £000s	2007/08 £000
Grants and Contributions Received	16,497	15,809	10,074	9,836
Surplus / (Deficit) For the Year	(7,857)	(8,063)	(6,162)	(6,312)
Fixed Assets	22,757	13,763	16,369	9,252
Current Assets	6,815	5,814	5,873	5,132
Liabilities Due Within One Year	4,656	4,153	3,662	3,450
Liabilities Due After One Year or More	151,166	152,549	119,372	120,630

The main liability due after more than one year is in relation to each of the Boards' obligations in respect of defined benefit pension schemes. These have been accounted for under Financial Reporting Standard (FRS) 17 "Retirement Benefits" in accordance with ACOP.

10 Related Party Transactions

Details of supplies of goods and services between the Council and the Joint Boards are detailed in note 13 to the Core Financial Statements.

In addition the under noted balances which all relate to the supply of goods and services existed between the Joint Boards and the Council at the year end.

	Balance Due		From Angus Council	To Angus Council
	From Angus Council	To Angus Council		
	31.3.09 £000's	31.3.09 £000's	31.3.08 £000s	31.3.08 £000s
Tayside Valuation Board *	0	12	0	39
Tayside Fire and Rescue Board	138	0	0	0
Tayside Police Board *	0	445	0	458

* The outstanding balances noted, relate wholly to requisitions or overpayment of requisitions.

11 Charitable Trusts Reserve

The Group Balance Sheet contains a reserve in respect of Charitable Trusts. This reserve is not freely available for general use as it is subject to restrictions for specified charitable purposes. The reserve is therefore ring-fenced within the Group Accounts.

Details of the make up of the Charitable Trusts Reserve can be found within Statement 11 of the Abstract of Accounts (pages 57-58), including:

- the gross expenditure, gross income and (surplus) / deficit in respect of the Income & Expenditure Account;
- the split of the Reserve balance between the Revenue and Capital Accounts; and
- details of the assets and liabilities of the Charitable Trusts.

The following notes however summarise the positions in respect of assets & liabilities, movements on the Revenue & Capital Accounts and the nature of the assets & liabilities held.

Summary and Nature of Assets & Liabilities	2008/09 £000s	2007/08 £000s
Fixed Assets - Heritable Property	2	2
Long Term Investments -		
: Government Securities	74	85
: Managed Funds	672	873
Current Assets *	<u>1,118</u>	<u>1,105</u>
Total Gross Assets	<u>1,866</u>	<u>2,065</u>
Current Liabilities **	<u>2</u>	<u>3</u>
Total Gross Liabilities	<u>2</u>	<u>3</u>
Total Net Assets	<u><u>1,864</u></u>	<u><u>2,062</u></u>

* Current Assets comprise cash at bank, debtors due within 1 year and cash invested with the Council's Loans Fund.

** Current Liabilities comprise creditors due within 1 year.

Summary of Revenue & Capital Account movements	2008/09	2007/08
	£000s	£000s
Revenue Account Opening Balance	503	518
Increase / (Decrease) per Income & Expenditure Account	(2)	(15)
Revenue Account Closing Balance	501	503
Capital Account Opening Balance	1,559	1,599
Increase from sale of land	0	0
Increase / (Decrease) from investment purchases / sales	1	22
Increase / (Decrease) from Investment revaluation	(197)	(62)
Capital Account Closing Balance	1,363	1,559

12 Other Satellite Organisations

The following organisations have been excluded from the consolidated accounts on the basis that Angus Council's share of these organisations equates to both the following criteria:

- a) the share of net assets is less than 1% of Angus Council's net assets; and
- b) the share of net revenue expenditure is less than 1% of Angus Council's net revenue budget.

- i) Tay Road Bridge
- ii) Dundee Energy Recycling Ltd
- iii) Tayside and Central Scotland Transport Partnership

In addition the following organisations were not consolidated on the basis that Angus Council would receive no future economic benefit or risk of loss.

- i) Angus Community Care Charitable Trust
- ii) Angus Environmental Trust
- iii) Various other small organisations, which can also be viewed as not being material

13 Audit of Subsidiaries

The outcome for the entities consolidated into the Council's Group Accounts is as follows:

Subsidiaries

Charitable Trusts:- Part of Angus Council draft accounts (supplementary statements) - audit not yet complete.

Common Good Funds:- Part of Angus Council draft accounts (supplementary statements) - audit not yet complete.

Associates

Tayside Valuation Joint Board:- Draft accounts - audit not yet complete.

Tayside Fire and Rescue Board:- Draft accounts - audit not yet complete.

Tayside Joint Police Board:- Draft accounts - audit not yet complete.

Joint Arrangement

Tayside Contracts:- Draft accounts - audit not yet complete.

In all of the above cases the audit opinion will determine whether the financial statements present fairly, in accordance with applicable laws and regulations and the 2008 SORP, the financial position of the bodies concerned as at 31 March 2009 and their income and expenditure for the year ended; and the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Statement 14 - Statement on The System of Internal Financial Control

1. This statement is given in respect of the 2008/09 statement of accounts for Angus Council, the Common Good and the Council's associated companies, and acknowledges responsibility for ensuring that an effective system is maintained and operated within the Council.
2. Any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The Angus Council system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council.

In particular, the system includes:-

- financial regulations and codes of financial practice
 - comprehensive budgeting systems
 - regular reviews of periodic and annual financial reports which indicate financial performance against the forecast
 - setting targets to measure financial and other performance
 - the preparation of regular financial reports which indicate actual expenditure against the forecasts
 - clearly defined capital expenditure guidelines; and
 - as appropriate, formal project management disciplines
4. Angus Council operates an internal audit service which is situated in the Finance division of the Corporate Services department. The service operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom (2006). The service undertakes an annual programme of work approved by the Audit sub-committee based on a formal risk assessment process which is updated on an ongoing basis to reflect evolving risks and changes within the Council.
 5. In relation to reporting arrangements, the Council's Chief Internal Auditor:-
 - reports on an administrative line management basis to the Head of Finance who is a member of the Corporate Management Team.
 - has open access to Members and the Chief Executive and reports on a functional basis to the Audit Sub-Committee
 - reports in her own name and retains final edit rights over all audit reports
 - provides an annual Internal Financial Control assurance statement

6. In relation to the Systems of Financial Control of the Council's associated companies I have placed reliance on the Statements of Internal Financial Control Governance Statements prepared by the officers responsible for the proper administration of the financial affairs of those associated companies. The Statements by these officers confirm that they are satisfied that the relevant associated companies have in place sound systems of internal controls or have identified no material weaknesses in those systems.
7. My review of the effectiveness of the system of internal financial control for the Council, the Common Good Fund and associated companies is informed by:
 - the work of managers within the Council
 - assurance statements received from Departmental Directors
 - the work of internal audit described above
 - the external auditors in their annual audit letter and other reports; and
 - the Statements of Internal Financial Control/Governance Statements provided by the proper officers of the Council's associated companies

And, from the above, I am satisfied that the Council has in place an adequate and effective system of internal financial controls. I am also satisfied that mechanisms are in place which would identify, and address, any material areas of weaknesses on a timeous basis.

Ian Lorimer
Head of Finance
30 June 2009