

For year ending 31st March 2012

Annual Accounts

2011
2012



Angus Council - Annual Accounts 2011/12

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EXPLANATORY FOREWORD TO THE ACCOUNTING STATEMENTS

The Council is required by law to prepare a set of Accounting Statements (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Head of Finance for submission to the Controller of Audit so that they may scrutinise their accuracy and completeness. In preparing the Accounts the Council must comply with recognised accounting practice as it applies to local authorities. The Accounts represent the culmination of the year's financial transactions and are an essential means of demonstrating the proper stewardship of public funds as well as budget performance and financial control.

The Accounts of Angus Council have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (based on International Financial Reporting Standards).

The main purpose of this Foreword is to assist in the interpretation of the Accounting Statements, provide an explanation of the Council's financial position and comment on the major influences affecting the Council's income, expenditure, cash flow and overall financial resources.

A. Accounting Statements

The main objective of Accounting Statements is to provide information about the financial position, financial performance and cash flows of the Council (the "single entity") that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Information is also provided with regard to the "group" position which takes into account the Council's financial interests in other bodies. This includes entities such as the Joint Boards.

The Accounting Statements comprise:-

- a) Movement in Reserves Statement for the period (single entity and group position);
- b) Comprehensive Income and Expenditure Statement for the period (single entity and group position);
- c) Balance Sheet as at the end of the period (single entity and group position);
- d) Cash Flow Statement for the period (single entity and group position); and
- e) Notes, comprising a summary of significant accounting policies, analysis of significant figures within the Accounting Statements and other explanatory information.

The group statements and notes follow after the single entity statements and notes.

Movement on Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the "Provision of Services" line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These movements are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes respectively. This is because a number of entries are required to comply with accounting best practice but not permitted to impact on the Council's actual financial position and associated funding requirements from tax/rent payers. The "Net Increase / Decrease before Transfers to Earmarked Reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves are undertaken by the council.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise funding through Council Tax and Housing Rents to cover expenditure in accordance with regulations and this may therefore be different from the accounting cost presented in the Comprehensive Income and Expenditure Statement. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:-

- Usable reserves – those reserves that the Council may use as a funding source to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt; and

- Unusable reserves – those reserves that the Council is not able to use as a funding source to provide services. This category of reserves includes reserves that hold unrealised gains and losses e.g. the Revaluation Reserve (where amounts would only become available to provide services if the assets are sold) and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital i.e. borrowing, to the Council.

Accounting Statement Notes

The notes to the statements first cover the single entity accounts with notes for the group accounts following the group statements. The notes:-

- present information about the basis of preparation of the accounting statements and the specific accounting policies used;
- disclose the information required by the Accounting Code of Practice that is not presented elsewhere in the financial statements; and
- provide information that is not presented elsewhere in the accounting statements, but is relevant to an understanding of them.

B. Financial Performance

The following sections contain key financial ratios identified by the CIPFA Directors of Finance Section. They have been added to the forward to assist the reader in the understanding and interpretation of the Councils financial position and performance.

Outlined below is an overview of the financial performance of the Council in respect of both the General Fund services and Housing Revenue Account during the 2011/12 financial year.

General Fund - The General Fund covers those council services which are funded by Government Grants and local taxpayers. It can be seen from Note 6 that the General Fund balance at the end of the year was £16.482m with £0.445m of this earmarked for future use by Angus schools under the Devolved School Management (DSM) scheme. The opening balance on the General Fund at 1 April 2011 was £17.458m including £0.241m attributable to the DSM. The movement on the General Fund Balance was therefore a decrease of £0.976m. The budget set for 2011/12 after adjustment for budget carry forwards and other earmarked sums assumed a deficit of £6.410m. Accordingly the closing balance of £16.482m represents an overall favourable movement against budget of £5.434m (**85%**) arising as follows: -

Description	£m
Underspends on departmental budgets	4.989
Additional Council Tax income	0.394
Additional Surplus from Tayside Contracts	0.162
Miscellaneous Other	(0.111)
Total	5.434

Of the closing General Fund balance of £16.482m, £0.445m is attributable to DSM and £14.990m is committed or earmarked as follows:-

Description	£m	£m
Working Balance/Contingency (per existing policy)		3.250
Earmarked monies		
- Unspent Grants	0.462	
- Government Grant Re-determination Monies	1.220	
- Prior Year Approved Carry forwards	2.302	
- Equal Pay	<u>0.525</u>	4.509
100% carry forwards		2.624
Proposed 50% budget carry-forward scheme		0.523
Use of Balances per 2012/13 Budget Setting		3.039
Affordable Housing		1.045
Total		14.990

Allowing for DSM and these committed or earmarked sums leaves an uncommitted or un-earmarked balance of £1.047m and the future use of this sum will require to be considered as part of the ongoing delivery of the 2012/13 budget and the development of the budget strategy for 2013/14 and beyond.

Housing Revenue Account – The Housing Revenue Account deals with council house management transactions. The actual movement on the Housing Revenue Account for 2011/12 is an increase of £0.654m which has resulted in a surplus balance of £2.611m at 31 March 2012. The balance at 31 March 2012 is in excess of the budgeted target of £1.957m.

The Housing Revenue Account budget set for 2011/12 assumed a breakeven position. The closing balance of £2.611m therefore represents an overall favourable movement against budget of £0.654m (%). The closing Housing Revenue Account balance was in excess of the £1.000m minimum policy level with £1.611m earmarked as follows:-

Description	£m	£m
Working Balance/Contingency (per existing policy)		1.000
Earmarked monies		
- Survive & Thrive	0.234	
- External Affordable Housing Provision	0.380	
- Allowance for SHQS / New Build Housing	0.997	1.611
Total		2.611

Whilst broadly on budget in most areas, the 2011/12 surplus of £0.654m has primarily been achieved as a result of underspends on staff costs and survive & thrive contributions for affordable housing provision.

C. Material Assets / Liabilities

There are no material assets or liabilities to report on for financial year 2011/12. Material in this context means items which by their omission could influence the economic decisions of users taken on the basis of the financial statements, having regard to the normal activities of the Council.

D. Pensions Liability

The pension accounting requirements of Financial Reporting Standards (FRS 17) and International Accounting Standards (IAS 19) have been applied to the accounting statements. 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 2012 there was a Pension Liability of £165.234m with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2012 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 2012 there would have been a shortfall of some £165.234m. The Pension Liability of £165.234m compares with £102.625m for the previous year – an unfavourable movement of £62.609m.

As noted above, these liabilities are expressed in present value terms rather than the cash amount that will eventually be paid out in order to allow for the "time value of money". This is undertaken by discounting these future cash amounts by use of a corporate bond rate. The corporate bond rate used for the valuation as at 31 March 2012 (1.3%) is lower than that used at 31 March 2011 (1.9%). This factor has contributed to the significant increase in the estimated current value of the pension liability.

It is also 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 2011/12 Local Government Finance Settlement and the council's budget process provided the resources required to meet the council's net service expenditure in 2011/12. It is anticipated that future settlements, aligned with the council's budget process, will provide sufficient resources to finance future liabilities. It is, therefore, considered appropriate to adopt a going concern basis for the preparation of the Accounting Statements.

E. Exceptional Item

There are no Exceptional items to report on for financial year 2011/12.

F. Change in Accounting Policy

There has been one change to existing Accounting Policies for financial year 2011/12. In addition two new policies have been introduced as described below. Further detail can be found in Note 1.

Changes to Accounting Policies

Componentisation

The change to the componentisation policy of the council has reduced the number of components from seven to four these now being as follows:

Component		Useful Life	% of Valuation
Land	Land	N/A	N/A
Building	Substructure, superstructure and internal finishes	60 years	35%
Fittings	Windows, roof covering, services, internal fittings	20 years	50%
External Works		30 Years	15%

Additions to Accounting Policies

Heritage Assets

The council holds and conserves heritage assets for future generations in support of the primary objective of increasing knowledge, understanding and appreciation of the history of the area of Angus.

All Heritage Assets will be recorded within catalogues or inventories held by the Council with only the assets having a fair value of £100,000 or more being recognised and recorded on the balance sheet in accordance with the Authority's policy on Heritage Assets.

The figures disclosed in the balance sheet are based on the assessment used for Insurance purposes by the Council and were provided in 2005. All Heritage Assets with a fair value of £100,000 or more shall be valued every ten years, with any increase or decrease in valuation either being charged to a previous revaluation reserve or to the Comprehensive Income & Expenditure Statement.

An impairment review will be conducted every year and if there is any indication that material differences are estimated these will be treated in accordance with the property, plant and equipment policy.

It is not normal for the Council to dispose of Heritage Assets but if this is the case these disposals will be treated in accordance with the Council's general policy in relation to the disposal of property, plant and equipment.

Depreciation is not applied to Heritage Assets as it is considered these all have indefinite lives.

G. Change in Statutory Functions

There were no changes to statutory functions for financial year 2011/12.

H. Future Development in Service Delivery

Capital expenditure commitments for the construction / enhancement / purchase of property, plant and equipment totalling some £38.622m (gross) exist as at 31 March 2012, £17.863m of which relates to the General Fund and £20.759m relates to Housing. On a net basis, some £32.795m of commitments exist in total at 31 March 2012, of which £14.612m relates to the General Fund and £18.183m relates to Housing. (Source: 2012/13 General Fund Provisional Capital Budget Volume and 2012/13 Housing Rent Setting Report – Appendix 1). Similar commitments at 31 March 2011 totalled £29.490m (gross).

The major commitments (on a gross basis) include: A92 Arbroath to Lower Northwater Bridge Route Action Plan (£2.333m); Ongoing Development / Capping at Restenneth Landfill Site (£0.804m); Montrose Swimming Pool Replacement (£4.615m); Kinloch Care Centre and Supported Housing (£3.027m); Affordable Housing at Dungmans Tack (£6.105m); and Heating and Kitchen Replacement Programmes (£8.113m and £2.286m respectively).

The Police and Fire Reform (Scotland) Act 2012 received royal assent on 7 August 2012. Responsibility for Police and Fire and Rescue Services will transfer from local government to new central government bodies on 1 April 2013. The full impact of the reform process is currently being assessed.

I. Capital Borrowing / Non Current Assets

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 £162.225m at 31 March 2012, with £120.643m attributable to the General Fund, £32.089m to the Housing Revenue Account and £9.493m to external bodies. This external body debt was financed from external sources.

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, Housing Revenue Account capital expenditure was financed primarily from revenue contributions and from capital receipts arising mainly from the sale of council houses, therefore little or no borrowing was required to finance the capital expenditure. As a result of the ongoing reduction in the numbers of Council House sales, Housing Revenue Account capital expenditure funding now includes a more significant amount of borrowing and this trend has continued into 2011/12. Consequently the level of principal repayments and loan interest to be incurred by the Housing Revenue Account will increase for 2012/13 and beyond.

J. Funding of Capital Expenditure

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.

Note 39 outlines the capital expenditure undertaken during 2011/12 by Angus Council and how this was funded. The gross capital expenditure of £39.667m consisted mainly of expenditure on: new Council Houses; improvements of existing housing stock; vehicles and equipment; building creation / refurbishment / improvement of property assets; and roads infrastructure. The capital expenditure was funded through borrowing (35.5%), sale of assets (6.2%), contribution from revenue (26.7%), with the remainder (31.6%) being met from grants received / other income.

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 Neighbourhood Services to be utilised towards the purchase of new vehicles).

K. Provisions / Contingencies / Write Offs

For financial year 2011/12 a provision of £0.278m has been included within the accounts for the Council's liability under the Carbon Reduction Commitment Energy Efficiency scheme to purchase and surrender Carbon Reduction Commitment (CRC) allowances in relation to carbon dioxide emissions. There are no contingencies, material write-offs or significant changes to provisions existing as at 31 March 2011 to report on for the financial year 2011/12.

L. Events after the Balance Sheet Date

There were no significant events after the Balance sheet date which would impact on the 2011/12 accounts.

M. Overall Summary of Financial Position & Outlook for the Future

Financial Management

The Council has a good track record of prudent and effective financial management and of taking difficult long term budget decisions when they need to be taken. This has been acknowledged by external inspection agencies. Financial year 2011/12 again saw Council departments adhering to their cash limited budgets and this was despite the difficulties created by rising prices and constrained budget resources. The Council's budget monitoring arrangements during the year were effective at identifying over and under spends and this informed the 2012/13 budget setting process. The Council's performance in the collection of local taxes improved from an already strong position during 2011/12 and housing rent arrears continued to be managed downwards.

The in year collection rate for Council Tax is 97.9% and this is the best ever collection performance by the Council. Council Tax income included in the Comprehensive Income & Expenditure Account for 2011/12 is £45.949m. This total represents 17.5% of the reported Total of Taxation & Non Specific Grant Income for 2011/12 of £263.210m.

Reserves

The Council complies with the requirements of the CIPFA Guidance Note On Local Authority Reserves and Balances issued in November 2008 and reviews at least annually its reserves position and future needs. At 31 March 2012 the Council's overall usable reserves stood at £27.741m which is approximately 8% of gross expenditure across all activities. These reserves provide cover for future revenue and capital expenditure in both General Fund services and Housing and are considered to provide an adequate level of protection against unforeseen events. These reserves will also provide flexibility to help meet future spending needs and pressures. Taking into account the uncommitted balance of £1.057m and the set contingency some £4.307m of headroom exists within the General Fund Balance at 31 March 2012 which represents approximately 2% of the budgeted net expenditure on General fund services for 2011/12 and compares with approximately 2% in 2010/11. Taking into account the minimum policy level, the HRA committed balance of £1.421m represents approximately 6.4% of budgeted gross expenditure for 2011/12 and compares with 4.6% in 2010/11.

Debt and Borrowing

The Council has low debt compared to other local authorities in Scotland in both General Fund services and Housing and the proportion of our net revenue income which is taken up by debt charges is below the Scottish average for both these areas of service. The Council has remained within its borrowing limits throughout 2011/12 and has complied with its treasury management strategy for the year. The following indicators reflect this position.

<u>Debt & Borrowing</u>	Capital Financing Requirement £m	£m	External Debt £m	£m	Capital Debt £m
Prudence					
General Fund + HRA	173.745		166.721		162.225
Variance		7.024		4.496	
<p>In line with proper treasury management practice, the Council does not borrow for specific projects or areas and it is not therefore possible to split the General Fund and HRA positions.</p> <p>The Council's external borrowing remained below its capital financing requirement throughout the 2011/12 financial year.</p>					

<u>Debt & Borrowing</u>	Net Revenue Stream £m	£m	Financing Costs £m		% Of Net Revenue Stream
Affordability					
General Fund	251.820		24.302		9.65%
HRA	21.408		2.225		10.39%

Investments

At 31 March 2012 temporary investments of £47.978m existed, a decrease of £0.961m on the previous year. This decrease reflects the Council's increased capital expenditure level in 2011/12, up £9.748m from 2010/11.

Economic Circumstances & Their Impact

Financial year 2011/12 has proven to be another challenging year for the Council with the economic recession impacting on revenue income and the Council's ability to generate capital receipts. The last year has also seen a significant rise in applications for housing and council tax benefits. The year also saw income which can be generated from the short term investment of the Council's surplus cash maintained much lower than pre-recession values. Collection of local taxes has held steady despite the recession but the Council has continued to suffer from a significant drop in income from planning and building warrant applications. Capital receipts for Housing achieved the level set out in the 2011/12 monitoring budget but these are still substantially less than pre-recession values. It has also proven more difficult to sell other surplus assets on the General Fund within the timescales and for the values which had originally been expected and this has required some adjustments being made to the Councils' financial plan to compensate.

Financial Outlook

The outlook continues to be one of slow improvement in general terms in those areas of the Council's business which have been affected by the recession but it is unlikely that the post recession levels of income from Council house sales and planning and building warrant fees will be reached in the medium term. Realising the sums sought from sale of surplus assets is also expected to continue to be difficult and the Council will continue to feel the effects of the squeeze on disposable incomes for those services where fees and charges are levied, e.g. leisure facilities.

Notwithstanding the above the main concern for the Council and the services it provides is the expected significant reductions in government grant which will apply over the period of the next Spending Review (2012/13 to 2014/15). These funding issues present significant challenges for the Council but the likely level of funding reduction, the extent of future budget pressures and the resulting funding shortfalls have been assessed and identified as part of the Council's Medium Term Financial Strategy and plans are in hand to ensure that future budgets will be delivered in line with statutory requirements. A best estimate funding shortfall of £28.6m over the 4 year period 2012/13 to 2015/16 has been estimated.

The Council has a programme of departmental and corporate efficiency reviews as well as service redesign work and shared services initiatives which are underway. These will help balance future budgets whilst protecting as far as practical service delivery. This forward planning and the Council's strong financial position will enable the Council to be as well positioned as it reasonably can be to meet the future financial challenges it will inevitably face.

Acknowledgement

This is the sixteenth set of Annual Accounts of Angus Council and indicates that the difficult financial targets which had been set in financial year 2011/12 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
28 September 2012

Annual Governance Statement

Introduction

Angus Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of Angus Council's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the council, effective operation of corporate systems, processes and internal controls, engaging with communities, monitoring whether strategic objectives have been achieved and services delivered cost effectively and ensuring that appropriate arrangements are in place for the management of risk.

To this end, the council has approved and adopted a Code of Corporate Governance which is consistent with the principles and recommendations of the CIPFA/SOLACE framework Delivering Good Governance in Local Government and the supporting guidance notes for Scottish authorities. A copy of our Local Code of Corporate Governance is available on the Council's website at www.angus.gov.uk.

This annual governance statement explains how the council has complied with the terms of the local code for the year ended 31 March 2012. The statement also covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts, reliance having been based on their respective governance statement/statement of internal financial control.

The Governance Framework

The Council's Local Code of Corporate Governance provides the framework against which compliance is measured. This Code sets out the key principles which require to be complied with to demonstrate effective governance.

The key elements of the council's governance arrangements as set out in the local code include:

- The council's vision is incorporated within the Community Plan and Single Outcome Agreement and Corporate Plan, all of which have been widely published and are available on the Council's website.
- Local Community Plans are used as a means of identifying and responding to local issues.
- The council seeks community views on a wide range of issues and undertakes regular consultation with citizens and service users.
- The council reports publicly on its performance and has a corporate public performance reporting framework which guides our performance reporting arrangements.
- The council responds to findings and recommendations of Audit Scotland, other statutory inspectorates and its own internal audit section.
- The council is committed to the efficient government programme and on an annual basis identifies efficiency savings achieved by implementing this initiative.
- The roles and responsibilities of elected members and officers are defined in our standing orders and scheme of delegation and in our financial regulations.
- The council's chief executive is responsible and accountable for all aspects of executive management.
- The council's standing orders, scheme of delegation and financial regulations are subject to regular review and revised where appropriate.
- The roles of senior officers are defined in agreed job descriptions. Staff performance is reviewed on an annual basis in accordance with our personal appraisal and development scheme.
- The Head of Finance is responsible for ensuring appropriate advice is given to the council on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control under the terms of the financial regulations.
- The Head of Law and Administration is responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and statements of good practice are complied with.
- The scheme of councillors' salaries and expenses sets out the terms of councillors' remuneration. Details of all councillors' expenses are published on an annual basis.

- The council's performance management arrangements enable progress against the council's priorities to be monitored.
- The council fosters relationships and partnerships with other public, private and voluntary organisations in delivering services that meet the needs of the local community.
- The council has a Single Outcome Agreement in place agreed with the Scottish Government and our community planning partners. Performance on this is reported through the Angus Community Planning Partnership and through the council's performance reporting mechanisms.
- The Scrutiny and Audit Sub Committee is integral to our performance management and monitoring arrangements.
- The council has a risk management strategy. The main priorities within this strategy are the identification, evaluation and control of risks which threaten the council's ability to deliver services to the public. Departments have business continuity plans which set out the arrangements with which the council aims to continue to deliver critical services in the event of an emergency.
- Elected members have personal development plans which are periodically supplemented by additional training for members. Members on the Licensing Committee and Development Control have also received specific training related to the responsibilities on these committees.
- Codes of conduct are in place for, and define the standards of behaviour expected from, elected members and officers.
- A range of systems and procedures are in place to ensure that elected members and employees are not influenced by prejudice or conflicts of interest in dealing with our citizens. A register of members' interests is maintained and is available for inspection by members of the public.
- A whistleblowing policy provides for the direct reporting of problems to senior managers without fear of recrimination.
- The Local Code of Corporate Governance is also applicable in general terms to elected members and officers on external bodies.

The council's governance framework has been in place for the year ended 31 March 2012 and up to the date of approval of the Council's Accounting Statements.

The Council's financial management arrangements do not fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) because the Head of Finance as Chief Financial Officer for the Council does not report directly to the Chief Executive. The Council's arrangements do however achieve the same impact and with the exception of management reporting lines comply in all material respects with the CIPFA Statement on the Role of the Chief Financial Officer. The Head of Finance is a member of the Chief Officers' Management Team, is the Council's most senior adviser on all financial matters, is fully involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. The Head of Finance is able to fulfil all the requirements of the Chief Financial Officer's role through the arrangements which exist.

System of Internal Financial Control & Review of Effectiveness

Within the council's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The council's 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

In terms of Internal Audit provision 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 Scrutiny & 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.

The Chief Internal Auditor (CIA) reports on an administrative line management basis to the Head of Finance who is a member of the Chief Officers' Management Team; has open access to elected members and the Chief Executive and reports on a functional basis to the Scrutiny & Audit Sub-Committee. The CIA reports in their own name and retains final edit rights over all audit reports and provides an annual Internal Financial control assurance statement in support of the Head of Finance's statutory responsibilities for the proper administration of the council's financial affairs.

In relation to the Systems of Financial Control of the council's associated companies reliance is placed on the Governance Statement or Statement of Internal Financial Controls prepared by the officers responsible for the proper administration of the financial affairs of those associated companies.

Based on the work of managers, assurance statements received from heads of department, the work of both internal and external audit and the Governance Statement/Statement of Internal Financial Control provided by the proper officers of the council's associated companies the Head of Finance has concluded that Angus Council has in place an adequate and effective system of internal financial controls for the Council itself, the Common Good Fund and associated companies. The review for 2011/12 also confirms that the Head of Finance is satisfied that mechanisms are in place which would identify, and address, any material areas of weaknesses on a timeous basis.

Review of Framework

The council conducts an annual review of the effectiveness of its overall governance framework.

This review is informed by the work of an officer working group on corporate governance. This group has responsibility for monitoring compliance with the local code and making recommendations for additions and/or improvements to the code to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The group undertakes an annual self assessment against the Local Code of Corporate Governance. That self assessment is in turn informed by assurances from heads of department who have responsibility for the development and maintenance of the governance environment within their department and who in turn identify actions to improve governance at a departmental level, the Chief Internal Auditor's annual review of corporate governance and by comments made by external auditors and other scrutiny bodies and inspectorates.

The conclusion from the review activity outlined above is that in 2011/12 the council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

In particular the review noted that in 2011/12 the council improved its governance arrangements by:

- Providing training on the risk management strategy.
- Incorporating risk within service improvement plans.
- Issuing a corporate compliance reminder to staff which will be repeated on an annual basis.
- Finalising an information technology strategy and governance framework.
- Adopting an information governance policy and associated action plan.

Three areas for improvement identified for 2011/12 however remain to be fully addressed and these will be carried forward to 2012/13:

- Provide corporate governance training.
- Testing and validation of business continuity plans.
- Delivery of the information governance action plan.

The Council agreed to establish a Scrutiny and Audit Committee on 28 June 2012 as a new full committee of the Council in place of the previous Scrutiny and Audit Sub Committee (of the Strategic Policy Committee).

Within 2012/13 consideration will also be given to the council's committee structure, the outcome of which may result in changes to Standing Orders and the Scheme of Delegation.

No further improvements to governance arrangements have been identified for 2012/13.

Individual heads of department have identified improvements to governance arrangements within their own department but these are not considered material enough to affect the overall assessment of substantial compliance against the Local Code of Corporate Governance.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Angus Council's systems of governance and that the annual review demonstrates compliance with the council's Code of Corporate Governance.

Richard Stiff		Councillor Iain Gaul
Chief Executive		Leader of the Council
28 September 2012		28 September 2012

Angus Council Remuneration Report 2011/12

Background

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (“The 2011 Regulations”) require local authorities to prepare a Remuneration Report as part of the annual statutory accounts.

In accordance with this requirement this report sets out:-

- The remuneration policy context for senior councillors and senior employees and the Council's role in determining these;
- The number of employees whose remuneration was in excess of £50,000 per annum;
- The number and cost of exit packages agreed rising in bands of £20,000 up to £100,000 and bands of £50,000 thereafter.
- The remuneration and pension rights of senior councillors;
- The remuneration and pension rights of senior employees.

Senior Councillors Remuneration Policy Context

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (“The 2007 Regulations”) and subsequent amendments to these. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Provost (the Civic Head), Senior Councillors or Councillors.

It should be noted that reference to “Senior Councillors” (upper case) within The 2007 Regulations is narrower than the use made of this term in The 2011 Regulations and thus for the purposes of this Remuneration Report. Reference to senior councillors (lower case) within this report (other than where reference is being made to The 2007 Regulations) also includes other senior posts such as the Leader, Provost, etc. A senior councillor within this Remuneration Report is therefore a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2011/12 the salary for the Leader of Angus Council is £32,470. The Regulations permit the council to remunerate one Civic Head. The regulations set out the maximum salary that may be paid to that Civic Head. Angus Council's Civic Head (the Provost) is paid at 75% of the Leader of the Council's salary (£24,353). The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration.

The 2007 Regulations also set out the salary that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum salary that may be paid to a Senior Councillor is 75% of the total salary of the Leader of the Council. The total of salaries that the Council may pay all of its Senior Councillors shall not exceed £263,822 and 13 in number. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council's policy as it applied during 2011/12 was for the Conveners of the six “major” committees and the Leader of the Opposition to have salaries of £22,379. The Vice Conveners of the six “major” committees have salaries of £17,860.

In addition to the Senior Councillors of the Council, The 2007 Regulations also set out the remuneration payable to councillors with the responsibility of a Convenor or a Vice-Convenor of a Joint Board such as a Police Joint Board. The 2007 Regulations require the remuneration to be paid by the Council of which the convenor or vice-convenor (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the convenor or vice-convenor being a member of the Local Government Pension Scheme. The Council can seek to be reimbursed by the Joint Board for any additional remuneration paid to the member from being a Convenor or Vice-Convenor of a Joint Board beyond that which they would receive from their role as a Senior Councillor or Councillor with their own local authority.

Angus Council's remuneration scheme for councillors (which encompasses the salaries of all elected members including the Leader, Civic Head and Senior Councillors) was agreed at a meeting of the full Council on 22 May 2007, the minute of which is available under agenda item 8 at:-

<http://www.angus.gov.uk/ccmeetings/minutes2007/anguscouncil/22-05-07.pdf>

It should be noted that the salary levels quoted in the May 2007 report have since been subject to inflationary increases where approved by Scottish Ministers.

In 2011/12 out of Angus Council's 29 total councillors, 16 were senior councillors in accordance with The 2011 Regulations and for the purposes of preparing this Remuneration Report. The remuneration paid to these councillors is detailed in Appendix 1. The Regulations also permit the Council to pay contributions as required to the Local Government Pension Scheme in respect of those councillors who elect to become participants in the pension scheme.

In accordance with The 2007 Regulations an annual report is submitted to a meeting of the full Council detailing the remuneration and expenses of all councillors. It is highlighted that a number of the expenses disclosed in that report are excluded from this Remuneration Report in accordance with the requirements of The 2011 Regulations.

Senior Employees Remuneration Policy Context

In accordance with The 2011 Regulations, the senior employees included in the table at Appendix 2 include any local authority employee:-

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Remuneration Report relates, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The salaries of senior employees are set by the Council's Strategic Policy Committee with reference to the agreements of the Scottish Joint Negotiating Committee for Chief Officials. The current membership of the Council's Strategic Policy Committee is available at:-

<http://www.angus.gov.uk/ccmeetings/membership/strategicpolicy.htm>

Senior employees may also have a contractual right of access to the Council's car lease scheme and where they are participating this is included within "non-cash expenses" together with any other benefits in kind.

The remuneration information detailed in Appendix 2 is, as required by The 2011 Regulations, related to the total received by an individual while they are an incumbent of a senior employee post. Employees commencing or leaving employment during the course of the year and changes in expenses can therefore create distortions in the comparative figures between years. In light of this and for the purpose of clarity, detailed below are the salaries for 2010/11 and 2011/12 of the posts which are classed as senior employees of the Council.

Table 1

Post	2011/12 Salary £	2010/11 Salary £	Movement £
Chief Executive *	121,680	121,680	-
Director of Corporate Services	102,933	102,933	-
Director of Education	102,933	102,933	-
Director of Infrastructure Services	102,933	102,933	-
Director of Neighbourhood Services	102,933	102,933	-
Director of Social Work & Health **	108,087	108,087	-
Assistant Chief Executive	90,918	90,918	-
Head of Finance	87,474	87,474	-
Head of Law & Administration	90,918	90,918	-
Total	910,809	910,809	-

* excludes any pay in relation to Returning Officer duties

** also the depute Chief Executive

General Disclosure Of Employees By Remuneration Band

Appendix 3 shows the number of Council employees who received remuneration in excess of £50,000 per annum in 2010/11 and 2011/12 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

Exit Packages

The 2011/12 code of practice introduced a requirement for authorities to report summary information in relation to exit packages. The table below sets out the relevant costs of departure that have been recognised in the financial statements in accordance with the Code's requirement on termination benefits. Included in this definition are the costs of voluntary redundancy, early retirements and ex gratia payments. Exit packages due to ill health retirements or departures are not termination benefits in accordance with the code and are therefore excluded.

Table 2 below discloses the number of relevant exit packages agreed during 2011/12 and their costs grouped in the relevant bandings.

Table 2

£	Total Number Agreed		Pension Fund Strain & Redundancy Payments cost of exit packages in each band		Capitalised Added Years cost of exit packages in each band		Total cost of exit packages in each band	
	2011/12	2010/11	2011/12 £	2010/11 £	2011/12 £	2010/11 £	2011/12 £	2010/11 £
Up to 20,000	8	12	47,562	123,104	0	0	47,562	123,104
20,001 – 40,000	1	1	38,367	30,464	0	16,780	38,367	47,244
40,001 – 60,000	2	0	32,367	0	79,298	0	111,665	0
60,001 – 80,000	0	1	0	8,715	0	58,099	0	66,814
80,001 – 100,000	0	0	0	0	0	0	0	0
100,001 – 150,000	1	0	104,380	0	19,001	0	123,381	0
150,001 – 200,000	0	0	0	0	0	0	0	0
Total	12	14	222,676	162,283	98,299	74,879	320,975	237,162

The capitalised Added Years costs of the exit packages detail the estimated total amount payable for the period the employees' pensions are paid. This amount is not paid as a lump sum but monthly through the duration of the pension payments.

The Pension Fund Strain and Capitalised Added Years costs disclosed for 2011/12 are actuarial amounts provided by our Actuaries. The amounts disclosed for 2010/11 are amounts provided by the Pension Administrators.

Pension Benefits Policy Context

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is adjusted by the change in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for both councillors and employees is 65. With effect from 1 April 2009 a five tier contribution system was introduced for scheme participants. A participant's total contributions are based upon on how much of their pay falls into each tier and the rate applicable for that tier. The overall percentage paid by the employee is made up of an average of how much of their pay falls into the different bands. The bands for 2011/12 have changed but the rates remain at the 2010/11 rates and are as follows:-

Table 3

Full Time Equivalent Pay	Contribution Rate Payable By Councillors/ Employees	Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees
	2011/12		2010/11
Up to £18,500	5.50%	Up to £18,000	5.50%
Over £18,500 and up to £22,600	7.25%	Over £18,000 and up to £22,000	7.25%
Over £22,600 and up to £30,900	8.50%	Over £22,000 and up to £30,000	8.50%
Over £30,900 and up to £41,200	9.50%	Over £30,000 and up to £40,000	9.50%
Over £41,200	12.00%	Over £40,000	12.00%

There is no automatic entitlement to a lump sum for benefits earned from 1 April 2009 onwards. Pension scheme members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service (prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80ths of final pensionable salary and years of pensionable service). Pension scheme members' pension entitlement can therefore include benefits calculated on both a pre and post 1 April 2009 basis. Further information on the LGPS can be found at:-

http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=428&Itemid=7

The pension benefits in respect of those senior councillors who take part in the LGPS are detailed in Appendix 4 while those in respect of senior employees are detailed in Appendix 5.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum (in respect of post 1 April 2009 accrued benefits only); and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service with Angus Council (and its predecessors) or has transferred into the Fund from another employer. It is highlighted, however, that the pension benefits arising from any additional voluntary contributions undertaken by the individual are excluded from the figures shown in the Appendices in accordance with The 2011 Regulations.

Audit Review

All information disclosed within the tables in the report and the Appendices in this Remuneration Report is audited by the Council's appointed External Auditors. The other sections of the Remuneration Report are reviewed by the External Auditors to ensure that they are consistent with the financial statements.

Richard Stiff		Councillor Iain Gaul
Chief Executive		Leader of the Council
28 September 2012		28 September 2012

Remuneration Of Senior Councillors

The following table provides details of the remuneration paid to Angus Council's senior councillors.

Responsibility	Councillor	Note	2011/12				2010/11
			Salary, fees & allowances £	Taxable Expenses £	Non-cash expenses £	Total Remuneration £	Total Remuneration £
Convener, Social Work & Health	A Andrews		22,379	-	-	22,379	22,379
Vice-C, Neighbourhood Services	C Brown		17,860	-	-	17,860	17,860
Vice-C, Infrastructure Services	D Fairweather		17,860	-	-	17,860	17,860
Provost	R Leslie Melville	1	25,513	-	-	25,513	26,149
Convener, Development Standards	D Lumgair		22,379	-	-	22,379	22,379
Depute Leader	I Mackintosh	2	24,353	-	-	24,353	24,353
Convener, Infrastructure Services	D May	1	22,526	-	-	22,526	22,526
Convener, Neighbourhood Services	J Millar		22,379	-	-	22,379	22,379
Depute Provost	P Murphy	1	18,053	-	-	18,053	18,006
Leader	R Myles		32,470	-	-	32,470	32,536
Convener, Education	P Nield	1	22,609	-	-	22,609	22,604
Opposition Leader	H Oswald	1	22,682	-	-	22,682	22,767
Vice-C, Development Standards	J Rymer	1	17,957	-	-	17,957	17,957
Convener, Corporate Services	M Salmond	1	22,610	-	-	22,610	22,610
Vice-C, Education	M Thomson		17,860	-	-	17,860	17,860
Vice-C, Corporate Services	J Whyte		17,860	-	-	17,860	17,860
Total			347,350	-	-	347,350	348,085

1 The 2011/12 salary, fees and allowances total for these senior councillors include allowances in relation to civic head duties (Provost and Depute Provost only) and telephone provision as applicable

2 £8,119 of this remuneration relates to the councillor's responsibility as Convener of Tayside Joint Police Board.

Remuneration Of Senior Employees

The following table provides details of the remuneration paid to Angus Council's senior employees. It is highlighted that the senior employees included within the table are only those who were in post during 2011/12. The comparator figures for 2010/11 therefore exclude senior employees who were not employed by the Council after 31 March 2011. As a result of this the overall remuneration totals for each year are thus not comparable on a like for like basis. Table 1 within the Remuneration Report provides salary information on a post basis rather than post incumbent basis and thus gives comparable totals between years on a like for like basis.

Post	Employee	Note	2011/12			2010/11	
			Salary, fees & allowances £	Taxable Expenses £	Non-cash expenses (Note 3) £	Total Remuneration £	
Director of Neighbourhood Services	R Ashton		102,933	-	3,433	106,366	106,109
Head of Law & Administration	S Hunter		90,918	-	-	90,918	90,918
Director of Education	N Logue	1	102,933	-	1,991	104,924	67,477
Head of Finance	I Lorimer		87,474	-	-	87,474	87,474
Director of Infrastructure Services	E Lowson		102,933	-	882	103,815	103,819
Director of Corporate Services	C McMahon		102,933	-	3,974	106,907	106,755
Director of Social Work & Health	R Peat		108,087	-	-	108,087	108,087
Assistant Chief Executive	H Robertson		90,918	-	3,029	93,947	93,765
Chief Executive	R Stiff	2	121,680	-	-	121,680	12,035
Total			910,809	-	13,309	924,118	776,439

1 Commenced in post on 16 August 2010, part year effect for 2010/11

2 Commenced in post on 28 February 2011, part year effect for 2010/11

3 These expenses relate mainly to the benefit in kind arising through access to a leased car for those officers participating in the Council's leased car scheme

General Disclosure Of Employees By Remuneration Band

The following table details the number of employees whose remuneration was in excess of £50,000 per annum. The employee figures include local government employees (LGE), those remunerated under the Scottish Negotiating Committee for Teachers (SNCT) and chief officials (CO) (based upon the post the employee occupied at 31 March). The figures therefore include those senior employees on which additional remuneration information is provided in Appendix 2.

Remuneration Band	2011/12 Number Of Employees			
	LGE	SNCT	CO	Total
£50,000 - £54,999	5	31	1	37
£55,000 - £59,999	-	11	-	11
£60,000 - £64,999	-	1	6	7
£65,000 - £69,999	-	3	2	5
£70,000 - £74,999	-	3	4	7
£75,000 - £79,999	-	1	4	5
£80,000 - £84,999	-	-	5	5
£85,000 - £89,999	-	-	4	4
£90,000 - £94,999	-	-	3	3
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	3	3
£105,000 - £109,999	-	-	2	2
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	1	1
£125,000 - £129,999	-	-	-	-
£130,000 - £134,999	-	-	-	-
Total	5	50	35	90

Remuneration Band	2010/11 Number Of Employees			
	LGE	SNCT	CO	Total
£50,000 - £54,999	4	25	-	29
£55,000 - £59,999	1	10	1	12
£60,000 - £64,999	-	2	5	7
£65,000 - £69,999	-	3	2	5
£70,000 - £74,999	-	3	6	9
£75,000 - £79,999	-	1	5	6
£80,000 - £84,999	-	-	4	4
£85,000 - £89,999	-	-	3	3
£90,000 - £94,999	-	-	3	3
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	2	2
£105,000 - £109,999	-	-	4	4
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	-	-	1	1
£130,000 - £134,999	-	-	-	-
Total	5	44	36	*85

* note that this figure is at variance from that included within Note 12 of the 2010/11 accounting statements (page 77) as a result of the new definition of "remuneration" provided in the Local Authority Accounts (Scotland) Amendment Regulations 2011.

Pension Benefits – Senior Councillors

Nine of the 16 senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2012 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

Responsibility	Councillor	In year pension contributions paid by the Council to the Pension Fund		Accrued Pension Benefits			
		Year to 31/3/12 £	Year to 31/3/11 £	As at 31/3/12		Movement from 31/3/11	
				Pension £ 000	Lump Sum £ 000	Pension £ 000	Lump Sum £ 000
Vice-C, Infrastructure Services	D Fairweather	3,304	3,304	1	1	-	-
Depute Leader	I Mackintosh	4,505	4,505	2	2	1	-
Convener, Infrastructure Services	D May	4,140	4,140	2	2	1	-
Leader	R Myles	6,007	6,007	3	2	1	-
Convener, Education	P Nield	4,140	4,140	2	2	1	-
Opposition Leader	H Oswald	4,140	4,140	2	1	1	-
Vice-C, Development Standards	J Rymer	3,304	3,304	1	1	-	-
Vice-C, Education	M Thomson	3,304	3,304	1	1	-	-
Vice-C, Corporate Services	J Whyte	3,304	3,304	1	1	-	-
Total		36,148	36,148	15	13	5	-

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2012 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year. It is highlighted that the pension contributions relate to only those made when an individual has been an incumbent of a senior employee post (see Appendix 2 notes for commencement dates). All senior employees shown in the table are members of the Tayside Pension Fund and the accrued pension benefit figures shown are those that the individual has accrued as consequence of their total local government service, in whichever post(s), with Angus Council (and its predecessors) or has transferred into the Fund from another employer.

Post	Employee	In year pension contributions paid by the Council to the Pension Fund		Accrued Pension Benefits			
		Year to 31/3/12 £	Year to 31/3/11 £	As at 31/3/12		Movement from 31/3/11	
				Pension £ 000	Lump Sum £ 000	Pension £ 000	Lump Sum £ 000
Director of Neighbourhood Services	R Ashton	19,043	19,043	48	128	2	-
Head of Law & Administration	S Hunter	16,820	16,820	28	71	1	-
Director of Education *	N Logue	19,043	11,927	49	133	1	*** (2)
Head of Finance	I Lorimer	16,183	16,183	26	65	2	-
Director of Infrastructure Services	E Lawson	19,043	19,043	45	119	2	-
Director of Corporate Services	C McMahon	19,043	19,043	49	131	2	-
Director of Social Work & Health	R Peat	19,996	19,996	37	94	2	-
Assistant Chief Executive	H Robertson	16,820	16,820	40	104	2	-
Chief Executive **	R Stiff	22,511	1,943	74	-	74	-
Total		168,502	140,818	396	845	88	(2)

* Commenced in post on 16 August 2010, part year effect for 2010/11

** Commenced in post on 28 February 2011, part year effect for 2010/11

*** This downward movement of £2k has arisen from a review which subsequently amended the previously reported 2010/11 figures.

THE STATEMENT OF REPONSIBILITIES

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/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'), is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2012.

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.
3. reviewed the Systems of Internal Financial Control as part of the Council's overall Corporate Governance arrangements and included commentary in this regard in the Annual Governance Statement.

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 2012.

Ian Lorimer
Head of Finance
28 September 2012

Movement in Reserves Statement as at 31 March 2012

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net increase /Decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The General Fund Balance shown includes some smaller reserves balances further detail of which is included in Note 6.

					Other Statutory Reserves			Total Usable Reserves	Unusable Reserves	Total Council Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Capital Receipts Reserve	Renewal & Repair Fund	Capital Fund	Insurance Fund			
	£000	£000	£000	£000	£000	£000	£000			
Balance at 31 March 2010	18,272	1,478	0	2,177	3,391	1,747	732	27,797	250,022	277,819
Movement in reserves during 10/11										
Surplus or (deficit) on provision of services	30,955	1,036	0	0	0	0	0	31,991	0	31,991
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	54,183	54,183
Total Comprehensive Expenditure and Income	30,955	1,036	0	0	0	0	0	31,991	54,183	86,174
Adjustments between accounting & funding basis under regulations (Note 5)	(30,993)	(595)	596	(1,583)	0	(5)	0	(32,580)	32,580	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(38)	441	596	(1,583)	0	(5)	0	(589)	86,763	86,174
Transfers to/from Earmarked Reserves	(5)	38	0	0	229	11	(273)	0	0	0
Increase/Decrease in Year	(43)	479	596	(1,583)	229	6	(273)	(589)	86,763	86,174
Balance at 31 March 2011 carried forward	18,229	1,957	596	594	3,620	1,753	459	27,208	336,785	363,993
Movement in reserves during 11/12										
Surplus or (deficit) on provision of services	(81)	1,535	0	0	0	0	0	1,454	0	1,454
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	(46,072)	(46,072)
Total Comprehensive Expenditure and Income	(81)	1,535	0	0	0	0	0	1,454	(46,072)	(44,618)
Adjustments between accounting & funding basis under regulations (Note 5)	1,254	(1,048)	(460)	(103)	0	(400)	0	(757)	757	0
Net Increase/Decrease before Transfers to Earmarked Reserves	1,173	487	(460)	(103)	0	(400)	0	697	(45,315)	(44,618)
Transfers to/from Earmarked Reserves	(2,132)	167	(5)	0	1,355	721	(106)	0	0	0
Increase/Decrease in Year	(959)	654	(465)	(103)	1,355	321	(106)	697	(45,315)	(44,618)
Balance at 31 March 2012 carried forward	17,270	2,611	131	491	4,975	2,074	353	27,905	291,470	319,375

Comprehensive Income and Expenditure Statement For the year 31 March 2012

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2010/11				2011/12			
Gross Spend £000	Gross Income £000	Net Spend £000		Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
117,349	(6,242)	111,107	Education	116,954	(4,679)	112,275	113,537
84,414	(17,013)	67,401	Social work	82,687	(18,306)	64,381	64,787
26,867	(6,244)	20,623	Roads & Transport	26,927	(5,929)	20,998	21,194
37,346	(23,763)	13,583	Cultural & Related Services	20,621	(7,548)	13,073	13,156
14,575	(206)	14,369	Environmental Services	21,504	(7,944)	13,560	14,778
8,685	(4,451)	4,234	Planning & Development Services	9,883	(5,354)	4,529	4,746
5,990	(2,466)	3,524	Central Services	6,221	(2,794)	3,427	3,928
19,445	(21,703)	(2,258)	Housing Revenue Account	20,315	(22,182)	(1,867)	(1,420)
29,350	(26,797)	2,553	Housing - General Fund	29,752	(27,451)	2,301	2,389
14,125	0	14,125	Joint Boards	13,444	0	13,444	13,902
4,445	0	4,445	Corporate & Democratic Core	4,322	0	4,322	4,875
0	0	0	Exceptional Items	0	0	0	0
(40,570)	0	(40,570)	Non Distributed Costs	397	0	397	493
322,021	(108,885)	213,136	Cost Of Services	353,027	(102,187)	250,840	256,365
		(273)	Other Operating Expenditure (Note7)			(451)	0
		18,200	Financing and Investment Income and Expenditure (Note 8)			11,367	11,624
		(263,054)	Taxation and Non-Specific Grant Income (Note 9)			(263,210)	(251,426)
		(31,991)	(Surplus) or Deficit on Provision of Services			(1,454)	16,563
		(1,509)	(Surplus) or deficit on revaluation of Non Current Assets			(18,129)	
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0	
		(52,674)	Actuarial (gains)/losses on pension assets/liabilities			64,201	
		0	Other Unrealised (gains)/losses			0	
		(54,183)	Other Comprehensive Income and Expenditure			46,072	
		(86,174)	Total Comprehensive Income and Expenditure			44,618	

Balance Sheet as at 31 March 2012

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the authority (assets less liabilities) are matched by the reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use. The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences are shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations."

1/4/2010 £000	31/3/2011 £000		Notes	31/3/2012 £000
681,034	679,766	Property, Plant & Equipment	13	699,152
5,770	5,770	Heritage Assets	14	5,770
3,830	2,395	Investment Property	15	1,481
0	0	Intangible Assets		0
160	380	Assets Held for Sale	16	310
10	10	Long Term Investments		10
11,578	10,593	Long Term Debtors	17	9,622
702,382	698,914	Long Term Assets		716,345
19,111	44,194	Short Term Investments		35,221
780	720	Inventories	18	799
21,004	25,025	Short Term Debtors	19	21,606
14,425	341	Cash and Cash Equivalents	20	12,427
0	218	Assets held for sale	16	524
55,320	70,498	Current Assets		70,577
0	0	Cash and Cash Equivalents	20	0
(2)	(2)	Provisions	22	0
(7,448)	(7,513)	Short Term Borrowing		(8,575)
(37,580)	(41,090)	Short Term Creditors	21	(38,478)
(45,030)	(48,605)	Current Liabilities		(47,053)
(231)	(91)	Provisions	22	(371)
(154,264)	(162,260)	Long Term Borrowing		(164,756)
(280,358)	(194,463)	Other Long Term Liabilities		(255,367)
(434,853)	(356,814)	Long Term Liabilities		(420,494)
277,819	363,993	Net Assets		319,375
27,797	27,208	Usable Reserves	6	27,905
250,022	336,785	Unusable Reserves	25	291,470
277,819	363,993	Total Reserves		319,375

The accounts were issued for audit on the 29 June 2012 and the audited accounts were authorised for issue on the 28 September 2012.

Cash Flow Statement as at 31 March 2012

This Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital i.e. borrowing, to the Council.

2010/11 £000		Notes	2011/12 £000
31,991	Net surplus or (deficit) on the provision of services		1,454
2,312	Adjustment to surplus or deficit on the provision of services for non cash movements		37,278
(4,431)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(13,737)
29,872	Net Cash flows from Operating Activities	31	24,995
(51,349)	Net Cash flows from Investing Activities	32	(14,718)
7,393	Net Cash flows from Financing Activities	33	1,809
(14,084)	Net increase or decrease in cash and cash equivalents		12,086
14,425	Cash and cash equivalents at the beginning of the reporting period		341
341	Cash and Cash equivalents at the end of the reporting period	20	12,427

Note 1 – Statement of Accounting Policies

A(i). General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985, with Section 12 of the Local Government in Scotland Act 2003 requiring them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Best Value Accounting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

A(ii). Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:-

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

B. Disposal of Operations

Activities are considered to be 'discontinued' where they meet all of the following conditions:-

- The sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the accounting period or before the earlier of: three months after the commencement of the subsequent accounting period; or the date on which the draft financial statements are issued;
- If a termination, the former activities have ceased permanently;
- The sale or termination has a material effect on the nature and focus of the Council's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the Council's continuing operations; and
- The assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

Income and expenditure directly related to discontinued operations is shown separately on the face of the Comprehensive Income & Expenditure Statement (CIES) under the heading of discontinued operations. Liabilities relating to discontinued operations are disclosed separately in a note to the Balance Sheet.

C. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on demand without penalty, on notice of not more than 24 hours or 1 working day.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. In this regard, fixed term deposits are not highly liquid and are not readily convertible to cash and are therefore not cash equivalents, regardless of the period remaining to maturity at the balance sheet date - unless a particular deposit matures on the next working day following the balance sheet date. Notice accounts are considered to be fixed deposits for the purposes of treatment under this policy.

Bank overdrafts, where evident, are considered to be an integral part of the Council's cash management and are thus included within cash and cash equivalents.

D. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

General

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Common Good

Following exercises to review legal titles, etc. there are occasions when it is necessary to transfer of assets between the General Fund and Common Good accounts and vice versa. Each transfer between the Common Good and the General Fund, and vice versa, will be considered on a case by case basis. For current year transfers, accounting adjustments will be made effective on the date of the transfer. Where the actual transfer has occurred in a previous year but has not been identified until a later year, the accounting adjustments will be made on 1 April in the year that the asset transfer is identified. Prior year financial adjustments will only be made if they are considered material in relation to the Common Good assets for the relevant Fund.

E. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts, where applicable, to record the cost of holding non-current Non Current Assets during the year:-

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment or revaluation losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement and does so through loans fund principal charges. Depreciation, impairment losses and amortisations are therefore replaced by capital financing charges in the General Fund and Housing Revenue Account Balances. This is achieved by way of an adjusting transaction in the Capital Adjustment Account in the Movement in Reserves Statement based upon the difference between the two figures.

F. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees that fall due wholly within 12 months after the end of the period in which the employees render the related service, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:-

- a) The Teachers' Pension Scheme administered by the Scottish Public Pensions Agency (SPPA); and
- b) The Local Government Pensions Scheme, administered by Dundee City Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as employees accumulate qualifying service for the Council.

a) The Teachers' Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. In light of this no liability for future payments of benefits is recognised in the Balance Sheet and the education service line in the Comprehensive Income and Expenditure Statements is charged with the employer's contributions payable to Teachers' Pensions in the year.

b) The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:-

- The liabilities of the Tayside Pension Fund pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds; and
- The assets of the Tayside Pension Fund pension fund attributable to the Council are included in the Balance Sheet at their fair value based upon the following:-
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unitised securities – current bid price; and
 - property – market value.

The change in the net pension liability is analysed into seven components:-

- current service cost – the increase in liabilities as a result of years of service earned this year. These are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked at 31 March;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. These are debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. These are credited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains / losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. These are debited / credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the Pensions Reserve; and
- contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense within the Comprehensive Income & Expenditure Statement, rather per FRS17 the increase or decrease in pension cost liability is shown. This is offset through the Movement on Reserve Statement.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

G. Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:-

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, a disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

H. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial position.

I. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and then carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that

involves the modification or exchange of existing instruments, the premium or discount can be deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure

Statement spread over the life of the loan by an adjustment to the effective interest rate. The Council's policy in respect of debt restructuring however is not to amortise any resulting premium or discount, but to debit/credit these in full to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of restructuring.

Where premiums and discounts were incurred prior to 1 April 2006 and were scheduled to be charged to the Comprehensive Income and Expenditure Statement on an amortised basis, regulations allow the impact on the General Fund Balance to continue to be spread over future years and this is applied by the Council.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

J. Financial Assets

Loans and Receivables

These are assets which have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. In subsequent years they are measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where soft loans (loans at less than market rates) are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the debtor, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. In light of this the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

These are assets which have a quoted market price and / or do not have fixed or determinable payments.

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at, and thereafter carried at, fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:-

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis; and
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus / Deficit on Revaluation of Available-for-Sale. The exception is where impairment losses have been incurred –

these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains / losses previously recognised in the Statement of Recognised Gains and Losses.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

K. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

L. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:-

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the person or body providing the grant or contribution.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

M. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

N. Interests in Companies and Other Entities

The Council has material interests in other entities that have the nature of subsidiaries, associates and jointly controlled entities which require the preparation of group accounts. Group accounts are included after the Council's own single-entity accounts which record the extent of financial interest in other entities.

O. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

P. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Q. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

R. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a Long Term Liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:-

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance lease is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance. This is achieved by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement based upon the difference between the two figures.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on the basis of the actual charge due for the year under the terms of the lease. Initial direct costs incurred in negotiating and arranging the lease are charged as an expense in the year incurred.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is removed from Non Current Assets (Property, Plant & Equipment or Assets Held for Sale) and a Long Term Debtor created to recognise the finance lease asset.

Lease rentals receivable are apportioned between:-

- income towards the lessee's acquisition of interest in the asset – applied to write down the Long Term Debtor; and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited as income to the services that hold the item of property, plant or equipment. Income is credited on the basis of the actual income due for the year under the terms of the lease. Initial direct costs incurred in negotiating and arranging the lease are charged as an expense in the year incurred.

S. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2011/12 (BVACOP). The total absorption costing principle is used whereby the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:-

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

T. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:-

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:-

- infrastructure, community assets and assets under construction – depreciated historical cost;
- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH); or
- all other assets – fair value, determined using the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

For non-property assets that have short useful lives or low values (or both), the depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that they may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:-

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. Receipts received are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Useable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement. It is the Council's policy to fully utilise receipts to reduce borrowing in the year they are received unless formally approved otherwise.

The written-off value of disposals is not a charge against council tax, as the cost of Non Current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is not charged in the year of acquisition but thereafter the straight line method of depreciation is applied where appropriate. An exception is made for assets without a determinable finite useful life (ie, freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:-

- council dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant and equipment – straight-line allocation over its useful life; and
- infrastructure – straight-line allocation.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Componentisation refers to accounting separately for the different component parts of assets, particularly for depreciation purposes.

Criteria for Assessment for Componentisation

An asset will only be considered for componentisation if it meets the following criteria:

- It is an operational asset (assets under construction will only be considered once they become operational)
- It has an overall asset value exceeding £1.5m at the balance sheet date
- It has an overall remaining useful life exceeding 25 years at the balance sheet date

Assets not meeting the above criteria will not be split into components and will be treated as a single asset for fixed asset accounting purposes.

Asset Components

Assets which meet the criteria for assessment will be split into their significant components where these have substantially different useful economic lives.

In this regard, the following components have been established in relation to Property assets:

Component		Useful Life	% of Valuation
Land	Land	N/A	N/A
Building	Substructure, superstructure and internal finishes	60 years	35%
Fittings	Windows, roof covering, services, internal fittings	20 years	50%
External Works		30 Years	15%

The above component split should apply to the majority of property assets meeting the criteria for assessment, but each asset will be reviewed by Angus Council and the external valuer. If the above split is not considered appropriate, further steps will be taken to establish appropriate alternative components.

Component categories for other assets will be considered as necessary, but will follow the principles of the categories outlined above.

Where an individual component is subsequently replaced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount.

U. Heritage Assets

The council holds and conserves heritage assets for future generations in support of the primary objective of increasing knowledge, understanding and appreciation of the history of the area of Angus.

All Heritage Assets will be recorded within catalogues or inventories held by the Council with only the assets having a fair value of £100,000 or more being recognised and recorded on the balance sheet in accordance with the Authority's policy on Heritage Assets.

The figures disclosed in the balance sheet are based on the assessment used for Insurance purposes by the Council in 2005. All Heritage Assets with a fair value of £100,000 or more shall be valued every ten years, with any increase or decrease in valuation either being charged to a previous revaluation reserve or to the Comprehensive Income & Expenditure Statement.

An impairment review will be conducted every year and if there is any indication that material differences are estimated these will be treated in accordance with the property, plant and equipment policy on impairments.

It is not normal for the Council to dispose of Heritage Assets but if this is the case these disposals will be treated in accordance with the Council's general policy in relation to the disposal of property, plant and equipment.

Depreciation is not applied to Heritage Assets as it is considered these all have indefinite lives.

V. Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment either remains with the Council or will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:-

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

W. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that is likely to require settlement by a transfer of economic benefits or service potential and where a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service where there is certainty that reimbursement will be receivable if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

X. Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council.

Y. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Z. Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

Note 2 - Accounting Standards Issued, Not Adopted

The Council has adopted all pertinent issued accounting standards in preparing these accounting statements.

A full set of group accounts, in addition to the Council's accounts, has been prepared which incorporates material balances from identified associates. The Financial Statements in the Group Accounts are prepared in accordance with the Accounting Policies set out in Note 1.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statements of Accounts are:

Future Grant Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and to reduce levels of service provision.

Employee Benefits

The accrual in relation to employee benefits is estimated on the basis of sampled information provided by managers regarding outstanding annual leave and flexible working hours.

Assessment of Leases

Leases are assessed under IFRS as being operating or finance leases, which determines their accounting treatment. The assessment process for undertaking categorisation is based on subjective criteria. However, a standard approach has been taken to each assessment in order to ensure a consistent treatment in the accounts.

Council Tax Provision

The bad debts provision is based on an average of the lowest five collection years since 1992/93. This careful and prudent approach protects against any significant detrimental changes to payment patterns

Council House Valuation

The valuation of the Council's housing stock is undertaken on the basis of a beacon approach. Through this approach only a limited number of representative houses are valued and the total stock valuation is extrapolated from this.

Note 4 - Assumptions made about the Future and other Major Sources of estimation certainty

The Statement of Accounts contains estimated figures that are based on assumptions made by Angus Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Tayside Pension Fund with expert advice about the assumptions to be applied.	The Pension liability assumptions interact in complex ways. During 2011/12, the Authority's actuaries advised that the net pensions liability had increased by £62.609m due to a reduction in the corporate bond rate used by the Actuaries to estimate the pension liability.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Note 5 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Charges for depreciation and impairment of non-current assets	32,009	5,467	0	0	0	0	0	(37,476)
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(45)	0	0	0	0	0	0	45
Amortisation of intangible assets	0	0	0	0	0	0	0	0
Capital grants and contributions applied	(10,198)	(1,105)	0	0	0	0	0	11,303
Revenue expenditure funded from capital under statue	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(489)	38	0	0	0	0	0	451
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	(10,293)	(699)	0	0	0	0	0	10,992
Capital expenditure charged against the General Fund and HRA balances -CFCR	(6,376)	(4,709)	0	0	0	0	0	11,085
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(87)	0	87	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(547)	0	0	0	0	547
Adjustments primarily involving the Capital Receipts Reserve								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Capital Receipts for leases	0	0	0	5	0	0	0	(5)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(108)	0	(400)	0	508

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(204)	0	0	0	0	0	0	204
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,554)	(38)	0	0	0	0	0	1,592
Adjustment primarily involving the Accumulated Absences Account:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,509)	(2)	0	0	0	0	0	1,511
Total Adjustments	1,254	(1,048)	(460)	(103)	0	(400)	0	(757)

Note 5 - Comparative Figures in 2010/11

2010/11	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	24,996	5,333	0	0	0	0	0	(30,329)
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(214)	5	0	0	0	0	0	209
Amortisation of intangible assets	0	0	0	0	0	0	0	0
Capital grants and contributions applied	(5,794)	(387)	596	0	0	0	0	5,585
Revenue expenditure funded from capital under statue	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(351)	78	0	0	0	0	0	273
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	(9,732)	(660)	0	0	0	0	0	10,392
Capital expenditure charged against the General Fund and HRA balances -CFCR	(7,874)	(5,350)	0	0	0	0	0	13,224
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Inc/Exp Statement	0	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Capital Receipts for leases	0	0	0	22	0	0	0	(22)

2010/11	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(1,605)	0	(5)	0	1,610
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(204)	0	0	0	0	0	0	204
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(31,983)	383	0	0	0	0	0	31,600
Adjustment primarily involving the Accumulated Absences Account:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	163	3	0	0	0	0	0	(166)
Total Adjustments	(30,993)	(595)	596	(1,583)	0	(5)	0	32,580

Note 6 - Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2011/12.

Usable Reserves	Opening Balance at 1/4/11 £000	Transfer Out 11/12 £000	Transfers In 11/12 £000	Closing Balance at 31/3/12 £000
General Fund:	17,458	(7,561)	6,585	16,482
Car Parking Reserve	316	0	3	319
Arbroath Harbour Reserve	196	0	11	207
Specific Reserves	259	0	3	262
Sub Total General Fund	18,229	(7,561)	6,602	17,270
Housing Revenue Account	1,957	(58)	712	2,611
Total General Fund	20,186	(7,619)	7,314	19,881
Insurance Fund	459	(109)	3	353
Renewal and Repairs Fund	3,620	(4,530)	5,885	4,975
Capital Fund	1,753	(400)	721	2,074
Usable Capital Receipts	594	(280)	177	491
Capital Grants Unapplied	596	(552)	87	131
Total	27,208	(13,490)	14,187	27,905
General Fund Commitments				
Contingency	3,250	0	0	3,250
Balances held by schools under a scheme of delegation	241	0	204	445
Ring Fenced Monies	2,191	(804)	820	2,207
Affordable Housing	1,023	(225)	247	1,045
50% & 100% Carryforwards	3,866	(1,564)	3,147	5,449
Budget Commitments	4,698	(4,698)	3,039	3,039
Total	15,269	(7,291)	7,457	15,435
Housing Revenue Account Commitments				
Minimum Policy Level	1,000	0	0	1,000
Total	1,000	0	0	1,000

Note 7 - Other Operating Expenditure

2010/11 £000		2011/12 £000
(273)	Gains/Losses on disposal of non-current assets	(451)
(273)	Total	(451)

Note 8 - Financing and Investment Income and Expenditure

2010/11 £000		2011/12 £000
15,558	Interest payable and similar charges	15,794
4,588	Pensions interest cost and expected return on pensions assets	(2,689)
(1,288)	Interest receivable and similar income	(1,370)
(285)	Income and expenditure in relation to investment properties and changes in their fair value	(51)
(373)	Share of Tayside Contract Surplus	(317)
18,200	Total	11,367

Note 9 - Taxation and Non Specific Grant Incomes

2010/11 £000		2011/12 £000
(45,551)	Council tax income	(45,949)
(44,141)	Non domestic rates	(23,391)
(167,183)	Non-ring-fenced government grants	(182,480)
(6,179)	Capital grants and contributions	(11,390)
(263,054)	Total	(263,210)

Note 10 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12.

Credited to Taxation and Non Specific Grant Income	2010/11 £000	2011/12 £000
Scottish Government General Capital Grant	3,933	9,583
Scottish Government Specific Capital Grants	1,008	1,298
Scottish Government Revenue Grants	167,183	182,480
Other capital grants	602	275
Other capital contributions	636	234
Total	173,362	193,870
Credited to Services		
Scottish Government General Capital Grant	2,181	1,397
Insurance Receipt	2	0
Total	2,183	1,397

Note 11 - Amounts Reported for Resource and Allocation Decisions (segmental reporting)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the council's members on the basis of budget reports presented to the council. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisation's are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to (directorates).

The income and expenditure of the council's department's recorded in the budget outturn report for the year is as follows:

Table 1

Service Analysis	Education £000	Social Work & Health £000	Infrastructure Services £000	Neighbourhood Services £000	Corporate Services £000	Chief Executive £000	Other Services £000	Total £000
Fees, Charges & Other Service Income	(3,448)	(18,768)	(11,490)	(16,388)	(15,277)	(3,353)	(866)	(69,590)
Government Grants & Contributions	(1,184)	(1,514)	(309)	(26,962)	(349)	(0)	(111)	(30,429)
Total Income	(4,632)	(20,282)	(11,799)	(43,350)	(15,626)	(3,353)	(977)	(100,019)
Employee Expenses	71,551	36,612	8,665	18,272	11,887	2,919	66	149,972
Other Operating Expenses	30,960	44,524	25,995	45,339	3,611	633	3,318	154,380
Support Services Recharges	2,661	1,300	1,343	1,591	333	33	4,422	11,683
Total Operating Expenses	105,172	82,436	36,003	65,202	15,831	3,585	7,806	316,035
Cost of Services	100,540	62,154	24,204	21,852	205	232	6,829	216,016

Table 2

Reconciliation to Net Cost of Services in Comprehensive Income & Expenditure Statement	£000
Cost of Services in Analysis	216,016
Add services not included in main analysis	13,556
Add amounts not reported to management	23,135
Remove amounts reported to management not included in the Comprehensive Income and Expenditure Statement	0
Net Cost of Services in Comprehensive Income and Expenditure Statement (General Fund)	252,707

Table 3

Summary Position	£000
General Fund	252,707
Housing Revenue Account	(1,867)
Net Cost of Services in Comprehensive Income and Expenditure Statement	250,840

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Table 4

Reconciliation of Subjective Analysis	Service Analysis £000	Services not in Analysis £000	Not reported to management £000	Not included in I&E £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, Charges & Other Service Income	(69,590)	(2,122)	(927)	0	0	(72,639)	0	(72,639)
Government Grants & Contributions	(30,429)	0	0	0	0	(30,429)	0	(30,429)
Total Income	(100,019)	(2,122)	(927)	0	0	(103,068)	0	(103,068)
Employee Expenses	149,972	0	631	0	0	150,603	0	150,603
Other Operating Expenses	154,380	15,678	(68)	0	0	169,990	0	169,990
Support Service Recharges	11,683	0	0	0	0	11,683	0	11,683
Depreciation, amortisation and Impairment	0	0	23,499	0	0	23,499	0	23,499
Total Operating Expenses	316,035	15,678	24,062	0	0	355,775	0	355,775
(Surplus)/Deficit on the provision of services	216,016	13,556	23,135	0	0	252,707	0	252,707

Reconciliation of Management Structure Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £000	2011/12 £000
Net expenditure in the Analysis	219,962	216,016
Net expenditure of services and support services not included in the Analysis	(4,045)	13,556
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(523)	23,135
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	0	0
Cost of Services in Comprehensive Income and Expenditure Statement (General Fund)	215,394	252,707
Housing Revenue Account	(2,258)	(1,867)
Cost of Services in Comprehensive Income and Expenditure Statement	213,136	250,840

Note 12 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grants claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2010/11 £000		2011/12 £000
281	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	267
0	Rebate from Previous Year	(22)
281	Total	245

Note 13 - Property, Plant and Equipment
Movements in 2011/12

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment*
Gross Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2011	271,937	317,726	33,206	171,472	3,727	3,348	365	801,781	102,458
Additions	12,114	2,844	2,936	14,568	66	0	7,373	39,901	259
Revaluation increases/(decreases) recognised in the RRA	0	(4,569)	0	0	0	0	0	(4,569)	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(26,237)	0	0	0	0	0	(26,237)	0
Derecognition – disposals	(804)	(333)	(490)	0	0	(371)	0	(1,998)	0
Derecognition - Other	0	(25)	(4,250)	0	0	0	0	(4,275)	0
Assets reclassified	0	1,482	0	(666)	0	(455)	0	361	0
Other movements	0	(175)	0	0	0	169	0	(6)	0
31 March 2012	283,247	290,713	31,402	185,374	3,793	2,691	7,738	804,958	102,717
Accumulated Depreciation and impairment									
1 April 2011	(5,272)	(41,570)	(22,003)	(52,079)	(312)	(779)	0	(122,015)	(10,507)
Depreciation charge	(5,439)	(11,229)	(3,022)	(9,096)	(32)	(168)	0	(28,986)	(3,049)
Depreciation write back on revaluations	0	40,464	0	0	0	0	0	40,464	0
Derecognition – disposals	16	0	366	0	0	94	0	476	0
Derecognition – other	0	5	4,250	0	0	0	0	4,255	0
Other movements	0	(32)	161	0	0	(129)	0	0	0
31 March 2012	(10,695)	(12,362)	(20,248)	(61,175)	(344)	(982)	0	(105,806)	(13,556)
Net Book Value									
31 March 2011	266,665	276,156	11,203	119,393	3,415	2,569	365	679,766	91,951
31 March 2012	272,552	278,351	11,154	124,199	3,449	1,709	7,738	699,152	89,161

Comparative Movements in 2010/11

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Communi-ty Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment*
Gross Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2010	265,288	314,725	30,162	159,325	3,372	3,063	3,783	779,718	102,325
Additions	8,343	5,525	3,173	12,147	355	0	365	29,908	133
Revaluation increases/(decreases) recognised in the RRA	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(694)	0	0	0	0	0	(694)	0
Derecognition – disposals	0	(3,820)	0	0	0	(40)	0	(3,860)	0
Decrecognition – other	(1,694)	(615)	(129)	0	0	(1,880)	0	(4,318)	0
Assets reclassified (to)/from Held for Sale	0	(536)	0	0	0	0	0	(536)	0
Other movements	0	3,141	0	0	0	2,205	(3,783)	1,563	0
31 March 2011	271,937	317,726	33,206	171,472	3,727	3,348	365	801,781	102,458
Accumulated Depreciation and impairment									
1 April 2010	0	(34,887)	(19,098)	(43,869)	(280)	(550)	0	(98,684)	(7,460)
Depreciation charge	(5,306)	(11,179)	(3,005)	(8,210)	(32)	(240)	0	(27,972)	(3,047)
Depreciation write back on revaluations	0	3,699	0	0	0	0	0	3,699	0
Derecognition – disposals	34	92	100	0	0	528	0	754	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Other movements	0	705	0	0	0	(517)	0	188	0
31 March 2011	(5,272)	(41,570)	(22,003)	(52,079)	(312)	(779)	0	(122,015)	(10,507)
Net Book Value									
31 March 2010	265,288	279,838	11,064	115,456	3,092	2,513	3,783	681,034	94,865
31 March 2011	266,665	276,156	11,203	119,393	3,415	2,569	365	679,766	91,951

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Asset Category	Years
Council Dwellings	50
Other Land and Buildings	60 (Maximum of 60 years, determined by the valuer)
Equipment	5
Vehicles	4-10 (varies according to class of vehicle)
Infrastructure	20

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The 2011/12 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2011/12 is the third year of the programme and valuations for 11/12 were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Note 14 – Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Authority

	Tangible Heritage Assets			Total Assets
	Museum Fine Art	Museum Other Collections	Civic Regalia	
	£000	£000	£000	
Valuation at 1 April 2010	4,970	700	100	5,770
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation Inc/Dec Recognised in RRA	0	0	0	0
Revaluation Inc/Dec Recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
31 March 2011	4,970	700	100	5,770
Valuation at 1 April 2011	4,970	700	100	5,770
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation Inc/Dec Recognised in RRA	0	0	0	0
Revaluation Inc/Dec Recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
31 March 2012	4,970	700	100	5,770

The valuations disclosed in the balance sheet are based on the assessments prepared for Insurance purposes in 2005, internally with advice from National Museums and Galleries.

All other items which may be deemed as being Heritage Assets have not been included on the balance sheet, in the main due to materiality. It is not considered practical to provide valuations as they were all under the de minimus of £100,000.

Information relating to the scale and nature of the Councils Heritage Assets can be found on the Cultural section of the Angus Council website. This section of the website gives information about each of the museums and galleries and highlights some of the collections currently on display. There is a catalogue of all the artefacts which is held with the Cultural Services Division of the Council.

Expenditure which in the Council's view is required to preserve or prevent further deterioration of individual items is recognised in the Comprehensive Income and Expenditure Account. The council aims to maintain the condition of these assets in a steady state of repair, subject to budgetary and operational constraints.

The Museums Service holds manual records at present and is currently in the process of transferring object records to an electronic database as part of the Museums Accreditation process. To date, 20% of approximately 95,000 records have been transferred.

There are no transactions relating to Heritage Assets to be disclosed in the 2011/12 Accounts.

The assets shown on the balance sheet are all currently valued at £100,000 or above in accordance with the policy on Heritage Assets and are as follows:

Fine Art Collection		£000
Painting, The Adoration of the Magi	Pieter Breughel	2,300
Painting, St John Preaching in Wilderness	Pieter Breughel	2,000
Painting, Falls of Tivoli	Jacob Philip Hackert	250
Henry Dundas, Viscount Melville	Sir Henry RA Raeburn	100
David Scott MP of Dunninald	George Romney	100
White Marbel Bust of Dr Wyllie, Forfar	Bertel Thorwaldesen	100
The Right Hon Admiral Lord Viscount Duncan	John Hoppner	120
Total Fine Art Collection		4,970
Other Collections		
Ochterlony Cup 1683, Aberlemno Church	William Lindsay	100
Communion Cup, Inchbrayock Church	William Lindsay	100
Aberbrothock Registrum (3 Volumes)		500
Total Other Collections		700
Civic Regalia		
Provosts Gold & 32 Diamond Medallion		100
Total Civic Regalia		100
Total Heritage Assets in Balance Sheet		5,770

Changes in Accounting Policy Required by Code

The *Code of Practice on Local Authority Accounting in the United Kingdom 2011/12* introduced a change to the treatment in accounting for heritage assets held by the Authority. As set out in our summary of significant accounting policies, the Authority now requires heritage assets to be carried in the balance sheet at *fair value*

For 2011/12, the Authority is required to change its accounting policy for heritage assets and recognise them at valuation. Previously, heritage assets were either recognised as community assets (at cost or insurance replacement cost) in the property, plant and equipment classification in the Balance Sheet or were not recognised where it was not possible to obtain information on costs. The Authority's accounting policies for the recognition and measurement of heritage assets are set out in Note 1 Accounting Policies.

In applying the new accounting policy, the Authority has identified certain assets which were not previously held on the balance sheet and should now be recognised as heritage assets at a value of £5,770,000, with a corresponding increase in the Revaluation Reserve. These assets relate to the museum and art gallery collections and civic regalia. The 1 April 2010 and 31 March 2011 Balance Sheets and 2010/11 comparative figures have thus been restated in the 2011/12 Annual Accounts to apply the new policy.

The effects of the restatement are as follows:

- At 1 April 2010, the carrying amount of the heritage assets is presented at its valuation at £5,770,000. The revaluation reserve has been increased by £5,770,000.
- The 1 April 2010 opening balance on the Movement in Reserves Statement has been restated to reflect the movements shown in the Balance Sheets below.
- The fully restated 1 April 2010 Balance Sheet is provided on page 24. The adjustments that have been made to that Balance Sheet over the version published in the 2010/11 Audited Accounts are as follows:

Effect on Opening Balance Sheet 1 April 2010

	Opening Balance as at 1 April 2010	Restatement	Restatement required to Opening Balance as at 1 April 2010
	£000	£000	£000
Heritage Assets	0	5,770	5,770
Long Term Assets	696,612	5,770	702,382
Total Net Assets	272,049	5,770	277,819
Unusable Reserves	244,252	5,770	250,022
Net Worth/Total Reserves	272,049	5,770	277,819

Comprehensive Income and Expenditure Statement

There has been no restatement of any of the lines of the Comprehensive income and Expenditure Statement.

Effect on Balance Sheet at 31 March 2011

	As Previously Stated 31 March 2011	As Restated 31 March 2011	Restatement
	£000	£000	£000
Heritage Assets	0	5,770	5,770
Long Term Assets	693,144	698,914	5,770
Total Net Assets	358,223	363,993	5,770
Unusable Reserves	331,015	336,785	5,770
Net Worth/Total Reserves	358,223	363,993	5,770

The effect of the change in accounting policy in 2010/11 has been that heritage assets are recognised at £5,770,000 on the balance sheet resulting in an increase to the Revaluation Reserve of £5,770,000.

Note 15 - Investment Properties

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement at the balance sheet date.

The following table summarises the movement in the fair value of investment properties over the year:

2010/11 £000		2011/12 £000
3,831	Balance at start of the year	2,395
0	Additions, Purchases, Construction, Subsequent expenditure	0
0	Disposals	0
209	Net gain/(losses) from fair value adjustments	45
(1,565)	Transfers: To/From Property, Plant & Equipment	(965)
(80)	Transfers: To/From Assets Held for Sale	0
0	Other Changes	6
2,395	Balance at end of the year	1,481

Note 16 - Assets Held For Sale

	Current		Non Current	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Balance outstanding at start of year	218	0	380	160
Assets newly classified as held for sale:				
Property, Plant and Equipment	444	0	160	360
Intangible Assets	0	0	0	0
Investment Properties	0	80	0	0
Revaluation losses	0	(10)	0	20
Revaluation gains	0	0	0	0
Impairment losses	0	0	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	0	0	0
Intangible Assets	0	0	0	0
Other assets/liabilities in disposal groups	0	0	0	0
Assets sold	(138)	0	(230)	0
Transfers from non-current to current	0	148	0	(148)
Other movements	0	0	0	(12)
Balance Outstanding at year-end	524	218	310	380

Note 17 – Long Term Debtors

2010/11 £000		2011/12 £000
407	Housing Advances	342
9,493	External Bodies (Debt)	8,626
192	Leases	187
501	Common Good	467
10,593	Total Long Term Debtors	9,622

Note 18- Inventories

2010/11 £000		2011/12 £000
780	Balance at start of the year	720
(60)	Movement in year	79
720	Balance outstanding at year-end	799

Note 19 – Short Term Debtors

2010/11 £000		2011/12 £000
5,994	Central Government bodies	2,030
16,879	Other Miscellaneous, Other Entities & Individuals	17,311
2,124	Other Local Authorities	2,202
28	NHS Bodies	55
0	Public Corporations & Trading Funds	8
25,025	Total Short Term Debtors	21,606

Note 20 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2010/11 £000		2011/12 £000
39	Cash held by the Authority	38
(4,637)	Bank Overdraft	(589)
0	Bank current accounts	0
4,939	Short-term deposits with banks / building societies	12,978
341	Total Cash and Cash Equivalents	12,427

Note 21 – Short Term Creditors

2010/11 £000		2011/12 £000
(7,287)	Central Government Bodies	(5,518)
(30,693)	Other Miscellaneous, Other Entities & Individuals	(31,924)
(2,970)	Other Local Authorities	(978)
(139)	NHS Bodies	(58)
(1)	Public Corporations & Trading Funds	(0)
(41,090)	Total Short Term Creditors	(38,478)

Note 22 - Provisions

	A92 Provision	CRC Provision	Total
	£000	£000	£000
Balance at 1 April 2011	(93)	0	(93)
Additional provisions made in 2011/12	0	(278)	(278)
Amounts used in 2011/12	0	0	0
Unused amounts reversed in 2011/12	0	0	0
Unwinding of discounting in 2011/12	0	0	0
Balance at 31 March 2012	(93)	(278)	(371)

Provisions

A92 - The provision figure relates to compulsory purchase of land for the A92 dualling project.

CRC -The provision relates to the Council's liability under the Carbon Reduction Commitment Energy Efficiency Scheme to purchase and surrender CRC allowances in relation to carbon dioxide emissions.

Note 23 - Impairment Loses

During 2011/12, the council recognised no impairment losses other than those due to the reduction in fair value.

Note 24 - Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 6.

Note 25 - Unusable Reserves

31 March 2011 £000		31 March 2012 £000
37,154	Revaluation Reserve	54,226
411,027	Capital Adjustment Account	409,534
(2,524)	Financial Instruments Adjustment Account	(2,320)
(102,625)	Pensions Reserve	(165,234)
(6,247)	Accumulated Absences Account	(4,736)
336,785	Total Unusable Reserves	291,470

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2010/11 £000		2011/12 £000
36,644	Balance at 1 April	37,154
1,509	Upward revaluation of assets	19,600
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,471)
0	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0
(999)	Difference between fair value depreciation and historical cost depreciation	(1,057)
0	Accumulated gains on assets sold or scrapped	0
0	Amount written off to the Capital Adjustment Account	0
37,154	Balance at 31 March	54,226

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

This table provides details of the source of all the transactions posted to the Account.

2010/11 £000		2011/12 £000
409,086	Balance at 1 April	411,027
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(30,329)	Charges for depreciation and impairment of non-current assets	(37,476)
0	Revaluation losses on Property, Plant and Equipment	0
0	Amortisation of intangible assets	0
0	Revenue expenditure funded from capital under statute	0
273	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	451
999	Adjusting amounts written out of the Revaluation Reserve	1,057
0	Net written out amount of the cost non-current assets consumed in the year	0

2010/11 £000		2011/12 £000
	Capital financing applied in the year:	
1,610	Use of the Capital Receipts Reserve to finance new capital expenditure	508
(22)	Capital receipt for finance lease	(5)
5,585	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	11,303
0	Application of grants to capital financing from the Capital Grants Unapplied Account	547
10,392	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	10,992
13,224	Capital expenditure charged against the General Fund HRA balances	11,085
209	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	45
411,027	Balance at 31 March	409,534

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but if appropriate are reversed out of the General Fund Balance to the Account in the Movement in Reverses Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance of premiums currently on the Account at 31 March 2012 will be charged to the General Fund over the next 14 years.

2010/11 £000		2011/12 £000
(2,728)	Balance at 1 April	(2,524)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
200	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	200
4	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	4
(2,524)	Balance at 31 March	(2,320)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2010/11 £000		2011/12 £000
(186,899)	Balance at 1 April	(102,625)
52,674	Actuarial gains or losses on pensions assets and liabilities	(64,201)
31,600	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1,592
0	Employer's pensions contributions and direct payments to pensioners payable in the year	0
(102,625)	Balance at 31 March	(165,234)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2010/11 £000		2011/12 £000
(6,081)	Balance at 1 April	(6,247)
0	Settlement or cancellation of accrual made at the end of the preceding year	0
(166)	Amounts accrued at the end of the current year	1,511
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
(6,247)	Balance at 31 March	(4,736)

Note 26 - Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs during 2011/12.

Note 27 - Termination Benefits

The Council terminated the contracts of a number of employees in 2011/12 incurring liabilities of £0.223m (£0.162m in 2010/11).

Note 28 – Councillor Remuneration, Allowances and Expenses

	2011/12 £000	2010/11 £000
Remuneration	559	556
Allowances	4	4
Expenses	69	59
Total	632	619

Note 29 - Pensions Schemes Accounted for as Defined Benefit Schemes

Teachers employed by the council are members of the Scottish Teachers' Superannuation Scheme (STSS) administered by the Scottish Public Pensions Agency. The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2011/12, the employer's rate of contribution was 14.9% (14.9% in 2010/11) and the amount paid over in respect of employer's contributions was £6.496m (£6.660m in 2010/11). There were no contributions remaining payable at the year-end.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

Note 30 - Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the Local Government Pension Scheme (Scotland), administered locally by Dundee City Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In 2011/12 the council paid employer contributions totalling £13.364m (£13.541m in 2010/11) representing 18.9% of employees' pensionable pay.

Unfunded Discretionary Benefits

Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

In 2011/12, the council paid £1.099 million representing 1.0% of pensionable pay in unfunded discretionary benefits (£1.045m representing 1.0% in 2010/11). This sum related in the main to awards made in previous financial years. Nine awards were made in 2011/12 amounting to £0.155m (£0.200m in 2010/11) in respect of retiring employees associated with management restructures.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
	2011/12 £000	2010/11 £000
<i>Comprehensive Income and Expenditure Statement</i>		
<i>Cost of Services:</i>		
Current service cost	15,238	19,657
Past service cost	117	(41,420)
Settlements and curtailments	205	161
<i>Financing and Investment Income and Expenditure</i>		
Interest cost	23,622	27,550
Expected return on scheme assets	(26,311)	(22,962)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	12,871	(17,014)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	0	0
Actuarial gains and losses	64,201	(52,674)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	77,072	(69,688)
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	1,592	31,600
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employer's contributions payable to scheme	13,364	13,541
Retirement benefits payable to pensioners	1,099	1,045

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2012 is a loss of £64.201m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Local Government Pension Scheme	
	2011/12 £000	2010/11 £000
Opening balance at 1 April	442,149	495,379
Current service cost	15,238	19,657
Interest cost	23,622	27,550
Contributions by scheme participants	4,542	4,647
Actuarial gains and losses	57,131	(50,721)
Benefits paid	(12,548)	(12,189)
Past service costs	117	(41,420)
Unfunded pension payments	(950)	(915)
Losses / (Gains) on curtailments	205	161
Closing balance at 31 March	529,506	442,149

Reconciliation of fair value of the scheme assets

	2011/12 £000	2010/11 £000
Opening balance at 1 April	339,524	308,480
Expected rate of return	26,311	22,962
Actuarial gains and losses	(7,031)	1,886
Employer contributions	14,424	14,653
Contributions by scheme participants	4,542	4,647
Benefits paid	(13,498)	(13,104)
Closing balance at 31 March	364,272	339,524

Reconciliation of opening & closing surplus

	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Surplus (Deficit) at beginning of the year	(102,625)	(186,899)
Current Service Cost	(15,238)	(19,657)
Employer Contributions	13,474	13,738
Unfunded pension payments	950	915
Past Service Costs	(117)	41,420
Other Finance Income	2,689	(4,588)
Settlements and Curtailments	(205)	(161)
Actuarial gains (losses)	(64,162)	52,607
Surplus (Deficit) at end of the year	(165,234)	(102,625)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £1.457m (£24.848m in 2010/11)

Scheme History

	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000
Present value of liabilities:	(529,506)	(442,149)	(495,379)	(305,146)	(344,152)
Fair value of assets in the Local Government Pension Scheme	364,272	339,524	308,480	223,489	302,055
Surplus/(deficit) in the scheme:	(165,234)	(102,625)	(186,899)	(81,657)	(42,097)
Experience adjustments on scheme liabilities	11,898	1,272	(234)	14,446	0
Percentage of Liabilities	2.2%	0.3%	0.0%	4.7%	0
Experience adjustments on scheme assets	(7,031)	1,886	64,078	(106,974)	(36,401)
Percentage of assets	1.9%	0.6%	20.8%	(47.9%)	(12.1%)
Cumulative Actuarial Gains & Losses	(112,969)	(48,807)	(101,414)	2,262	44,172

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits and the resultant Pension Reserve impacts on the net worth of the authority as recorded in the Balance Sheet, however, statutory arrangements for funding the deficit mean the financial position of the Authority remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary

Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Barnett Waddingham and estimates for the fund are based on the latest full valuation of the scheme as 31 March 2011.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2011/12 £000	2010/11 £000
<i>Long-term expected rate of return on assets in the scheme:</i>		
Equity investments	7.1%	8.2%
Gilts	3.3%	4.4%
Other Bonds	4.6%	5.5%
Property	4.3%	5.4%
Cash	3.0%	3.0%
<i>Mortality assumptions</i>		
<i>Life Expectancy from ages 65 years Retiring today:</i>		
Men	20.6	21.4
Women	22.8	24.4
<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>		
Men	21.8	22.3
Women	24.4	25.3
Rate of inflation (RPI)	3.3%	3.5%
Rate of Inflation (CPI)	2.5%	2.7%
Rate of increase in salaries	4.8%	5.0%
Rate for discounting scheme liabilities	4.6%	5.5%
Pension Increase	2.5%	2.7%

Assets

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2012	31 March 2011
Equities	247,705	244,458
Gilts	29,142	23,767
Other Bonds	40,070	33,952
Property	40,070	30,557
Cash	7,285	6,790

Statement of Recognised Income and Expenses

	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Actual Return less expected return on pension scheme assets	(24,855)	1,886
Experience gains and losses	29,722	1,272
Changes in assumptions underlying the present value of the scheme liabilities	(69,068)	49,516
Actuarial gains (losses) in pension scheme	(64,201)	52,674
Increase (decrease) in irrecoverable surplus	0	0
Actuarial gains (losses) recognised in the Income & Expenditure Account	(64,201)	52,674

Projected Pension Expense

Projections for the year to 31 March 2012	Year to 31 March 2012 £000
Service Cost	19,128
Interest Cost	24,610
Return on Assets	(22,499)
Total	21,239
Employer Contributions	13,078

Note 31 - Cash Flow Statement – Operating Activities

2010/11 £000		2011/12 £000
31,991	Net surplus or (deficit) on provision of services	1,454
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
30,329	Depreciation	37,476
111	Increase / (Decrease) in Interest Creditors	887
4,379	Increase / (Decrease) in Creditors	(3,967)
(83)	(Increase) / Decrease in Interest Debtors	(27)
(5,158)	(Increase) / Decrease in Debtors	2,493
60	(Increase) / Decrease in Stock	(79)
(31,600)	Pension Liability	(1,592)
745	Other Non Cash Transactions	(37)
(140)	Contributions to / (from) provisions	278
3,879	Carrying amount of non-current assets sold	1,891
(210)	Movement in Investment Property Value	(45)
2,312	Total Adjustments	37,278

2010/11 £000		2011/12 £000
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
(596)	Capital Grants credited to surplus / deficit on the provision of services	(11,390)
5	Premiums or discounts on the repayment of financial liabilities	0
(3,840)	Proceeds from the sale of PPE and intangible assets	(2,347)
(4,431)	Total Adjustments	(13,737)
29,872	Net Cashflows from operating activities	24,995

The cash flows for operating activities include the following items:

2010/11 £000		2011/12 £000
1,812	Interest received	1,343
(19,624)	Interest Paid	(14,911)
0	Dividends received	0

Note 32 - Cash Flow Statement – Investing Activities

2010/11 £000		2011/12 £000
(31,100)	Purchase of property, plant and equipment, investment property and intangible assets	(38,663)
(25,000)	Purchase of short-term and long-term investments	0
0	Other payments for investing activities	0
4,153	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,579
0	Proceeds from short-term and long-term investments	9,000
598	Other receipts from investing activities	12,366
(51,349)	Net cash flows from investing activities	(14,718)

Note 33 - Cash Flow Statement – Financing Activities

2010/11 £000		2011/12 £000
7,995	Cash receipts of short and long-term borrowing	5,000
822	Other receipts from financing activities	689
(1,379)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,555)
(45)	Repayments of short and long-term borrowing	(2,325)
7,393	Net cash flows from financing activities	1,809

Note 34 - Related Parties

The authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Scottish Government

The Scottish Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 10. Grant receipts outstanding at 31 March 2012 are shown in Note 19.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2011/12 is shown in Note 28.

Other Public Bodies (subject to common control by Scottish Government)

The Authority undertakes material transactions with Dundee City Council, Perth & Kinross Council, Tayside Fire & Rescue, Tayside Joint Police Board, Tayside Joint Valuation Board, Tayside Contracts and NHS Tayside in variety of areas. Transactions and balances outstanding are detailed in Tables 1 & 2 below.

Entities Controlled or Significantly Influenced by Angus Council

The Authority has significant interests in companies and relevant transactions and balances in the following two organisations:-

- Angus Environment Trust (AET) – receives contributions from the council as a Landfill Operator in lieu of part of our liability for Landfill Tax, which the Trust will use to fund environmental projects. The Trust is deemed to be significantly influenced by the Authority through its representation on the Trust Board.
- Angus Community Care Charitable Trust (ACCCT) - is limited company and Registered Scottish Charity. It has a wide remit, to develop and provide housing, services and facilities for Care in the Community. The Trust is deemed to be significantly influenced by the Authority through its representation on the Trust Board.

Transactions and balances are detailed in Tables 1 & 2 below.

Table 1 - Related Parties

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

	2010/11 Expenditure £000	2010/11 Income £000	2011/12 Expenditure £000	2011/12 Income £000
Other Public Bodies				
Police Board – Requisition	8,587	0	8,229	0
Fire & Rescue Board – Requisition	4,709	0	4,446	0
Joint Valuation – Requisition	829	0	769	0
Tayside Contracts – Share of Surplus and associated interest	0	372	0	316
Tayside Contracts – Contracts etc.	18,552	0	21,978	0
Dundee City Council – DERL	979	250	1,017	250
NHS Tayside - Resource transfer	0	5,289	0	5,360
SPPA – Teachers' Pension Scheme	9,549	0	9,311	0
Entities Controlled or Significantly Influenced by Angus Council				
Angus Community Care Charitable Trust				
- Contribution due to Trust	53	0	66	0
- Amounts due to Trust (rental income)	608	0	629	0
- Amounts due from Trust	0	219	0	329
Angus Environmental Trust				
- Landfill Tax Credit	84	0	97	0
- Various Minor Contracts	0	82	0	71
Total	43,950	6,212	46,542	6,326

Table 2 - Related Parties (Debtors / Creditors)

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.

	2010/11 Debtors £000	2010/11 Creditors £000	2011/12 Debtors £000	2011/12 Creditors £000
Other Public Bodies				
Police Board – Requisition	28	0	3	0
Fire & Rescue Board – Requisition	0	0	0	0
Joint Valuation – Requisition	0	0	0	0
Tayside Contracts – Share of Surplus and associated interest	372	0	316	0
Tayside Contracts – Contracts etc.	0	2,236	0	193
SPPA – Teachers' Pension Scheme	795	0	772	0
Entities Controlled or Significantly Influenced by Angus Council				
Angus Community Care Charitable Trust				
- Contribution due to Trust	0	13	0	13
- Amounts due to Trust (rental income)	0	90	0	0
- Amounts due from Trust	55	0	72	0
Angus Environmental Trust				
- Landfill Tax Credit	18	67	0	0
Total	1,268	2,406	1,163	206

Note 35- PFI and Similar Contracts

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

A92 Dual Carriageway

The Council entered into a 30 year contract to facilitate dualling of the A92 between Arbroath and Dundee which had a works value in the order of £50m with the road opening to traffic on 27 September 2005. 2011/12 was the 7th year of the contract which is due to conclude in financial year 2035/36. Under the contract, the contractor took on the obligation to carry out the construction works and to maintain the road thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2011/12.

Beech Hill House, Forfar

The Council entered into a 25 year 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. 2011/12 was effectively the 7th year of the arrangement which is due to conclude in financial year 2029/30. Under the arrangement, Beech Hill House was incorporated within a wider PFI project and contract being undertaken by NHS Tayside, whereby the contractor took on the obligation to carry out the refurbishment works and to maintain the property thereafter. The Council only has rights to terminate the arrangement if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2011/12.

Forfar / Carnoustie Schools

The Council entered into a 30 year contract to facilitate refurbishment and replacement of 7 schools in Forfar and Carnoustie and these became operational as follows: Woodlands PS (4 October 2007); Strathmore PS (16 January 2008); Burnside PS (20 February 2008); Whitehills PS (29 February 2008); Carlogie PS (7 November 2008); Carnoustie HS (5 December 2008); and Langlands (23 April 2009). The operational contract period began with the provision of the first school and 2011/12 was therefore the 5th year of the contract which is due to conclude in financial year 2037/38. Under the contract, the contractor took on the obligation to carry out the construction and refurbishment works and to maintain the properties thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2011/12.

Property, Plant and Equipment

The assets used to provide services at the schools are recognised on the Council's balance sheet. Movements in their value over the year are contained within the analysis of the movements on the Property, Plant and Equipment balance in Note 13.

The following analysis provides more detail in respect of the assets and movements within Note 13.

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Schools £000	Totals £000
Gross Book Value at 31 March 2011	53,540	2,203	46,715	102,458
Additions	0	0	0	0
Expenditure	0	37	222	259
Revaluations	0	0	0	0
Impairment	0	0	0	0
Gross Book Value at 31 March 2012	53,540	2,240	46,937	102,717
Depreciation at 31 March 2011	(9,764)	(33)	(710)	(10,507)
Charge for year	(2,304)	(33)	(712)	(3,049)
Write back on revaluations	0	0	0	0
Write back on impairments	0	0	0	0
Depreciation at 31 March 2012	(12,068)	(66)	(1,422)	(13,556)
Net Book Value at 31 March 2011	43,776	2,170	46,005	91,951
Net Movements detailed above	(2,304)	4	(490)	(2,790)
Net Book Value at 31 March 2012	41,472	2,174	45,515	89,161

Liabilities and Payments

The following liabilities result from the Council's Public Private Partnerships and are contained within the long term liabilities on the Council's balance sheet.

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Schools £000	Totals £000
Liability at 31 March 2011	49,456	1,626	41,149	92,231
Additions	0	0	0	0
Repayment of liability for year	(1,005)	(45)	(490)	(1,540)
Liability at 31 March 2012	48,451	1,581	40,659	90,691

The Council makes an agreed payment each year which is adjusted each year by inflation and can be reduced if the contractor fails to meet availability and performance standards as set out in the contract. The payment made each year is otherwise fixed.

Payments remaining to be made under the 3 PFI contracts at 31 March 2012 (excluding any allowance for availability or performance reductions but including application of an assumed 2.5% inflation per annum) are as follows:

Payments remaining to be made under the 3 PFI contracts at 31 March 2012 (excluding any allowance for availability or performance reductions but including application of an assumed 2.5% inflation per annum) are as follows:

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Schools £000	Totals £000
Payments due within 1 year (2012/13)				
Repayment of liability	1,074	34	546	1,654
Finance costs	4,268	179	3,230	7,677
Service charges (inc. life cycle replacement costs)	961	131	1,906	2,998
Total payments due within 1 year	6,303	344	5,682	12,329
Payments due within 2 to 5 years (2013/14 to 2016/17)				
Repayment of liability	5,118	190	2,370	7,678
Finance costs	17,634	738	12,554	30,926
Service charges (inc. life cycle replacement costs)	4,091	534	8,677	13,302
Total payments due within 2 to 5 years	26,843	1,462	23,601	51,906
Payments due within 6 to 10 years (2017/18 to 2021/22)				
Repayment of liability	6,482	313	3,711	10,506
Finance costs	22,431	977	14,715	38,123
Service charges (inc. life cycle replacement costs)	8,608	755	13,144	22,507
Total payments due within 6 to 10 years	37,521	2,045	31,570	71,136
Payments due within 11 to 15 years (2022/23 to 2026/27)				
Repayment of liability	8,921	517	6,564	16,002
Finance costs	23,752	973	13,389	38,114
Service charges (inc. life cycle replacement costs)	9,785	823	14,079	24,687
Total payments due within 11 to 15 years	42,458	2,313	34,032	78,803
Payments due within 16 to 20 years (2027/28 to 2031/32)				
Repayment of liability	14,946	527	9,669	25,142
Finance costs	25,777	606	10,092	36,475
Service charges (inc. life cycle replacement costs)	7,317	398	16,922	24,637
Total payments due within 16 to 20 years	48,040	1,531	36,683	86,254

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Schools £000	Totals £000
Payments due within 21 to 25 years (2032/33 to 2036/37)				
Repayment of liability	11,910	0	15,311	27,221
Finance costs	15,574	0	6,101	21,675
Service charges (inc. life cycle replacement costs)	9,886	0	18,124	28,010
Total Payments due within 21 to 25 years	37,370	0	39,536	76,906
Payments due within 26 to 30 years (2037/38 to 2041/42)				
Repayment of liability	0	0	2,488	2,488
Finance costs	0	0	278	278
Service charges (inc. life cycle replacement costs)	0	0	3,038	3,038
Total payments due within 26 to 30 years	0	0	5,804	5,804
Total Payments Due				
Repayment of liability	48,451	1,581	40,659	90,691
Finance Costs	109,436	3,473	60,359	173,268
Service charges (incl. life cycle replacement costs)	40,648	2,641	75,890	119,179
Total Payments Due	198,535	7,695	176,908	383,138

Note 36 - Leases

Authority as Lessee -Finance Leases

The Council has acquired 2 buildings under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2011 £000	31 March 2012 £000
Other Land and Buildings	480	457
Vehicles, Plant, Furniture and Equipment	0	0

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2011 £000	31 March 2012 £000
Finance lease liabilities:		
- Current	17	18
- Non-current	491	472
Finance costs payable in future years	341	317
Minimum lease payments	849	807

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2011 £000	31 March 2012 £000	31 March 2011 £000	31 March 2012 £000
No later than one year	42	42	17	18
Later than one year and not later than five years	167	167	75	79
Later than five years	640	598	415	393
Totals	849	807	507	490

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. As at the balance sheet date, no contingent rents are, or are expected to be, payable by the Authority.

Operating Leases

The Authority has acquired a number of automated public conveniences by entering into operating leases, with typical lives of five years.

The future minimum lease payments due under these non-cancellable leases in future years are:

	31 March 2011 £000	31 March 2012 £000
No later than one year	39	41
Later than one year and not later than five years	39	0
Later then five years	0	0
Totals	78	41

The expenditure charged to the Environmental Management line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2010/11 £000	2011/12 £000
Minimum lease payments	36	36

Authority as Lessor - Finance Leases

The Council has leased out 4 properties on finance leases.

The Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtors for the interest in the properties acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2011 £000	31 March 2012 £000
Finance lease debtors:		
- Current	5	5
- Non-current	12	8
Unearned finance income	34	20
Unguaranteed residual values	180	180
Gross Investment in the Lease	231	213

The minimum lease payments will be payable over the following periods:

	Gross Investment		Minimum Lease Payments	
	31 March 2011 £000	31 March 2012 £000	31 March 2011 £000	31 March 2012 £000
No later than one year	18	18	18	17
Later than one year and not later than five years	213	213	33	16
Later than five years	0		0	
Totals	231	231	51	33

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. As at the balance sheet date, no contingent rents are, or are expected to be, receivable by the Authority.

Operating Leases

The Authority does not lease out any assets under operating leases.

Note 37 - Capital Commitments

At 31 March 2012, the Authority has entered into a number of contracts for the construction, enhancement or purchase of Property, Plant and Equipment in 2012/13 and future years budgeted to cost £38.622m (gross). Similar commitments at 31 March 2011 were £29.490m (gross). The major commitments are: A92 Arbroath to Lower Northwater Bridge RAP (£2.333m); Ongoing Development / Capping at Restenneth Landfill Site (£0.804m); Montrose Swimming Pool Replacement (£4.615m); Kinloch Care Centre and Supported Housing (£3.027m); Affordable Housing at Dungmans Tack (£6.105m); and Heating and Kitchen Replacement Programmes (£8.113m and £2.286m respectively).

Note 38 - Construction Contracts

At 31 March 2012 the Authority had no construction contracts in progress on behalf of any other party. Accordingly no entries were due to be accrued or disclosed in the Council's accounts. The same position existed at 31 March 2011.

Note 39 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

Movement in Year	2011/12 £000	2010/11 £000
Opening Capital Financing Requirement	251,247	257,101
Capital Investment:		
• Property, Plant and Equipment	39,901	30,053
• Investment Properties	0	0
• Intangible Assets	0	0
• Revenue Expenditure Funded from Capital under Statute	0	0
Sources of Finance:		
• Capital Receipts	(2,171)	(3,839)
• Government Grants and other Contributions	(12,406)	(7,515)
Sums set aside from revenue:		
• Direct revenue contributions	(11,234)	(13,190)
• Loans Fund Principal	(10,375)	(9,985)
• Repayment of Liability – Finance Lease / PFI & PPP	(1,557)	(1,378)
Closing Capital Financing Requirement	253,405	251,247
Explanation of Movements in year		
Increase / (decrease) in underlying need to borrowing (supported by government financial assistance)	3,841	(4,424)
Increase / (decrease) in underlying need to borrowing (unsupported by government financial assistance)	(126)	(52)
Movement in liability of assets acquired under finance leases	(17)	(17)
Movement in liability of assets acquired under PFI/PPP contracts	(1,540)	(1,361)
Increase/(Decrease) in Capital Financing Requirement	2,158	(5,854)

Capital Expenditure on Services

	2010/11 Actual £000	2011/12 Actual £000	2011/12 Budget £000
CAPITAL EXPENDITURE ON SERVICES			
Education	3,422	983	2,358
Social Work & Health	33	3,744	2,500
Infrastructure Services			
Economic Development and Environmental & Consumer Protection	1,246	909	1,166
Planning & Transport	933	500	862
Roads	10,028	13,617	15,991
Neighbourhood Services			
Headquarters	14	177	151
Cultural Services	222	204	212
Environmental Management	3,321	2,162	2,570
Leisure Services	768	3,784	5,565
Housing Revenue Account	8,488	12,114	12,570
Corporate Services	1,444	1,448	2,072
Advances			
Council House Purchase	0	25	0
Private House Purchase	0	0	0
Housing Associations	0	0	0
TOTAL CAPITAL EXPENDITURE	29,919	39,667	46,017
FINANCING OF CAPITAL EXPENDITURE			
Sale of Assets	3,838	2,452	2,794
Government Grants & Other Contributions	7,515	12,125	13,155
Contribution from Revenue	13,052	10,600	11,307
Local Capital Fund	5	400	190
Advances from Loans Fund	5,509	14,090	18,571
TOTAL CAPITAL FINANCING	29,919	39,667	46,017

Note 40 – 2011/12 Budget

The 2011/12 budget shown for General Fund departments is the capital monitoring budget for the year (report 589/11 refers). The 2011/12 budget for the Housing Revenue Account is the monitoring budget for the year (report 589/11 refers).

Note 41 - Financial Instruments

The 2011 International Financial Reporting Standards (IFRS) require 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 2011 £000	31 March 2012 £000	31 March 2011 £000	31 March 2012 £000
Borrowings				
Financial liabilities at amortised cost	162,260	164,755	3,257	4,644
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Borrowings	162,260	164,755	3,257	4,644
Investments				
Loans and receivables	10,593	9,435	49,172	48,239
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	10,603	9,445	49,172	48,239

LOBO's (Lender Option, Borrower Option loans) amounting to £17million are included in long term borrowing with a call date in the next 12 months however 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.

The loans and receivables are stated on the basis of amortised cost. The available-for-sale financial assets are not considered to be material. No fair value calculation has therefore been carried out and the historic cost value has been included as the fair value.

Financial liabilities at amortised cost include long term borrowing of £164.755m as per the balance sheet. An additional £2.500m of borrowing is due to mature within 2012/13. This is included together with accrued interest (£2.144m) on financial liabilities at the Balance Sheet date within the current category in this note.

Analysis of Gains / Losses in respect of Financial Instruments

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

	Financial Liabilities Measured at amortised cost £000	Financial Year 2011/12		2010/11
		Loans and receivables £000	Available-for-sale assets £000	Total £000
Interest expense	(8,057)	0	0	(7,954)
Losses on derecognition	(203)	0	0	(203)
Impairment losses	0	0	0	0
Interest payable and similar charges	(8,260)	0	0	(8,157)

Interest income	1,264	0	0	1,264	1,200
Gains on derecognition	3	0	0	3	3
Interest and investment income	1,267	0	0	1,267	1,203
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	(6,993)	0	0	(6,993)	(6,954)

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

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 126/11 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 128/12;
- 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 as the fair value;
- Accrued interest has been included in the fair value;
- 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.

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

	Carrying Amount	Less LOBO Accounting Adjustments	Add Accrued Interest	31 March 2012		31 March 2011	
				Comparison Amount	Fair Value	Comparison Amount	Fair Value
				£000	£000	£000	£000
PWLB	134,221	0	1,996	136,217	147,929	132,860	129,675
LOBO's	30,534	534	121	30,121	30,851	30,118	34,394
Creditors	38,053	0	0	38,053	38,053	41,090	41,090
Short term borrowing	2,500	0	27	2,527	2,615	6,256	6,272
Bank overdraft	589	0	0	589	589	4,637	4,637
Total financial liabilities	205,897	534	2,144	207,507	220,037	214,961	216,068

All of the of the Council's PWLB and LOBO loan portfolio are fixed rate, fixed term loans. The fair value of PWLB loans is less than the carrying amount as the Council's PWLB loan portfolio comprises a significant number of loans with fixed rates which are lower than the rates available for similar PWLB loans at the Balance Sheet date. The fair value of LOBOs are higher than the carrying value as the LOBOs comprise fixed rates that are lower than those available in the market at the balance sheet date.

Comparable fair value figures are shown for financial year 2010/11.

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

	31 March 2011		31 March 2012	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Bank deposits of 7 days or less	4,948	6,948	500	510
Deposits with Banks and Building Societies	44,185	42,247	34,500	34,890
Money Market Fund Deposits	0	0	12,978	12,988
Long term debtors	10,603	7,445	9,445	6,466
Debtors	22,160	22,160	19,416	19,416
Total financial assets	81,896	78,800	76,839	74,270

All of the Council's bank and building society deposits are fixed rate, fixed term deposits of 1 year or less. The fair value of these deposits is greater than the carrying amount as the Council's deposit portfolio contains a number of deposits with fixed rates which are higher 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.

Soft Loans

The Council previously had no soft loans, however during financial year 2011/12 a loan was granted at a rate below that which could be readily obtained within the financial markets. An amount totalling £275,000 was advanced and is included in the debtors value above, but is subject to strict commercial confidentiality. As the loan is only for a period of up to one and a half years no adjustment has been made within the accounting statements on the grounds this would not be material.

Note 42 - 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 in accordance with the CIPFA Revised Code of Practice in Treasury Management 2011 has an Annual Treasury Management Strategy in place as part of this strategy the determination of the levels of investments placed with permitted counterparties is set

In respect of the financial year 2011/12 the following limits were applied:

- a maximum of £2.5million can be placed with each A+ rated institution subject to a total of no more than 50% of the Council's investments being placed with suitable A+ rated counterparties at the time the investment is made.
- a maximum of £10million can be placed with each AA- or above rated institutions. However, 100% of the Council's investments can be placed with these counterparties.
- a maximum of £15million can be placed with each of the Nationalised or part Nationalised Banks. However 100% of the Council's investments can be placed with these counterparties.
- A maximum of £15million can be placed overall in Money Market Funds, with a maximum limit of £10million in any single fund. However, 100% of the Council's investments can be placed in Money Market Funds

The one exception to the above mentioned limits is the Council's own bank - currently the Clydesdale Bank – for which an overall investment limit of £20million is maintained for operational reasons. However, during the course of financial year 2011/12 the Clydesdale Bank's credit rating or colour rating was downgraded below the minimum credit requirements, therefore the placement of further funds to a maximum of £20million is currently limited to overnight only, until such time that the credit rating, or colour rating, again meets the Council's minimum criteria.

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 2012	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2012	Estimated maximum exposure – default etc
	£000	%	%	£000
Deposits with the Council's main bank	0	0	0	0
Deposits with other banks	45,478	0	0	0
Deposits with Building Societies	2,500	0	0	0
Customers	5,990	1.03	1.33	80
Totals	53,968	1.03	1.33	80

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 £3.004m of the £5.990m customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows:

	31 March 2012 £000
Less than 3 months	1,487
3 to 6 months	234
6 months to 1 year	224
More than 1 year	1,059
Total	3,004

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 Treasury Management Code of Practice, 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 below.

	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.

	Carrying Amount £000	Less Lobo Accounting £000	Loan Value 31 March 12 £000	Loan Value 31 March 11 £000
Loans Outstanding				
PWLB	136,721	0	136,721	133,721
LOBO's - European Banks	16,534	(534)	16,000	16,000
LOBO's - UK Banks	14,000	0	14,000	14,000
Total	167,255	(534)	166,721	163,721
Maturity Structure				
Less than 1 year	2,500	0	2,500	2,000
Between 1 and 2 years	6,741	0	6,741	2,500
Between 2 and 5 years	19,042	0	19,042	21,038
Between 5 and 10 years	19,092	0	19,092	18,889
Over 10 years	119,880	(534)	119,346	119,294
Total	167,255	(534)	166,721	163,721
The 2010/11 figures are shown for comparison. In the over 10 years category there are LOBO's with a Loan Value totalling £17m 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 (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 Comprehensive Income & Expenditure Statement, the notes to the accounts or Movements in Reserves statement 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 through the notes to the accounts or the Movements in Reserves statement.

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.

Note 43 – Contingent Liability

As a result of the Supreme Court ruling on 28, March 2012 in respect of the asbestos trigger liability it was deemed that the insurer providing cover when the claimant was exposed to asbestos is liable to any financial remedy to be made to the claimant.

The ruling in respect Angus Council means that a potential liability follows two main strands which relate to Angus District Council and Tayside Regional Council. These liabilities are broken down below on the basis that a claw back will occur, albeit no specific action for triggering the process has taken place:-

Angus District Council:-

Description	£000
Scheme of Arrangement Liability	423
Claw back Restriction	(50)
Claw back limit	373
Estimated Lower Liability 10%	37
Estimated Higher Liability 25%	93

This therefore means that Angus Council would have an estimated liability of between £37k and £93k in respect claims pertaining to Angus District Council.

Tayside Regional Council

Description	£000
Scheme of Arrangement Liability	1,025
Tayside Regional Council Provision*	(700)
Claw back limit**	325
Estimated Lower Liability 10% ***	0
Estimated Higher Liability 25% ***	0

*Held by Dundee City Council (non transferable)

** The maximum liability to all remaining constituent bodies of Tayside Regional Council, including Angus Council.

*** Likely extinguished by Tayside Regional Council Provision

As a result of the scheme of arrangement associated with the former Tayside Regional Council, Angus Council are potentially facing a claw back of between 10% (£100k) and 25% (£256k). However it is in the balance of probabilities likely that the existing provision held by Dundee City Council will extinguish the risk of any wider claw back liability to Angus Council.

Notably, no trigger in respect of a claw back has occurred. In addition there are no timescales as to when this may occur or if it will be actually triggered. Nonetheless Angus Council estimates a contingent liability of £93k on the claw back being triggered sometime in the future.

Note 44 – Post Balance Sheet Events

There were no post balance sheet events in 2011/12. In 2010/11 the post balance sheet event related to the audit of the Common Good properties in Arbroath. Details of this are now included in the Common Good section, see note 6.

Note 45 - Loans Fund Revenue Account

This table sets out the 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.

	2011/12 £000	2010/11 £000
Expenditure		
Interest Paid on Loans:-		
Public Works Loan Board	6,661	6,576
Public Works Loan Board Redemptions	0	200
Other Mortgages and Bonds	1,333	1,329
Internal Loans	38	30
Interest Paid on Revenue Balances	576	360
Expenses of Borrowing	106	115
TOTAL EXPENDITURE	8,714	8,610
Income		
Interest received	770	657
Interest Charged to borrowing accounts	7,838	7,838
Expenses recovered from borrowing accounts	106	115
TOTAL INCOME	8,714	8,610

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.69% in 2011/12. The 2010/11 rate was 4.74%.

Debt Management Expenses

The equivalent rate for debt management expenses in 2011/12 was 0.06%. The 2010/11 rate was 0.07%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2012 was £162.2m or £1,471.43 per head of population. The figures at 31 March 2011 were £158.5m or £1,483.24 respectively.

Group Accounts

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 paragraph 9.1.2.27 of the Code of Practice 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 Comprehensive Income and Expenditure Statement and its share of other gains and losses.

Subsidiary companies are consolidated in accordance with paragraph 9.1.2.20 of the Code of Practice with the income, expenditure, assets and liabilities consolidated on a line-by-line basis.

Intra-group balances and transactions are eliminated on consolidation.

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

Name of Combining Entity	Method of Accounting
Common Good	Subsidiary
Charitable Trusts	Subsidiary
Tayside Contracts Joint Committee	Jointly Controlled Entity
Tayside Joint Police Board	Associate
Tayside Fire and Rescue Board	Associate
Tayside Joint Valuation Board	Associate

Group Movement in Reserves Statement as at 31 March 2012

	Council Usable Reserves £000	Council Unusable Reserves £000	Total Council Reserves £000	Share of Reserves of Associates & Subsidiaries £000	Total Group Reserves £000
Balance at 31 March 2010	27,797	250,022	277,819	(201,753)	76,066
Movement in reserves during 10/11					
Surplus or (deficit) on provision of services	31,991	0	31,991	4,661	36,652
Other Comprehensive Expenditure and Income	0	54,183	54,183	22,793	76,976
Total Comprehensive Expenditure and Income	31,991	54,183	86,174	27,454	113,628
Opening balance / Group share adjustments	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations (Group Note 8)	(32,580)	32,580	0	122	122
Net Increase / Decrease before Transfers to Earmarked Reserves	(589)	86,763	86,174	27,576	113,750
Transfers to / from Earmarked Reserves	0	0	0	5,798	5,798
Increase / Decrease in Year	(589)	86,763	86,174	33,374	119,548
Balance at 31 March 2011 carried forward	27,208	336,785	363,993	(168,379)	195,614
Movement in reserves during 11/12					
Surplus or (deficit) on provision of services	1,454	0	1,454	(10,304)	(8,850)
Other Comprehensive Expenditure and Income	0	(46,072)	(46,072)	(1,739)	(47,811)
Total Comprehensive Expenditure and Income	1,454	(46,072)	(44,618)	(12,043)	(56,661)
Opening balance / Group share adjustments	0	0	0	(99)	(99)
Adjustments between accounting basis and funding basis under regulations (Group Note 8)	(757)	757	0	112	112
Net Increase / Decrease before Transfers to Earmarked Reserves	697	(45,315)	(44,618)	(12,030)	(56,648)
Transfers to / from Earmarked Reserves	0	0	0	(4,390)	(4,390)
Increase / Decrease in Year	697	(45,315)	(44,618)	(16,420)	(61,038)
Balance at 31 March 2012 carried forward	27,905	291,470	319,375	(184,799)	134,576

Group Comprehensive Income and Expenditure Statement for the year 31 March 2012

2010/11				2011/12		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
117,349	(6,242)	111,107	Education	116,954	(4,679)	112,275
84,414	(17,013)	67,401	Social Work	82,687	(18,306)	64,381
26,867	(6,244)	20,623	Roads & Transport	26,927	(5,929)	20,998
37,346	(23,763)	13,583	Cultural & Related Services	20,621	(7,548)	13,073
14,575	(206)	14,369	Environmental Services	21,504	(7,944)	13,560
8,685	(4,451)	4,234	Planning & Development Services	9,883	(5,354)	4,529
5,990	(2,466)	3,524	Central Services	6,221	(2,794)	3,427
19,445	(21,703)	(2,258)	Neighbourhood - Housing Revenue Account	20,315	(22,182)	(1,867)
29,350	(26,797)	2,553	Housing - General Fund	29,752	(27,451)	2,301
4,445	0	4,445	Corporate & Democratic Core	4,322	0	4,322
0	0	0	Exceptional Items	0	0	0
(40,570)	0	(40,570)	Non Distributed Costs	397	0	397
94	(44)	50	Interest in Subsidiary – Charitable Trusts	85	(52)	33
494	(330)	164	Interest in Subsidiary – Common Good	564	(363)	201
16,789	(9,754)	7,035	Share of the Operating Result of Associates	29,900	(6,633)	23,267
325,273	(119,013)	206,260	Group Cost Of Services	370,132	(109,235)	260,897
		(12)	Other Operating Income and Expenditure			(631)
		30,218	Financing and Investment Income and Expenditure			21,635
		0	Surplus or Deficit on Discontinued Operations			0
		(273,119)	Taxation and Non-Specific Grant Income			(273,051)
		(36,653)	Group (Surplus) or Deficit on Provision of Services			8,850
		(1,441)	(Surplus) or deficit on revaluation of non-current assets			(17,109)
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0
		(75,535)	Actuarial gains / losses on pension assets/liabilities			64,920
		1	Other unrealised gains / losses			0
		(76,975)	Other Group Comprehensive Income and Expenditure			47,811
		(113,628)	Total Group Comprehensive Income and Expenditure			56,661

Group Balance Sheet as at 31 March 2012

31/03/2011 £000		Group Notes	31/03/2012 £000
688,597	Property, Plant & Equipment		706,808
5,770	Heritage Assets		5,770
2,395	Investment Property		1,481
0	Intangible Assets		0
380	Assets Held for Sale		310
897	Long Term Investments		1,124
10,118	Long Term Debtors		9,160
708,157	Long Term Assets		724,653
44,234	Short Term Investments	15	35,229
1,286	Inventories		1,606
24,971	Short Term Debtors	14	21,436
0	Cash and Cash Equivalents		11,710
218	Assets held for sale		524
70,709	Current Assets		70,505
(632)	Cash and Cash Equivalents	12	0
(352)	Provisions		(93)
(3,474)	Short Term Borrowing		(4,908)
(40,223)	Short Term Creditors	16	(38,218)
(44,681)	Current Liabilities		(43,219)
(191)	Provisions		(463)
(163,795)	Long Term Borrowing		(166,357)
(372)	Other Long Term Creditors		(220)
(201,489)	Other Long Term Liabilities		(266,815)
(172,724)	Liability in Associates		(183,508)
(538,571)	Long Term Liabilities		(617,363)
195,614	Net Assets		134,576
31,839	Usable Reserves		32,593
334,523	Unusable Reserves		283,528
(170,748)	Group Reserves		(181,545)
195,614	Total Reserves		134,576

The accounts were issued for audit on 29 June 2012 and the audited accounts were authorised for issue by the Head of Finance on 28 September 2012.

Ian Lorimer CPFA
Head of Finance
28 September 2012

Group Cash Flow Statement

	Group Notes	2010/11 £000	2011/12 £000
Net surplus or (deficit) on the provision of services		36,653	(8,850)
Adjustment to surplus or deficit on the provision of services for non cash movements		(2,765)	48,546
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(4,325)	(13,614)
Net Cash flows from Operating Activities	9	29,563	26,082
Net Cash flows from Investing Activities	10	(51,614)	(14,943)
Net Cash flows from Financing Activities	11	7,208	1,203
Net increase or decrease in cash and cash equivalents		(14,843)	12,342
Cash and cash equivalents at the beginning of the reporting period		14,211	(632)
Cash and Cash equivalents at the end of the reporting period	12	(632)	11,710

Note 1 - Statement of Accounting Policies

With the exception of certain pension provisions within the Tayside Police and Tayside Fire & Rescue Joint Boards, the majority of the accounting policies adopted to produce the Group Accounts complement those used to prepare the Council's own accounts and are not therefore restated here.

Note 2 - Changes in Accounting Policy

There are no changes in accounting policy requiring to be disclosed as part of the Group Accounts in addition to those detailed in the single entity accounts.

Note 3 - Consolidation

Transactions between the Council and its associates, subsidiaries and jointly controlled entities are eliminated on consolidation.

Note 4 - Combining Entries

Associates

The results of Tayside Valuation, Tayside Fire & Rescue and Tayside Police Joint Boards which are jointly administered with Dundee City and Perth & Kinross Councils have been included in the Group Accounts as the Council has 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.

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.

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:

Joint Board	Council Share	Council Share
	2011/12	2010/11
Tayside Valuation	26.46%	26.56%
Tayside Fire & Rescue	19.00%	19.00%
Tayside Police	24.40%	24.40%

The accounting period for all entities is the year to 31 March 2012 and is therefore aligned with the Council's accounting period.

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

Joint Board	Address	Comment
Tayside Valuation	Director of Corporate Services Dundee City Council Floor 4, Dundee House 50 North Lindsay Street Dundee, DD1 1QE	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 & Rescue	Head of Corporate Services Fire & Rescue Headquarters Blackness Road Dundee, DD1 5PA	Tayside Fire and Rescue Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to fire and rescue.
Tayside Police	Director of Corporate Services Force Headquarters PO Box 59 West Bell Street Dundee, DD1 9JU	Tayside Joint Police Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to police provision.

Subsidiaries

The Council administers a number of Charitable Trusts and whilst the Council does not have control over these funds, they have been considered for inclusion in the Group Accounts on the basis of applying the principle that the substance of the relationship indicates control by the Council. The income, expenditure, assets and liabilities of the Charitable Trusts have therefore been consolidated as subsidiaries on a line by line basis. Separate detail of the aggregate Income & Expenditure and Balance Sheet position of the Charitable Trusts is included as a separate statement in Angus Council's accounts.

The Council administers the Common Good Funds of the area and whilst the Council does not have legal title over the assets of these Funds, they are legally vested in the Council and have therefore been considered for inclusion in the Group Accounts on the basis of applying the principle that the substance of the relationship indicates control by the Council. The income, expenditure, assets and liabilities of the Common Good Funds have therefore been consolidated as subsidiaries on a line by line basis. Separate detail of the aggregate Income & Expenditure and Balance Sheet position of the Common Good Funds is included as a separate statement in Angus Council's accounts.

Jointly Controlled Entities

Angus Council's share (31.5% - 2011/12, 31% - 2010/11) of the assets and liabilities of Tayside Contracts Joint Committee (jointly administered and controlled with Dundee City and Perth & Kinross Councils) has been consolidated into the Group Accounts on a Jointly Controlled Entity basis. There has been no impact on the Group Comprehensive Income & Expenditure Statement as the Council's share of the net surplus for the year is already included in the Council's single entity Comprehensive Income & Expenditure Statement. The Council's share of the assets, liabilities and reserves on Tayside Contracts' Balance Sheet has been consolidated on a line by line basis. 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.

Note 5 - Financial Impact of Consolidation and Going Concern

The net effect of inclusion of the Joint Boards (associates), Tayside Contracts (Jointly Controlled Entity), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to decrease both reserves and net assets by £185m (2010/11 showed a decrease of £168m), 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 and IAS 19 Employee 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 also 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.

Note 6 - Non-Adjusting Event After the Reporting Period

The Police and Fire Reform (Scotland) Act 2012 received royal assent on 7 August 2012. Responsibility for Police and Fire and Rescue Services will transfer from local government to new central government bodies on 1 April 2013. The full impact of the reform process is currently being assessed but is expected to only affect the Balance Sheet within the Group Accounts. For indicative purposes only at this time, the impact of the reform could see a reduction in Other Long Term Liabilities in the order of £182m and a commensurate reduction in Group Reserves.

Note 7 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts of the various group entities contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. As balances cannot be determined with certainty however, actual results could be materially different from the assumptions and estimates. The item for which there is the most significant risk of material adjustment in the forthcoming year continues to be the estimation of the net liability to pay pensions as this depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

2011/12	Group Entities Usable / Unusable Reserves						Group Total Reserves £000
	Council Usable Reserves £000	Council Unusable Reserves £000	Associates Total Usable Reserves £000	Associates Total Unusable Reserves £000	Joint Controlled Entity Total Usable Reserves £000	Joint Controlled Entity Total Unusable Reserves £000	
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	37,476	(37,476)	1,450	(1,450)	559	(559)	0
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(45)	45	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0	0
Capital grants and contributions applied	(11,303)	11,303	(754)	754	0	4	4
Revenue expenditure funded from the capital under statue	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(451)	451	0	(18)	14	(14)	(18)
Notional rental charge for depots	0	0	0	0	112	0	112
Reduction in liability on expiry of finance lease	0	0	0	0	(14)	14	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	(10,992)	10,992	(309)	309	(392)	392	0
Capital expenditure charged against the General Fund and HRA balances - CFCR	(11,085)	11,085	(150)	150	(168)	168	0
Other adjustments	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	(11)	11	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(547)	547	0	0	0	0	0

2011/12	Group Entities Usable / Unusable Reserves						Group Total Reserves £000
	Council Usable Reserves £000	Council Unusable Reserves £000	Associates Total Usable Reserves £000	Associates Total Unusable Reserves £000	Joint Controlled Entity Total Usable Reserves £000	Joint Controlled Entity Total Unusable Reserves £000	
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	(41)	0	(4)	0	(45)
Capital receipts for leases	5	(5)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	(508)	508	(35)	94	0	0	59
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(204)	204	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,592)	1,592	16,077	(16,077)	1,071	45	1,116
Employer's pensions contributions and direct payments to pensioners payable in the year	0	0	(6,344)	6,344	(1,116)	0	(1,116)
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,511)	1,511	30	(30)	1	(1)	0
Total Adjustments	(757)	757	9,913	(9,913)	63	49	112

Comparative Figures in 2010/11

2010/11	Group Entities Usable / Unusable Reserves						Group Total Reserves £000
	Council Usable Reserves £000	Council Unusable Reserves £000	Associates Total Usable Reserves £000	Associates Total Unusable Reserves £000	Joint Controlled Entity Total Usable Reserves £000	Joint Controlled Entity Total Unusable Reserves £000	
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	30,329	(30,329)	1,355	(1,355)	504	(504)	0
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(209)	209	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0	0
Capital grants and contributions applied	(5,585)	5,585	(901)	901	0	15	15
Revenue expenditure funded from the capital under statue	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(273)	273	3	(42)	27	(27)	(39)
Notional rental charge for depots	0	0	0	0	122	0	122
Reduction in liability on expiry of finance lease	0	0	0	0	(28)	28	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	(10,392)	10,392	(309)	309	(348)	348	0
Capital expenditure charged against the General Fund and HRA balances - CFCR	(13,224)	13,224	(228)	228	(147)	147	0
Other adjustments	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	(7)	7	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0

2010/11	Group Entities Usable / Unusable Reserves						Group Total Reserves £000
	Council Usable Reserves £000	Council Unusable Reserves £000	Associates Total Usable Reserves £000	Associates Total Unusable Reserves £000	Joint Controlled Entity Total Usable Reserves £000	Joint Controlled Entity Total Unusable Reserves £000	
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	(14)	(18)	(15)	0	(47)
Capital receipts for leases	22	(22)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,610)	1,610	(11)	87	0	0	76
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(204)	204	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(31,600)	31,600	92	(92)	(1,173)	2,229	1,056
Employer's pensions contributions and direct payments to pensioners payable in the year	0	0	(5,804)	5,799	(1,056)	0	(1,061)
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	166	(166)	37	(37)	0	0	0
Total Adjustments	(32,580)	32,580	(5,787)	5,787	(2,114)	2,236	122

Note 9 - Group Cash Flow Statement – Operating Activities

2010/11 £000		2011/12 £000
36,653	Net surplus or (deficit) on provision of services	(8,850)
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
30,833	Depreciation	38,035
111	Increase / (Decrease) in Interest Creditors	887
4,461	Increase / (Decrease) in Creditors	(4,065)
(83)	(Increase) / Decrease in Interest Debtors	(27)
(6,537)	(Increase) / Decrease in Debtors	3,407
6	(Increase) / Decrease in Stock	(311)
(33,829)	Pension Liability	(1,637)
867	Other Non Cash Transactions	58
57	Contributions to / (from) provisions	6
3,906	Carrying amount of non-current assets sold	1,891
(210)	Movement in Investment Property Value	(45)
(4,876)	(Surplus) / Deficit attributable to Associates	10,070
2,529	(Surplus) / Deficit attributable to Jointly Controlled Entities	277
(2,765)	Total Adjustment	48,546
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
73	Interest paid	89
48	Interest element of finance lease payments	38
(596)	Capital Grants credited to surplus / deficit on the provision of services	(11,390)
5	Premiums or discounts on the repayment of financial liabilities	0
(3,855)	Proceeds from the sale of PPE and intangible assets	(2,351)
(4,325)	Total Adjustments	(13,614)
29,563	Net cash flows from operating activities	26,082

The cash flows for operating activities include the following items:

2010/11 £000		2011/12 £000
1,812	Interest received	1,343
(19,624)	Interest Paid	(14,911)
0	Dividends received	0

Note 10 - Group Cash Flow Statement – Investing Activities

2010/11 £000		2011/12 £000
(31,594)	Purchase of property, plant and equipment, investment property and intangible assets	(39,126)
(25,000)	Purchase of short-term and long-term investments	0
0	Other payments for investing activities	0
4,168	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,583
0	Proceeds from short-term and long-term investments	9,000
214	Net cash / (overdraft) acquired with Subsidiary	234
598	Other receipts from investing activities	12,366
(51,614)	Net cash flows from investing activities	(14,943)

Note 11 - Group Cash Flow Statement – Financing Activities

2010/11 £000		2011/12 £000
8,507	Cash receipts of short and long-term borrowing	5,305
822	Other receipts from financing activities	689
(1,567)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,725)
(154)	Repayments of short and long-term borrowing	(2,546)
(400)	Other payments for financing activities	(520)
7,208	Net cash flows from financing activities	1,203

Note 12 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2010/11 £000		2011/12 £000
40	Cash held by the Authority	39
(5,611)	Bank Overdraft	(1,307)
4,939	Short-term deposits with building societies	12,978
(632)	Total Cash and Cash Equivalents	11,710

Note 13 – Amounts Reported for Resource and Allocation Decisions (Segmental Reporting)

The analysis of income and expenditure by service on the face of the Group Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the decision making bodies of each entity on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses are charged to services within the Group Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and not charged to (directorates).

2010/11 £000		2011/12 £000
219,962	Cost of Services – Angus Council (per Note 11 of single entity accounts)	216,016
	Cost of Services – Associates:	
(3,857)	- Tayside Joint Police Board	9,652
(3,366)	- Tayside Fire and Rescue Board	76
133	- Tayside Valuation Joint Board	95
	Cost of Services – Subsidiaries:	
164	- Common Good	201
50	- Charitable Trusts	33
213,086	Group Cost of Services	226,073
(6,303)	Add: Services not included in main analysis (Angus Council – per Note 11 of single entity accounts)	11,689
(523)	Add: Amounts not reported to management (Angus Council – per Note 11 of single entity accounts)	23,135
206,260	Net Cost of Services in Group Comprehensive Income & Expenditure Statement	260,897

For clarity, it should be noted that the Council's share (£0.317m) of the Tayside Contracts net surplus is not included in the above analysis as it is included in the Council's Comprehensive Income & Expenditure Statement within the Financing & Investment Income & Expenditure line below the Cost of Services. It is however highlighted separately within Note 8 of the single entity accounts.

Note 14 – Short Term Debtors (net of provisions)

2010/11 £000		2011/12 £000
25,025	Angus Council Debtors	21,606
21	Charitable Trusts Debtors	11
4	Common Good Fund Debtors	4
(454)	Intra Group Debtors	(422)
375	Tayside Contracts Debtors	237
24,971	Total Group Debtors	21,436

Note 15 - Short Term Investments

2010/11 £000		2011/12 £000
44,194	Angus Council Short Term Investments	35,221
40	Charitable Trusts Short Term Investments	8
44,234	Total Group Short Term Investments	35,229

Note 16 – Short Term Creditors

2010/11 £000		2011/12 £000
41,090	Angus Council Creditors	38,478
0	Charitable Trusts Creditors	1
(4,525)	Intra Group Creditors	(3,829)
3,658	Tayside Contracts Creditors	3,568
40,223	Total Group Creditors	38,218

Note 17 – Liability Related to Defined Benefit Pension Scheme

2010/11 £000		2011/12 £000
102,625	Angus Council – Pensions Liability	165,234
7,026	Tayside Contracts Joint Committee – Pensions Liability	11,448
109,651	Total Group Pension Liability	176,682

Note 18 - Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12:

2010/11				2011/12		
Angus Council £000	Group Entities £000	Total Group £000	Credited to Taxation and Non Specific Grant Income	Angus Council £000	Group Entities £000	Total Group £000
3,933	903	4,836	Scottish Government General Capital Grant	9,583	751	10,334
1,008	0	1,008	Scottish Government Specific Capital Grants	1,298	0	1,298
167,183	9,152	176,335	Scottish Government Revenue Grants	182,480	9,081	191,561
602	0	602	Other capital grants	275	0	275
636	10	646	Other capital contributions	234	9	243
173,362	10,065	183,427	Total	193,870	9,841	203,711
			Credited to Services			
2,181	0	2,181	Scottish Government General Capital Grant	1,397	0	1,397
2	0	2	Insurance Receipt	0	0	0
2,183	0	2,183	Total	1,397	0	1,397

Note 19 – Additional Disclosure

The aggregate of the: Valuation; Fire and Rescue; and Police Joint Boards' gross liabilities is 31.7% of the Group gross liabilities. In addition, the Police Board gross liabilities are 24.9% of the Group gross liabilities.

	Combined Boards		Police Board	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Grants and Contributions Received	13,477	14,053	8,302	8,540
Surplus / (Deficit) for the Year	(10,070)	4,875	(8,243)	3,108
Non-Current Assets	21,463	22,092	14,854	15,481
Current Assets	4,257	4,145	3,666	3,690
Liabilities Due Within One Year	4,116	3,934	2,851	3,009
Liabilities Due After One Year or More	205,113	195,028	161,910	155,554

The main liability due after more than one year is in relation to the obligation of each Joint Board in respect of defined benefit pension schemes. The pension accounting requirements of Financial Reporting Standards (FRS 17) and International Accounting Standards (IAS 19) have been applied to the accounting statements.

Note 20 – Charitable Trusts Reserve

The Group Reserves on the Group Balance Sheet contains the reserve in respect of Charitable Trusts amounting to £1.963m. 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 Reserves.

Details of the make up of the Charitable Trust Reserve can be found in the separate statement within Angus Council's accounts, 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 summarise the positions in respect of assets and liabilities, movements on the Revenue and Capital Accounts and the nature of the assets and liabilities held.

2010/11 £000	Summary and Nature of Assets and Liabilities	2011/12 £000
2	Non-Current Assets – Heritable Property	2
	Long Term Investments:	
65	- Government Securities	74
822	- Managed Funds	1,040
1,087	Current Assets *	848
1,976	Total Gross Assets	1,964
0	Current Liabilities **	1
0	Total Gross Liabilities	1
1,976	Total Net Assets	1,963

* 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

2010/11 £000	Summary of Revenue & Capital Account Movements	2011/12 £000
459	Revenue Account Opening Balance	409
(50)	Increase / (Decrease) per Income & Expenditure Account	(34)
409	Revenue Account Closing Balance	375
1,549	Capital Account Opening Balance	1,567
(13)	Increase / (Decrease) from investment purchases / sales	(206)
31	Increase / (Decrease) from investment revaluation	227
1,567	Capital Account Closing Balance	1,588

Note 21 – Other Satellite Organisations

Tayside and Central Scotland Transport Partnership has been excluded from the consolidated accounts on the basis that Angus Council's share of the organisation 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.

In addition the following organisations were not consolidated on the basis that they are deemed to have no group relationship with Angus Council:

- i) Angus Community Care Charitable Trust
- ii) Angus Environmental Trust
- iii) Dundee Energy Recycling Ltd
- iv) Business Gateway Tayside
- v) Tay Road Bridge
- vi) Angus Care & Repair.

Note 22 – Audit of Group Entities

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

Subsidiaries

Charitable Trusts – separate statement within Angus Council's accounts – accounts finalised – true and fair view

Common Good – separate statement within Angus Council's accounts – accounts finalised – true and fair view

Associates

Tayside Valuation Joint Board – true and fair view

Tayside Fire and Rescue Board – true and fair view

Tayside Joint Police Board – true and fair view

Jointly Controlled Entity

Tayside Contracts – true and fair view

In all of the above cases the audit opinion will determine whether the financial statements present fairly, in accordance with applicable laws, regulations and Codes of Practice, the financial position of the bodies concerned as at 31 March 2012 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.

HRA Income and Expenditure Statement For the Year Ended 31 March 2012

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2010/11 Actual £000		2011/12 Actual £000	2011/12 Actual £000	2011/12 Budget £000
	Expenditure			
5,581	Repairs and Maintenance	6,678		6,722
6,245	Supervision and Management	6,233		6,525
326	Void Rents	353		249
5,333	Depreciation and impairment of non-current assets	5,467		5,467
441	Movement in the allowance for bad debts	379		500
739	Other expenditure	870		867
18,665	Total Expenditure		19,980	20,330
	Income			
(19,358)	Dwelling Rents	(20,242)		(20,154)
(493)	Non-Dwelling Rents	(493)		(507)
0	Housing Support Grant	0		0
(1,294)	Other Income	(1,333)		(1,316)
(21,145)	Total Income		(22,068)	(21,977)
(2,480)	Net cost of HRA services as included in the Comprehensive and Expenditure Statement		(2,088)	(1,647)
222	HRA share of Corporate and Democratic Core		221	226
0	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		0	0
(2,258)	Net cost of HRA Services		(1,867)	(1,421)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
78	(Gain) or loss on sale of HRA non-current asset		38	38
1,339	Interest payable and similar charges		1,489	1,512
(21)	Interest and investment income		(6)	(6)
213	Pension interest cost and expected return on pension assets		(84)	(84)
(387)	Non-specific Grant Income		(1,105)	(1,105)
(1,036)	(Surplus) or Deficit for the year on HRA services		(1,535)	(1,066)

Movement on the HRA Statement For the Year Ended 31 March 2012

2010/11 £000		2011/12 £000	2011/12 £000
(1,477)	Balance on the HRA at the end of the previous year		(1,957)
(1,036)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(1,535)	
594	Adjustments between accounting basis and funding basis under statute	1,048	
(442)	Net (Increase) or decrease before transfers to or from reserves		(487)
	Transfers to / (from) earmarked reserves:		
(182)	Affordable Housing Account	(225)	
144	Land Transfer from Education Department	0	
0	Transfer of Wharnclyffe Hall	50	
	Section 75 Planning Application Expenditure	8	
(480)	(Increase) or decrease in year on the HRA		(167)
(1,957)	Housing Revenue Account surplus carried forward		(2,611)
	Summary of HRA Balance Commitments		
	Minimum Policy Level		1,000
	Survive and Thrive Contribution		234
	External Affordable Housing Provision		380
	Scottish Housing Quality Standard / New Build		997
	Total HRA Balance Commitments		2,611

Notes to the HRA Income and Expenditure Statement
Note of reconciling items for the Movement on HRA Statement

2010/11 £000		2011/12 £000	2011/12 £000
	Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement		
(5,333)	Depreciation	(5,467)	
(3)	Employee Benefits	2	
(170)	FRS17 Pension Adjustment	(46)	
(5,506)			(5,511)
	Items not included in the HRA Net Cost of Services but included in the Movement on HRA Statement		
659	Loans fund principal repayments	699	
5,168	Capital expenditure funded by the HRA	4,484	
182	Capital expenditure funded by Affordable Housing Reserve	225	
387	Non Specific Grant Income	1,105	
(213)	HRA Share of contributions to or from the Pensions Reserve	84	

2010/11 £000		2011/12 £000	2011/12 £000
(5)	Movement on Investment Properties	0	
6,178			6,597
	Gain/Loss on Sale of HRA non-current assets		
1,582	Non-current assets sales proceeds (net of cost of sales)	750	
(1,660)	Net Book Value of non-current assets sold	(788)	
(78)			(38)
594	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		1,048

Housing Stock

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

2010/11		2011/12
39% / 61%	Houses / Maisonettes	39% / 61%
	Stock changes can be summarised as follows:-	
7,814	Stock at 1 April	7,768
	Add:	
0	New Build	23
0	Repurchased / Conversions	6
	Less:	
(45)	Right to Buy Sales	(22)
(1)	Closures / Demolitions	0
7,768	Stock at 31 March	7,775

Rent Arrears

Rent arrears as at 31 March 2012 were £1.176 million and the comparable figure for 31 March 2011 was £1.329 million.

The provision for bad or doubtful debt decreased to £0.811 million at 31 March 2012 from £0.860 million at 31 March 2011.

Exceptional or Prior Year Items

There are no exceptional or prior year items disclosed in the 2011/12 HRA Income and Expenditure Statement.

Council Tax**Income Account**

2010/11 £000		2011/12 £000
53,037	Gross Charge	53,365
(1,539)	Deduct - Exemptions	(1,557)
(58)	Disabled Relief	(59)
(5,007)	Discounts	(5,042)
46,433	Net Council Tax	46,707
(6,003)	Adjustments Rebates (Council Tax Benefit)	(5,979)
6,050	Less: Government Grants	5,921
(96)	Ministry of Defence Properties	(111)
96	Contribution Received for MOD Properties	111
(802)	Provision for Bad Debts	(799)
(46)	Gain/(loss) on Council Tax benefits to be transferred to Other Services Revenue Account	58
45,632	NET CURRENT YEAR COUNCIL TAX INCOME	45,908
	PRIOR YEARS' COUNCIL TAX	
(105)	Adjustments to Charges	(184)
24	Adjustments to Provision for Bad Debts	225
45,551	TOTAL INCOME TO COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT	45,949

Council Tax Income

The 2011/12 financial year is the nineteenth 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, qualifying 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

Calculation of the Council Tax Charge Base 2011/12

	Valuation Band								2011/12	2010/11
	A	B	C	D	E	F	G	H	TOTAL	TOTAL
Total Number of Properties	15,237	12,548	6,850	7,980	7,023	2,836	1,484	163	54,121	53,865
Less Exemptions/ Deductions	759	347	142	128	127	44	18	22	1,587	1,560
Less Adjustment for Single Discounts	2,225	1,150	566	504	329	95	45	3	4,917	4,952
Less Adjustment for Double Discounts	380	207	141	92	59	36	25	12	952	925
Effective Number of Properties	11,873	10,844	6,001	7,256	6,508	2,661	1,396	126	46,665	46,428
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	7,915	8,434	5,334	7,256	7,954	3,843	2,327	252	43,315	43,070
Less Provision for Non- Collection 2%									866	861
									42,449	42,209

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2011/12 Council Tax income of £45.505m. Inclusion of £0.050m provision for income from prior years' charges, results in a total budget for Council Tax income of £45.555m.

Council Tax Properties and Council Tax Charges

	2011/12 Effective Number of Properties	2011/12 Total Council Tax Charge £	2010/11 Effective Number of Properties	2010/11 Total Council Tax Charge £
A	11,873	714.67	11,830	714.67
B	10,844	833.78	10,816	833.78
C	6,001	952.89	5,957	952.89
D	7,256	1,072.00	7,214	1,072.00
E	6,508	1,310.22	6,477	1,310.22
F	2,661	1,548.44	2,632	1,548.44
G	1,396	1,786.67	1,378	1,786.67
H	126	2,144.00	124	2,144.00
	46,665		46,428	

Non-Domestic Rates Income Account

2010/11 £000		2011/12 £000
31,420	Gross Charge	32,934
(8,441)	Deduct - Reliefs and Other Deductions	(8,498)
(4)	Interest on Overpaid Rates	0
(323)	Provision for Bad Debts	(315)
22,652	CONTRIBUTION TO NATIONAL NON-DOMESTIC RATES POOL (NNDRP)	24,121
21,489	Net Contribution from NNDRP	(572)
44,141	TOTAL NON-DOMESTIC RATES FROM NNDRP	23,549
0	Adjustments for prior years of NNDR	(158)
44,141	NON-DOMESTIC RATE INCOME TO COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT	23,391

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

Prior to 2011/12 all Non-Domestic Rate (NDR) Income collected by local authorities (from non-domestic ratepayers) was paid into a national pool and redistributed to levying authorities (Unitary and Island Councils). The Non-Domestic Rate Income was redistributed from the national pool in proportion to the resident population of each local authority concerned and therefore had no direct relationship to the amount collected by those authorities.

National Non-Domestic Rate Pool (NNDRP)

2010/11 £000		2011/12 £000
44,141	Contribution from NNDRP	23,391
(22,652)	Less Contribution to NNDRP	(23,963)
21,489	NET CONTRIBUTION FROM NNDRP	(572)

Under the Business Rates Incentivisation Scheme the NDR income from 2011/12 will match the shares based on the mid-year estimates provided by councils rather than distributed on basis of population. General Revenue Grant, as it has done previously, will continue to provide the balance of funding. This change provides a clearer presentation and greater transparency in how councils are actually funded.

The 2011/12 rate poundage set nationally was 42.6p with a large business supplement of 0.7p (rateable value in excess of £35,000).

Rateable Subjects and Values (1 April 2011)

Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2011 £000	No of properties	Rateable Value as at 1 April 2010 £000
Shops	1,144	16,247	1,144	16,106
Public Houses	102	1,540	104	1,579
Offices including banks	499	5,238	498	5,455
Hotels etc	59	1,576	60	1,589
Industrial Subjects etc	1,118	20,466	1,115	20,708
Leisure, Entertainment, Caravans etc	443	3,776	427	3,778
Garages and Petrol Stations	116	1,413	117	1,486
Cultural	56	462	54	439
Sporting Subjects	163	517	162	518
Education and Training	96	8,445	94	8,422
Public Service Subjects	338	7,323	339	7,320
Communications (Non Formula)	21	127	21	130
Quarries Mines etc	21	525	23	537
Religious	173	948	174	960
Health & Medical Care	132	5,738	135	5,755
Other	346	2,227	350	1,934
Total	4,827	76,568	4,817	76,716

Charitable Trusts

The Council acts as sole trustee for 196 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 2012.

Income and Expenditure Account for the year ended 31 March 2012

	2011/12			2010/11
	OSCR Registered £000	Other £000	Total £000	£000
Expenditure				
Beneficiaries	44	16	60	66
Administration	20	5	25	28
Total Expenditure	64	21	85	94
Income				
Rents, feu duties, dividends and interest	37	6	43	36
Loans Fund interest	6	3	9	8
Total Income	43	9	52	44
(Surplus)/Deficit	21	12	33	50

Balance Sheet as at 31 March 2012

	2011/12			2010/11
	OSCR Registered £000	Other £000	Total £000	£000
Non Current Assets				
Heritable Property	0	2	2	2
Total Non Current Assets	0	2	2	2
Total Long Term Investments	1,010	104	1114	887
Current Assets				
Debtors	11	0	11	21
Short Term Investments	8	0	8	40
Revenue Advances to Loans Fund	499	330	829	1,026
Total Current Assets	518	330	848	1,087
Current Liabilities				
Creditors and accruals	1	0	1	0
Total Current Liabilities	1	0	1	0
Working Capital	517	330	847	1,087
Total Net Assets	1,527	436	1963	1,976
Reserves				
Revenue Account	137	238	375	409
Capital Account	1,390	198	1,588	1,567
Total Reserves	1,527	436	1,963	1,976

The accounts were issued for audit on the 29 June 2012 and the audited accounts were authorised for issue on the 28 September 2012.

Ian Lorimer CPFA
Head of Finance
28 September 2012

Notes - Principal Trust Funds

Charity	Area Covered	Balance at 31/3/12 Capital £000	Balance at 31/3/12 Revenue £000
David Duncan Charity	Arbroath	8	3
Inchcape Fund	Arbroath	23	6
Andrew Jervise Bequest	Brechin	2	17
Ex Provost Mitchell's Bequest	Brechin	73	27
Mrs C R Graham's Bequest	Carnoustie	12	11
Boyle Bequest	Forfar	1	25
Strangs Mortification	Forfar	1,133	4
Charitable Trusts	Forfar	27	1
Charles F Nicoll Bequest	Forfar	16	2
Helen Nicoll Bequest	Forfar	8	2
Miss Agnes Lawson Trust	Forfar	67	10
Poor Lands	Kettins	13	12
Vert McLean Endowment Fund	Kirriemuir	15	12
James Wilkie Bequest	Kirriemuir	8	1
Ancient Hospital	Montrose	13	0
William Jack Trust	Montrose	16	2
William Thomson Mortification	Montrose	9	3
James Wyllie Bounty Fund	Montrose	10	0
Trust For Gilding Dome	Montrose	0	67

Capital Reserves

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

	Balance at 1/4/11 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/3/12 £000
Movement during year	1,567	227	52	(258)	1,588

Registered Charities

Of the 196 Charitable Trusts and Endowments the Council is Trustee for, 65 are registered charities and require to be administered in line with the requirements of the Office of the Scottish Charities Regulator (OSCR).

The OSCR registered Trusts are governed by the Charities Accounts (Scotland) Regulations 2006, whilst those Trusts not registered with OSCR are governed by the same International Financial Reporting Standards as Angus Council's accounts. In this regard the Income and Expenditure and the Balance Sheet shown above detail separately the positions for the OSCR registered Trusts and those not OSCR registered as well as the overall total.

Financial Instruments

In respect of financial instruments held by the Charitable Trusts, these all relate to investments and minor creditors and debtors due within 1 year. As the creditors and 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.

Common Good

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 2012.

Income and Expenditure Account for the year ended 31 March 2012

	Actual 2011/12 £000	Budget 2011/12 £000	Actual 2010/11 £000
Expenditure			
Property Costs	18	30	22
Supplies and Services	17	10	1
Third Party Payments	0	0	0
Central Support Services Charges	56	49	46
Projects	424	676	232
Loan Interest Payable	24	24	25
Depreciation & Impairment	25	168	168
Total Expenditure	564	957	494
Income			
Fees, Charges etc	332	324	307
Interest on Loan	29	27	22
Other Income	2	5	1
Gain on Disposal of Assets	0	0	0
Total Income	363	356	330
Net (Surplus)/Deficit	201	601	164

Balance Sheet as at 31 March 2012

	2011/12 £000	2010/11 £000
Non Current Assets		
Heritable Property (less Depreciation), Other Assets	4,863	5,989
Total Non Current Assets	4,863	5,989
Long Term Debtors	23	26
Current Assets		
Debtors	4	4
Revenue Advances to Loans Fund	3,101	3,230
Total Current Assets	3,105	3,234
Current Liabilities		
Creditors and Accruals	0	0
Total Current Liabilities	0	0
Working Capital	3,105	3,234
Long Term Creditor	485	501
Total Net Assets	7,506	8,748
Reserves		
Income & Expenditure Account	1,991	2,192
Capital Account	2,321	2,097
Revaluation Reserve	3,194	4,459
Total Reserves	7,506	8,748

The accounts were issued for audit on the 29 June 2012 and the audited accounts were authorised for issue on the 28 September 2012.

Ian Lorimer CPFA
 Head of Finance
 28 September 2012

1. Movement in Individual Common Good Reserve Funds
Revenue Account

	Balance at 1/4/11 £000	Income £000	Expenditure £000	Balance at 31/3/12 £000	Transfer Between Inc & Exp & Capital Accounts £000	Adjusted Balance at 31/3/12 £000
Arbroath	722	108	179	651	0	651
Brechin	545	89	168	466	0	466
Forfar	726	97	158	665	0	665
Kirriemuir	7	0	0	7	0	7
Montrose	192	69	59	202	0	202
TOTAL	2,192	363	564	1,991	0	1,991

Capital Account

	Balance at 1/4/11 £000	Movement £000	Balance at 31/3/12 £000
Arbroath	748	36	784
Brechin	372	128	500
Forfar	467	60	527
Kirriemuir	0	0	0
Montrose	510	0	510
TOTAL	2,097	224	2,321

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2011/12

	(Surplus) Deficit on Inc & Exp Account £000s	Adjust for Non Cash Transactions (See Note 3) £000	Adjust for Cash Transactions (See Note 4) £000	Balance Advanced (To)/From Loans Fund £000
Arbroath	71	9	16	96
Brechin	79	(13)	0	66
Forfar	61	(12)	0	49
Kirriemuir	0	0	0	0
Montrose	(10)	(9)	(3)	(22)
TOTAL MOVEMENT IN YEAR	201	(25)	13	189
2011/12 Balance b/f	2,192			3,230
Sale of asset				60
Increase/(Decrease) Per Surplus Above	(201)			(189)
Balance as at 31/03/12	1,991			3,101

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation	25
Impairment	0
Total	25

4. Cash Transactions Adjusted in Note 2 Above

	£000
Principal repayment on loan from General Fund	16
Short Term Debtor	(3)
Total	13

5. Following a review of the accounting treatment of expenditure incurred on the redevelopment of the Webster Theatre, Arbroath, the cost has been split between landlord works funded by the Arbroath Common Good Fund and tenant improvements funded by Neighbourhood Services Department of Angus Council. As a result of the change in accounting treatment the annual depreciation previously charged to the Arbroath Common Good Fund has been overstated by £47,788 per annum from 1 April 2009. It has therefore been necessary to backdate the adjustment to the treatment of the asset value to 31 March 2009 resulting in depreciation totalling £95,576 being reversed (2009/10 and 2010/11 annual depreciation charges) which has enhanced the Arbroath Common Good Fund revenue account balance as at 31 March 2012 (report 220/12 to Angus Council refers).

6. The Council has undertaken an audit of Common Good properties in Arbroath. The findings of this audit remain in the consultation and review process and the outcome will be submitted to committee in due course. The audit has identified some Non Current Assets currently included in the Common Good Fund Balance Sheet that should potentially be included in the Council's Balance Sheet and vice versa. A number of, mostly non-material, adjustments to both the Council's Balance Sheet and the Arbroath Common Good Fund Balance Sheet would arise as a result. However, a material adjustment in respect of the Arbroath Library (currently valued at £836,000) may arise which would, subject to council approval, transfer from the Arbroath Common Good Fund Balance Sheet to the Council's Balance Sheet.

Independent Auditor's Report

Independent auditor's report to the members of Angus Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Angus Council and its group for the year ended 31 March 2012 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the council only and group Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets and Cash-Flow Statements, the council only Housing Revenue Account Income and Expenditure Statement, Movement on the Housing Revenue Account Statement, Council Tax Income Accounts, Non-domestic Rates Accounts, Charitable Trusts, Common Good and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the 2011/12 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2011/12 Code of the state of the affairs of the group and of Angus Council as at 31 March 2012 and of the income and expenditure of the group and the council for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2011/12 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not comply with Delivering Good Governance in Local Government.

I have nothing to report in respect of these matters.

Stephen O'Hagan CPFA
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7th Floor, Plaza Tower
East Kilbride G74 1LW

28 September 2012