



Annual Accounts

2013-14

For year ending 31st March 2014
(Unaudited)

Angus Council - Annual Accounts 2013/14

Contents

| | |
|--|---------------|
| Explanatory Foreword | 1 - 7 |
| Annual Governance Statement | 8 - 11 |
| Remuneration Report | 12- 23 |
| The Statement of Responsibilities | 24 |
| Movement in Reserves Statement | 25 |
| Comprehensive Income and Expenditure Statement | 26 |
| Balance Sheet | 27 |
| Cashflow Statement | 28 |
| Notes to the Accounts | 29- 82 |
| Note 1 – Statement of Accounting Policies | |
| Note 2 – Accounting Standards Issued, Not Adopted | |
| Note 3 – Critical Judgements in Applying Accounting Policies | |
| Note 4 – Assumptions made about the Future and other Major Sources of Estimation certainty | |
| Note 5 – Adjustments between Accounting Basis and Funding Basis under Regulations | |
| Note 6 – Transfer to/from Ear Marked Reserves | |
| Note 7 – Other Operating Expenditure | |
| Note 8 – Financing and Investment Income and Expenditure | |
| Note 9 – Taxation and Non Specific Grant Incomes | |
| Note 10 – Grant Income | |
| Note 11 – Amounts Reported for Resource and Allocation Decisions (Segmental Reporting) | |
| Note 12 – External Audit Costs | |
| Note 13 – Property Plant and Equipment | |
| Note 14 – Heritage Assets | |
| Note 15 – Investment Properties | |
| Note 16 – Intangible Assets | |
| Note 17 – Assets Held for Sale | |
| Note 18 – Long Term Debtors | |
| Note 19 – Inventories | |
| Note 20 – Short Term Debtors | |
| Note 21 – Cash and Cash Equivalents | |
| Note 22 – Short Term Creditors | |
| Note 23 – Provisions | |
| Note 24 – Impairment Losses | |
| Note 25 – Usable Reserves | |
| Note 26 – Unusable Reserves | |
| Note 27 – Capitalisation of Borrowing Costs | |
| Note 28 – Terminations Benefits | |
| Note 29 – Councillor Remuneration, Allowances and Expenses | |
| Note 30 – Teachers Pensions Schemes Accounted for as Defined Contribution Schemes | |
| Note 31 – Defined Benefit Pension Schemes | |
| Note 32 – Cash Flow Statement – Operating Activities | |
| Note 33 – Cash Flow Statement – Investing Activities | |
| Note 34 – Cash Flow Statement – Financing Activities | |
| Note 35 – Related Parties | |
| Note 36 – PFI and Similar Contracts | |
| Note 37 – Leases | |
| Note 38 – Capital Commitments | |
| Note 39 – Construction Contracts | |
| Note 40 – Capital Expenditure and Capital Financing | |
| Note 41 – 2013/14 Capital Budget | |
| Note 42 – Financial Instruments | |
| Note 43 – Nature and Extent of Risks Arising from Financial Instruments | |
| Note 44 - Loans Fund Revenue Account | |
| Note 45 – Other Long Term Liabilities | |
| Note 46 – Prior Period Adjustments | |
| Group Accounts | 83 - 100 |
| Housing Revenue Account and Notes | 101 - 103 |
| Council Tax Income Account and Notes | 104 - 105 |
| Non-Domestic Rates Account and Notes | 106 - 107 |
| Charitable Trusts | 108 - 109 |
| Common Good | 110 - 113 |

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 Corporate Improvement and 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 2013/14 (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 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 in 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 unusable 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 (CIES)

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 Council Tax and dwellings rent setting 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 information identified by the CIPFA Directors of Finance Section. They have been added to the foreword to assist the reader in the understanding and interpretation of the Council's 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 2013/14 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 to the Accounting Statements that the General Fund balance at the end of the year was £19.267m with £0.479m 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 2013 was £17.490m including £0.221m attributable to DSM. The movement on the General Fund Balance was therefore an increase of £1.777m. The budget set for 2013/14 after adjustment for budget carry forwards and other earmarked sums assumed a deficit of £6.850m. Accordingly the closing balance of £19.267m* represents an overall favourable movement against budget of £8.627m (126%) arising as follows: -

| Description | £m |
|---|---------|
| Underspends on departmental budgets | 6.660 |
| Additional Surplus from Tayside Contracts | 0.116 |
| Additional Council Tax income | 0.655 |
| Underspend on Debt Charges – Principal Repayments | 2.065 |
| Affordable Housing | (0.600) |
| Other (various) | (0.269) |
| Total | 8.627 |

*The balance of £19.267m includes a Devolved School Management (DSM) balance of £0.479m but excludes the Car Parking reserve (£0.075m), Arbroath Harbour reserve (£0.228m) and other specific reserves (£0.268m) which are included in Note 6 (19.838m).

Of the closing General Fund balance of £19.267m, £0.479m is attributable to DSM and £17.235m is committed or earmarked as follows:-

| Description | £m |
|---|---------------|
| Working Balance/Contingency (per existing policy) | 3.250 |
| Earmarked monies | |
| - Unspent Grants & Government Grant Re-determination Monies to be spent in future years | 4.788 |
| - CFCR provision (capital budget funding) | 2.065 |
| - 50% & 100% Carry forwards from 2013/14 | 4.530 |
| - Transforming Angus Change Fund | 1.393 |
| - Affordable Housing Revenue Account Balance | 1.209 |
| Total | 17.235 |

Allowing for DSM and these committed or earmarked sums leaves an uncommitted or un-earmarked balance of £1.553m and the future use of this sum will require to be considered as part of the ongoing delivery of the 2014/15 budget and the development of the budget strategy for 2015/16 and beyond.

Housing Revenue Account – The Housing Revenue Account deals with council house management transactions. The actual movement on the Housing Revenue Account for 2013/14 is an increase of £0.033m which has resulted in a surplus balance of £3.181m at 31 March 2014. The balance at 31 March 2014 is marginally in excess of the budgeted target of £3.148m.

The Housing Revenue Account budget set for 2013/14 assumed a breakeven position. The closing balance of £3.181m therefore represents an overall favourable movement against budget of £0.033m (1.1%). The closing Housing Revenue Account balance was in excess of the £1.000m minimum policy level with £2.181m earmarked as follows:-

| Description | £m | £m |
|---|--------------|--------------|
| Working Balance/Contingency (per existing policy) | | 1.000 |
| Earmarked monies | | |
| - Survive & Thrive | 0.687 | |
| - Allowance for SHQS / New Build Housing | <u>1.494</u> | <u>2.181</u> |
| Total | | 3.181 |

Whilst broadly on budget in most areas, the 2013/14 surplus of £0.033m has primarily been achieved as a result of underspends on staff costs, central support costs and longer than anticipated lead in times on survive & thrive projects offset by an additional revenue contribution to capital funding.

C. Material Assets / Liabilities

There were no material new assets acquired or liabilities incurred in the year to report on for financial year 2013/14. 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 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 IAS 19 presentational requirements is neutral.

The IAS19 requirements also lead to the creation of a Pension Asset or Pension Liability offset by a Pension Reserve. At the 31 March 2014 there was a Pension Liability of £220.746m with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2014 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 2014 there would have been a shortfall of some £220.746m. The Pension Liability of £220.746m compares with £154.827m for the previous year – an unfavourable movement of £65.919m.

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 2014 (4.5%) is the same as 31 March 2013 (4.5%). The increased cost of future liabilities is a result of a change in the financial assumptions applied under the IAS 19 Standard.

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 2013/14 Local Government Finance Settlement and the council's budget process provided the resources required to meet the council's net service expenditure in 2013/14. 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 2013/14.

F. Change in Accounting Policy

There has been no change to the Accounting Policies for financial year 2013/14.

G. Change in Statutory Functions

The Police and Fire Reform (Scotland) Act 2013 received royal assent on 7 August 2012 and responsibility for Police and Fire and Rescue Services transferred from local government to Police Scotland and the Scottish Fire and Rescue Service respectively on 1 April 2013. The impact of these reforms is largely neutral with regard to the delivery of Angus Council's services, although it should be noted that the outstanding debt relating to the former Tayside Police Joint Board will continue to be managed operationally by the Council but funded by Police Scotland.

H. Future Development in Service Delivery

Capital expenditure commitments for the construction / enhancement / purchase of property, plant and equipment totalling some £10.771m (gross) exist as at 31 March 2014, £4.708m of which relates to the General Fund and £6.063m relates to Housing. On a net basis, some £9.711m of commitments exist in total at 31 March 2014, of which £3.850m relates to the General Fund and £5.861m relates to Housing. (Source: 2014/15 General Fund Provisional Capital Budget Volume and 2014/15 Housing Rent Setting Report – Appendix 1). Similar commitments at 31 March 2013 totalled £16.768m (gross).

The major commitments (on a gross basis) include: Ongoing Development / Capping at Restenneth Landfill Site (£0.634m); Implementation of Closure Plan at Arrats Mill (£0.547m); purchase of waste bins / caddies for recycling roll out (£0.787m); A935 Brechin to Montrose Route Action Plan (£0.493m); completion of ongoing new build affordable housing (£0.351m); council housing heating replacement programmes (£4.702m); council housing energy saving works (£0.266m); and sheltered housing accommodation (£0.335m).

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 £160.852m at 31 March 2014, with £116.599m attributable to the General Fund, £36.426m to the Housing Revenue Account and £7.827m to the former Tayside Police Joint Board. 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. The funding of Housing Revenue Account capital expenditure now includes a more significant amount of borrowing than once was the case and this trend has continued into 2013/14. Consequently the level of principal repayments and loan interest to be incurred by the Housing Revenue Account will increase for 2014/15 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 40 outlines the capital expenditure undertaken during 2013/14 by Angus Council and how this was funded. The gross capital expenditure of £32.489m (excluding PFI/PPP life cycle investment) 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 (8.8%), sale of assets (8.1%), contribution from revenue (42.0%), with the remainder (41.1%) 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 the Communities directorate to be utilised towards the purchase of new vehicles).

K. Provisions / Contingencies / Write Offs

For financial year 2013/14 a provision of £0.190m 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 2014 to report on for the financial year 2013/14.

L. Restatements

In addition to the IAS 19 (Employee Benefits) restatement noted in D (above) the accounts also included the following other restatements:-

Common Good – The accounts are now presented in a manner to differentiate between usable and non usable reserves. The 2012/13 information takes full cognisance of this change.

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 2013/14 again saw Council departments adhering to their cash limited budgets and this was despite the difficulties created by rising prices and constrained budget resources. 2013/14 was also particularly challenging as the implementation of a radically different departmental management structure took full effect. This required a major re-casting of budgets mid year and many officers picking up budget responsibilities for the first time. The management restructure will result in significant ongoing savings for the Council but its implementation has required sizeable upfront costs to be borne in the form of exit packages as shown in the Remuneration Report. All of these exit packages complied with the Council financial payback criteria.

The Council's budget monitoring process during the year was effective in identifying over and under spends and this informed the 2014/15 budget setting process but attention needs to be given to the increase in underspend which emerged at the end of the financial year. The Council's performance in the collection of local taxes was maintained at an already strong position during 2013/14, although housing rent arrears increased somewhat the Council are actively reviewing and managing this.

The in year collection rate for Council Tax is 97.6% which has dropped marginally by 0.1% from 2012/13. Council Tax income included in the Comprehensive Income & Expenditure Account for 2013/14 is £46.774m. This total represents 18.1% of the reported Total of Taxation & Non Specific Grant Income for 2013/14 of £257.125m.

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 2014 the Council's overall usable reserves stood at £27.926m 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 £1.553m and the policy contingency of £3.250m, some £4.803m of headroom exists within the General Fund Balance at 31 March 2014 which represents approximately 2% of the budgeted net expenditure on General Fund services for 2013/14 and compares with approximately 1% in 2012/13. Taking into account commitments and the set contingency level, some £1.000m of headroom exists within the HRA which represents approximately 4.4% of budgeted gross expenditure for 2013/14 and compares with 4.7% in 2012/13 (gross expenditure has been used as the HRA budgeted net expenditure is zero).

Debt and Borrowing

The Council has low debt per head of population 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 expected to remain below the Scottish average for both these areas of service. The Council remained within its borrowing limits throughout 2013/14 and complied with its treasury management strategy for the year. The following indicators as at 31 March 2014 reflect a snapshot of this position.

| <u>Debt & Borrowing</u> | Capital Financing Requirement £m | £m | External Debt £m | £m | Capital Debt £m |
|--|---|--------|------------------------|-------|-----------------------|
| Prudence | | | | | |
| General Fund + HRA | 174.323 | | 163.480 | | 160.852 |
| Variance | | 10.843 | | 2.628 | |
| 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, HRA or former Tayside Police positions. | | | | | |
| The Council's external borrowing remained below its capital financing requirement throughout the 2013/14 financial year. | | | | | |

| <u>Debt & Borrowing</u> | Net Revenue Stream £m | £m | Financing Costs (incl PPP/PFI) £m | % Of Net Revenue Stream |
|-----------------------------|--------------------------------|----|---|-------------------------------|
| Affordability | | | | |
| General Fund | 235.425 | | 22.247 | 9.45% |
| HRA | 24.052 | | 2.315 | 9.62% |

Investments

At 31 March 2014 temporary investments of £39.500m existed, a decrease of £5.891m on the previous year. This decrease primarily reflects non-replacement of £4.241m of PWLB debt.

Economic Circumstances & Their Impact

Financial year 2013/14 has proven to be another challenging year for the Council with the Council's ability to generate capital receipts and fee income still constrained. 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. Capital receipts for Housing were some £0.609m higher than the level set out in the 2013/14 monitoring budget but these are still significantly 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 pre 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 for the foreseeable future. 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 £29.6m over the 4 year period 2014/15 to 2017/18 has been estimated.

The Council has a programme of efficiency reviews and service redesign work underway along with a Transforming Angus programme which is charged with delivering financial savings and transforming the way the Council works and provides services. These various activities 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.

Financial Instruments (LOBO's) – Prior year loans and receivables information were amended to include all appropriate types of loans.

Acknowledgement

This is the eighteenth set of Annual Accounts of Angus Council and indicates that the difficult financial targets which had been set in financial year 2013/14 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 Corporate Improvement and Finance
30 June 2014

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 2014. 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 Council Plan, all of which have been widely published and are available on the Council's website.
- 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 Corporate Improvement and 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 Legal and Democratic Services 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 and remuneration 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 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 objectives. Directorates have business continuity arrangements which set out the framework within 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 Scrutiny and Audit, the Civic Licensing Committee, Development Standards and Licensing Board 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 discharging their duties. A register of members' interests is maintained and is available for inspection by members of the public.
- Whistleblowing policies 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 operates an internal audit service which is situated in the Chief Executive's Unit. The service operated in accordance with the Public Sector Internal Audit Standards. The service undertakes an annual programme of work approved by the Scrutiny & Audit 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 Audit Manager reported on a contract management basis to the Service Manager, Governance with open access to elected members and the Chief Executive. The Audit Manager reports on a functional basis to the Scrutiny & Audit Committee. The Audit Manager reports in his own name and retains final edit rights over all audit reports and provides to members an annual report on governance, risk and Internal control which specifically includes internal financial controls in support of the Head of Corporate Improvement and Finance's statutory responsibilities for the proper administration of the council's financial affairs.

The council's governance framework has been in place for the year ended 31 March 2014 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 Corporate Improvement & 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 Corporate Improvement & Finance is a member of the Council Management Team, is the Council's most senior adviser on all financial matters, is involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. For the year under review

the Head of Corporate Improvement & Finance was able to fulfil the requirements of the Chief Financial Officer's role through the arrangements which existed.

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
- clearly defined capital expenditure guidelines; and
- as appropriate, formal project management disciplines

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 strategic directors, 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 Corporate Improvement and 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 2013/14 also confirms that the Head of Corporate Improvement and 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 strategic directors 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 Audit Manager'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 2013/14 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 2013/14 the council improved its governance arrangements by:

- Establishing a process of scrutiny reviews by elected members through scrutiny panels
- Updating the medium term financial strategy
- Further developing the management restructure and aligning the committee structure, with related work around revising directorate schemes of delegation and re-casting budgets
- Consulting with the community in relation to budgetary savings
- Updating the council's standing orders and financial regulations to match the new structural arrangements
- Developing a new risk management strategy for implementation in 2014-15
- Reviewing the schemes of delegation
- Established a Transforming Angus Board
- Continuing Elected Members development through training and briefings



The corporate review has identified areas for improvement to be delivered in 2014/15 including:

- The need for corporate governance and risk management training to be embedded in our new risk management strategy
- The need for testing and validation of business continuity plans.
- Delivery of the information governance action plan
- Developing the framework for programme and project management
- Developing a grading framework and policy for posts on the Chief Officer scale below Executive director level
- Developing complaints reporting procedures to directorates and Scrutiny and Audit Committee
- Improving our Equalities compliance processes
- Now the restructure is largely complete, reviewing our overall internal governance arrangements and our Local Code.

Strategic Directors have identified improvements to governance arrangements within their own directorates but these are not considered material enough to affect the overall assessment of the Council being generally compliant with the requirements of our 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 |
| 30 June 2014 | | 30 June 2014 |

Angus Council Remuneration Report 2013/14

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 2013/14 the salary for the Leader of Angus Council is £32,795. 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 (£24,596). 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 £266,448 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. Due to the restructure of the Council it was recommended to review and change the Council's committee structure for 2013/14 with effect from 1 January 2014. A special meeting of Angus Council on the 19 November 2013 approved a revised committee structure reducing its 7 "main" committees to 6 "main" committees. The Council's policy as it applied during 2013/14 was for the Conveners of the "main" committees to have salaries of £22,007 and the Vice Conveners of the "main" committees to have salaries of £17,563.

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 Convener or a Vice-Convener of a Joint Board. The 2007 Regulations require the remuneration to be paid by the Council of which the convener or vice-convener (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the convener or vice-convener 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 Convener or Vice-Convener 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 15 May 2012, the minute of which is available under agenda item 6 at:-

<http://www.angus.gov.uk/ccmeetings/minutes2012/anguscouncil/15-05-12.pdf>

Following the change in the Council's committee structure to apply from 1 January 2014 a new remuneration structure was agreed at a Special meeting of Angus Council on the 19 November 2013, the minute of which is available under agenda item 7 at:-

<http://www.angus.gov.uk/ccmeetings/minutes2013/AngusCouncil/sp19-11-13.pdf>

From 1 April 2013 until the 31 December 2013 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. From 1 January until 31 March 2014 this increased to 17 senior councillors as a result of the new committee structure. The remuneration paid to these councillors is detailed in Appendix 1. The 2012/13 comparative figures reflect a part year given members only took their positions in May 2012. 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 for the period 1 April to 31 December 2013 were set by the Council's Strategic Policy Committee with reference to the agreements of the Scottish Joint Negotiating Committee for Chief Officials.

The salaries of senior employees for the period 1 January to 31 March 2014 were set by Policy and Resources and details of membership is available at:-

<http://www.angus.gov.uk/ccmeetings/membership/policyresources.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, relates 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 2012/13 and 2013/14 of the posts which are classed as senior employees of the Council. The 2013/14 salaries include the 1% national local government pay settlement that was implemented during 2013/14.

Senior Management Restructure

From 1 April 2013 a new senior management structure was put in place for Angus Council and to help deliver changes a number of early retirements of the former senior management team took place at March 2013. The posts and post titles for senior employees set out in this report and detailed in Table 1 are based on the senior management restructure which applied during 2013/14.

Table 1

| Post | Notes | 2013/14 Salary £ | 2012/13 Salary £ | Movement £ |
|---|-------|---------------------|---------------------|---------------|
| New Senior Management | | | | |
| Chief Executive | 1 | 122,898 | 121,680 | 1,218 |
| Strategic Director – Resources | | 103,962 | n/a | n/a |
| Strategic Director - People | | 103,962 | n/a | n/a |
| Strategic Director – Communities | 2 | 107,445 | n/a | n/a |
| Head of Corporate Improvement & Finance | | 88,350 | 87,474 | 876 |
| Head of Legal and Democratic Services | 3 | 88,350 | 90,918 | (2,568) |
| Chief Social Work Officer | 4 | 79,689 | n/a | n/a |
| Head of Children's Services | 5 | 88,350 | n/a | n/a |
| Head of Schools & Learning | 6 | 84,885 | n/a | n/a |
| Former Senior Management | | | | |
| Director of Infrastructure Services | | n/a | 102,933 | n/a |
| Director of Education | | n/a | 102,933 | n/a |
| Director of Corporate Services | | n/a | 102,933 | n/a |
| Director of Neighbourhood Services | | n/a | 102,933 | n/a |
| Director of Social Work & Health | | n/a | 108,087 | n/a |
| Assistant Chief Executive | | n/a | 90,918 | n/a |
| | | | | |
| | | | | |
| Total | | 867,891 | 910,809 | (474) |

Notes

- 1 There were no Returning Officer duties and payments in 2013/14
- 2 Also the Depute Chief Executive for 2013/14
- 3 Previously entitled to 2 additional increments for the role of Depute to the Director of Corporate Services which ceased at 31 March 2013
- 4 Was in post 1/4/13 until 31/12/13.
- 5 Commenced post 1/12/13
- 6 Commenced post 9/12/13

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 2012/13 and 2013/14 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

Exit Packages

The 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 retirees and ex gratia payments. Exit packages due to ill health retirees or departures are not termination benefits in accordance with the code and are therefore excluded. The significant cost of exit packages in 2012/13 and 2013/14 is unusual and is a direct result of the senior management restructure.

Table 2 below discloses the number of relevant exit packages agreed during 2013/14 and their costs grouped in the relevant bandings.

Table 2

| Banding by total cost of each exit package | 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 | |
|--|---------------------|--------------|--|--------------|--|--------------|--|--------------|
| | 2013/14 £ | 2012/13 £ | 2013/14 £ | 2012/13 £ | 2013/14 £ | 2012/13 £ | 2013/14 £ | 2012/13 £ |
| Up to 20,000 | 9 | 19 | 46,524 | 74,720 | 3,983 | 49,835 | 50,507 | 124,555 |
| 20,001 – 40,000 | 4 | 3 | 112,184 | 82,281 | 9,307 | 0 | 121,491 | 82,281 |
| 40,001 – 60,000 | 4 | 2 | 148,843 | 97,532 | 43,924 | 0 | 192,767 | 97,532 |
| 60,001 – 80,000 | 2 | 0 | 86,273 | 0 | 53,959 | 0 | 140,232 | 0 |
| 80,001 – 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 100,001 – 150,000 | 4 | 4 | 216,863 | 259,917 | 279,955 | 229,758 | 496,818 | 489,675 |
| 150,001 – 200,000 | 1 | 0 | 143,377 | 0 | 24,999 | 0 | 168,376 | 0 |
| 200,001 – 250,000 | 1 | 0 | 157,197 | 0 | 84,478 | 0 | 241,675 | 0 |
| 250,001 – 300,000 | 1 | 1 | 134,636 | 168,598 | 128,591 | 121,266 | 263,228 | 289,864 |
| 300,001 – 350,000 | 0 | 2 | 0 | 409,428 | 0 | 236,098 | 0 | 645,526 |
| Total | 26 | 31 | 1,045,897 | 1,092,476 | 629,196 | 636,957 | 1,675,094 | 1,729,433 |

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 both years are actuarial amounts provided by our Actuaries.

Pension Benefits Policy Context

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS). Teacher's benefits are provided through the Scottish Teachers' Superannuation Fund (STSF).

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 re-valued 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 currently 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 2013/14 have changed but the rates remain at the 2012/13 rates and are as follows:-

Table 3

| Full Time Equivalent Pay | Contribution Rate Payable By Councillors/ Employees 2013/14 | Full Time Equivalent Pay | Contribution Rate Payable By Councillors/ Employees 2012/13 |
|--------------------------------|---|--------------------------------|---|
| Up to £19,800 | 5.50% | Up to £19,400 | 5.50% |
| Over £19,800 and up to £24,200 | 7.25% | Over £19,400 and up to £23,700 | 7.25% |
| Over £24,200 and up to £33,200 | 8.50% | Over £23,700 and up to £32,500 | 8.50% |
| Over £33,200 and up to £44,200 | 9.50% | Over £32,500 and up to £43,300 | 9.50% |
| Over £44,200 | 12.00% | Over £43,300 | 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 |
| 30 June 2014 | | 30 June 2014 |

Remuneration Of Senior Councillors (1 April 2013 to 31 March 2014)

The following table provides details of the remuneration paid to Angus Council's councillors who held senior roles in 2013/14

| Responsibility (1 April – 31 December) | Responsibility (1 January – 31 March) | Senior Councillor | Note | 2013/14 Salary, fees & allowances £ | 2013/14 Taxable Expenses £ | 2013/14 Non-cash expenses £ | 2013/14 Total £ | 2012/13 Total £ |
|---|--|----------------------|------|--|-------------------------------------|-----------------------------------|-----------------------|-----------------------|
| Vice Convener of Scrutiny & Audit (from 28/6/12) | Vice Convener of Scrutiny & Audit | B Boyd | 1 | 17,761 | 0 | 0 | 17,761 | 15,804 |
| Vice-C, Development Standards | Vice Convener of Children & Learning | L Devine | | 17,563 | 0 | 0 | 17,563 | 15,817 |
| Vice-C, Corporate Services | Finance Vice Convener/Vice Convener of Development Standards | B Duff | | 17,563 | 0 | 0 | 17,563 | 15,817 |
| Convener, Infrastructure Services | Convener of Development & Enterprise | M Evans | 1 | 22,133 | 0 | 0 | 22,133 | 19,747 |
| Not a Senior Councillor | Vice-Convener of Civic Licensing | C Fotheringham | | 4,331 | 0 | 0 | 4,331 | n/a |
| Leader of the Council | Leader of the Council / Convener of Policy & Resources | I Gaul | | 32,795 | 0 | 0 | 32,795 | 29,026 |
| Vice-C, Neighbourhood Services | Vice-Convener of Communities | J Gaul | | 16,396 | 0 | 0 | 16,396 | 14,766 |
| Vice-C, Infrastructure Services | Vice-Convener of Development & Enterprise | S Hands | | 17,563 | 0 | 0 | 17,563 | 15,817 |
| Vice-Convener of Social Work and Health /Vice Convener of Tayside Joint Valuation Board | Vice-Convener of Social Work and Health/Vice Convener of Tayside Joint Valuation Board | J Houston | 2 | 21,925 | 0 | 0 | 21,925 | 14,766 |
| Convener, Corporate Services/Depute Leader | Depute Provost/Finance Convener/Convener of Civic Licensing | A King | 1 | 22,263 | 0 | 0 | 22,263 | 19,866 |
| Convener of Social Work and Health | Convener of Social Work and Health | G Middleton | | 22,007 | 0 | 0 | 22,007 | 19,630 |
| Convener, Neighbourhood Services | Convener of Communities | D Morrison | | 22,007 | 0 | 0 | 22,007 | 19,633 |
| Convener, Development Standards | Convener of Development Standards | R Murray | 1 | 22,261 | 0 | 0 | 22,261 | 19,864 |
| Civic Head (Provost) | Civic Head (Provost) | H Oswald | 1 | 24,939 | 0 | 0 | 24,939 | 22,156 |
| Convener of Scrutiny & Audit (from 28/6/12) | Convener of Scrutiny & Audit | B Spink | | 22,007 | 0 | 0 | 22,007 | 18,963 |

Angus Council – Annual Accounts for year ended 31st March 2014

| Responsibility (1 April – 31 December) | Responsibility (1 January – 31 March) | Senior Councillor | Note | 2013/14 Salary, fees & allowances £ | 2013/14 Taxable Expenses £ | 2013/14 Non-cash expenses £ | 2013/14 Total £ | 2012/13 Total £ |
|---|---|----------------------|------|--|-------------------------------------|-----------------------------------|-----------------------|-----------------------|
| Depute Leader | Depute Leader /Vice Convener of Policy & Resources | P Valentine | 1 | 24,652 | 0 | 0 | 24,652 | 21,939 |
| Convener, Education | Convener of Children & Learning | S Welsh | 1 | 22,072 | 0 | 0 | 22,072 | 19,692 |
| | | TOTAL | | 350,238 | 0 | 0 | 350,238 | 303,303 |

1 The 2013/14 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 £5,529 of this remuneration relates to the councillor's responsibility as Vice Convener of Tayside Valuation Board and this is paid by the Joint Board rather than the Council. £2,453 of the £5,529 relates to an arrears payment for 12/13.

Remuneration Of Senior Employers

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 2013/14. The comparator figures for 2012/13 therefore exclude senior employees who were not employed by the Council after 31 March 2013. As a result of this the overall remuneration totals for each year are 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 | Senior Employee | Note | 2013/14 Salary, fees & allowances £ | 2013/14 Taxable Expenses £ | 2013/14 Non-cash expenses (note 1) £ | 2013/14 Total Remuneration £ | 2012/13 Total Remuneration £ |
|---|-----------------|------|---|-------------------------------------|--|---------------------------------------|---------------------------------------|
| Chief Executive | R Stiff | | 122,898 | 0 | 0 | 122,898 | 123,322 |
| Strategic Director - Resources | M Armstrong | 2 | 99,974 | 0 | 0 | 99,974 | n/a |
| Strategic Director - People | M Williamson | 2 | 99,974 | 0 | 0 | 99,974 | n/a |
| Strategic Director - Communities/Depute Chief Executive | A McKeown | | 107,445 | 0 | 3,216 | 110,661 | n/a |
| Head of Corporate Improvement & Finance | I Lorimer | | 88,350 | 0 | 0 | 88,350 | 87,474 |
| Head of Legal and Democratic Services | S Hunter | | 88,350 | 0 | 0 | 88,350 | 90,918 |
| Chief Social Work Officer | L Young | 3 | 59,767 | 0 | 0 | 59,767 | n/a |
| Head of Children's Services | T Armstrong | 4 | 29,161 | 0 | 0 | 29,161 | n/a |
| Head of Schools and Learning | P Stephen | 5 | 26,470 | 0 | 0 | 26,470 | n/a |
| Total | | | 722,389 | 0 | 3,216 | 725,605 | 301,714 |

1 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

2 Commenced post 15/4/13

3 In post 1/4/13 until 31/12/13.

4 Commenced post 1/12/13

5 Commenced post 9/12/13

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 | 2013/14 | 2013/14 | 2013/14 | 2013/14 |
|---------------------|---------|---------|---------|---------|
| | LGE | SNCT | CO | TOTAL |
| £50,000 - £54,999 | 6 | 30 | 3 | 39 |
| £55,000 - £59,999 | 0 | 14 | 5 | 19 |
| £60,000 - £64,999 | 0 | 1 | 2 | 3 |
| £65,000 - £69,999 | 0 | 3 | 0 | 3 |
| £70,000 - £74,999 | 0 | 1 | 3 | 4 |
| £75,000 - £79,999 | 0 | 1 | 7 | 8 |
| £80,000 - £84,999 | 0 | 0 | 0 | 0 |
| £85,000 - £89,999 | 0 | 0 | 2 | 2 |
| £90,000 - £94,999 | 0 | 0 | 0 | 0 |
| £95,000 - £99,999 | 0 | 0 | 2 | 2 |
| £100,000 - £104,999 | 0 | 0 | 0 | 0 |
| £105,000 - £109,999 | 0 | 0 | 1 | 1 |
| £110,000 - £114,999 | 0 | 0 | 0 | 0 |
| £115,000 - £119,999 | 0 | 0 | 0 | 0 |
| £120,000 - £124,999 | 0 | 0 | 1 | 1 |
| £125,000 - £129,999 | 0 | 0 | 0 | 0 |
| £130,000 - £134,999 | 0 | 0 | 0 | 0 |
| Total | 6 | 50 | 26 | 82 |

| Remuneration Band | 2012/13 | 2012/13 | 2012/13 | 2012/13 |
|---------------------|---------|---------|---------|---------|
| | LGE | SNCT | CO | TOTAL |
| £50,000 - £54,999 | 2 | 31 | 0 | 33 |
| £55,000 - £59,999 | 0 | 12 | 1 | 13 |
| £60,000 - £64,999 | 0 | 1 | 8 | 9 |
| £65,000 - £69,999 | 0 | 2 | 2 | 4 |
| £70,000 - £74,999 | 0 | 3 | 4 | 7 |
| £75,000 - £79,999 | 0 | 1 | 4 | 5 |
| £80,000 - £84,999 | 0 | 0 | 4 | 4 |
| £85,000 - £89,999 | 0 | 0 | 4 | 4 |
| £90,000 - £94,999 | 0 | 0 | 2 | 2 |
| £95,000 - £99,999 | 0 | 0 | 0 | 0 |
| £100,000 - £104,999 | 0 | 0 | 3 | 3 |
| £105,000 - £109,999 | 0 | 0 | 1 | 1 |
| £110,000 - £114,999 | 0 | 0 | 1 | 1 |
| £115,000 - £119,999 | 0 | 0 | 0 | 0 |
| £120,000 - £124,999 | 0 | 0 | 1 | 1 |
| £125,000 - £129,999 | 0 | 0 | 0 | 0 |
| £130,000 - £134,999 | 0 | 0 | 0 | 0 |
| Total | 2 | 50 | 35 | 87 |

Pension Benefits – Senior Councillors

Fifteen of the 17 senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2014 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 12/13 | Responsibility 13/14 | Senior Councillor | In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/14 £ | In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/13 £ | Accrued Pension Benefit at 31/3/14 £000s | Accrued Pension Benefit at 31/3/14 lump sum £000s | Accrued Pension Benefit movement from 31/3/13 £000s | Accrued Pension Benefit movement from 31/3/13 lump sum £000s |
|---|--|-------------------|--|--|---|--|--|---|
| Vice Convener of Scrutiny & Audit (from 28/6/12) | Vice Convener of Scrutiny & Audit | B Boyd | 3,161 | 2,087 | 1 | 0 | 0 | 0 |
| Vice-C, Development Standards | Vice Convener of Children & Learning | L Devine | 3,161 | 2,847 | 1 | 0 | 1 | 0 |
| Vice-C, Corporate Services | Finance Vice Convener/Vice Convener of Development Standards | B Duff | 3,161 | 2,847 | 1 | 0 | 1 | 0 |
| Convener, Infrastructure Services | Convener of Development & Enterprise | M Evans | 3,961 | 3,449 | 2 | 1 | 0 | 0 |
| n/a | Vice-Convener of Civic Licensing | C Fotheringham | 780 | n/a | 1 | 0 | n/a | n/a |
| Leader of the Council | Leader of the Council / Convener of Policy & Resources | I Gaul | 5,903 | 5,140 | 2 | 2 | 0 | 1 |
| Vice-C, Neighbourhood Services | Vice-Convener of Communities | J Gaul | 2,951 | 2,658 | 1 | 0 | 1 | 0 |
| Vice-C, Infrastructure Services | Vice-Convener of Development & Enterprise | S Hands | 3,161 | 2,847 | 1 | 0 | 1 | 0 |
| Vice-Convener of Social Work and Health /Vice Convener of Tayside Joint Valuation Board | Vice-Convener of Social Work and Health/Vice Convener of Tayside Joint Valuation Board | J Houston | 3,946 | 2,658 | 1 | 0 | 1 | 0 |
| Convener, Corporate Services/Depute Leader | Depute Provost/Finance Convener/Convener of Civic Licensing | A King | 3,961 | 3,449 | 3 | 2 | 1 | 1 |

Angus Council – Annual Accounts for year ended 31st March 2014

| Responsibility 12/13 | Responsibility 13/14 | Senior Councillor | In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/14 £ | In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/13 £ | Accrued Pension Benefit at 31/3/14 £000s | Accrued Pension Benefit at 31/3/14 lump sum £000s | Accrued Pension Benefit movement from 31/3/13 £000s | Accrued Pension Benefit movement from 31/3/13 lump sum £000s |
|------------------------------------|--|-------------------|--|--|---|--|--|---|
| Convener of Social Work and Health | Convener of Social Work and Health | G Middleton | 4,594 | 2,910 | 1 | 0 | 1 | 0 |
| Convener, Development Standards | Convener of Development Standards | R Murray | 3,961 | 3,449 | 2 | 1 | 0 | 0 |
| Civic Head (Provost) | Civic Head (Provost) | H Oswald | 4,427 | 3,855 | 3 | 2 | 1 | 0 |
| Depute Leader | Depute Leader /Vice Convener of Policy & Resources | P Valentine | 4,427 | 3,855 | 2 | 2 | 0 | 0 |
| Convener, Education | Convener of Children & Learning | S Welsh | 3,961 | 3,449 | 2 | 1 | 0 | 0 |
| | | TOTAL | 55,516 | 45,500 | 24 | 11 | 8 | 2 |

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2014 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. 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 | Senior Employee | In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/14 £ | In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/13 £ | Accrued Pension Benefit at 31/3/14 £000s | Accrued Pension Benefit at 31/3/14 lump sum £000s | Accrued Pension Benefit movement from 31/3/13 £000s | Accrued Pension Benefit movement from 31/3/13 lump sum £000s |
|---|-----------------|--|--|---|--|--|---|
| Chief Executive | R Stiff | 22,122 | 21,902 | 79 | 0 | 3 | 0 |
| Strategic Director - Resources | M Armstrong | 17,995 | n/a | 25 | 48 | n/a | n/a |
| Strategic Director - People | M Williamson | 17,995 | n/a | 2 | 0 | n/a | n/a |
| Strategic Director - Communities/Depute Chief Executive | A McKeown | 19,340 | n/a | 28 | 58 | n/a | n/a |
| Head of Corporate Improvement & Finance | I Lorimer | 15,903 | 15,745 | 29 | 65 | 2 | 0 |
| Head of Legal and Democratic Services | S Hunter | 15,903 | 16,365 | 31 | 71 | 1 | 0 |
| Chief Social Work Officer | L Young | 10,758 | n/a | 44 | 111 | n/a | n/a |
| Head of Children's Services | T Armstrong | 5,249 | n/a | 23 | 50 | n/a | n/a |
| Head of Schools and Learning | P Stephen | 4,765 | n/a | 0 | 0 | n/a | n/a |
| Total | TOTAL | 130,030 | 54,012 | 261 | 403 | 6 | 0 |

THE STATEMENT OF RESPONSIBILITIES

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 Corporate Improvement and Finance.
2. To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Head of Corporate Improvement and Finance's Responsibilities

The Head of Corporate Improvement and 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 2014.

In preparing the statement of accounts, the Head of Corporate Improvement and Finance has:

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

The Head of Corporate Improvement and 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 provided guidance in this regard in the Annual Governance Statement.

I believe that the statement of accounts gives a true and fair view of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2014.



Ian Lorimer
Head of Corporate Improvement and Finance
30 June 2014

Movement in Reserves Statement as at 31 March 2014

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 the 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.

| | General Fund Balance | Housing Revenue Account | Capital Grants Unapplied | Capital Receipts Reserve | Other Statutory Reserves | | | Total Usable Reserves | Unusable Reserves | Total Council Reserves |
|---|----------------------|-------------------------|--------------------------|--------------------------|--------------------------|----------------|----------------|-----------------------|-------------------|------------------------|
| | | | | | Renewal & Repair Fund | Capital Fund | Insurance Fund | | | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 31 March 2013 Restated | 17,270 | 2,611 | 131 | 491 | 4,975 | 2,074 | 353 | 27,905 | 291,470 | 319,375 |
| Movement in reserves during 12/13 | | | | | | | | | | |
| Surplus or (deficit) on provision of services Restated | (14,988) | 3,685 | 0 | 0 | 0 | 0 | 0 | (11,303) | 0 | (11,303) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,529 | 25,529 |
| Total Comprehensive Expenditure and Income | (14,988) | 3,685 | 0 | 0 | 0 | 0 | 0 | (11,303) | 25,529 | 14,226 |
| Adjustments between accounting & funding basis under regulations (Note 5) Restated | 15,471 | (2,850) | (94) | (318) | 0 | (740) | 0 | 11,469 | (11,469) | 0 |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 483 | 835 | (94) | (318) | 0 | (740) | 0 | 166 | 14,060 | 14,226 |
| Transfers to/from Earmarked Reserves | 336 | (298) | 544 | 0 | (875) | 173 | 120 | 0 | 0 | 0 |
| Increase/Decrease in Year | 819 | 537 | 450 | (318) | (875) | (567) | 120 | 166 | 14,060 | 14,226 |
| Balance at 31 March 2013 carried forward | 18,089 | 3,148 | 581 | 173 | 4,100 | 1,507 | 473 | 28,071 | 305,530 | 333,601 |
| Movement in reserves during 13/14 | | | | | | | | | | |
| Surplus or (deficit) on provision of services | (17,925) | 2,441 | 0 | 0 | 0 | 0 | 0 | (15,484) | 0 | (15,484) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (49,619) | (49,619) |
| Total Comprehensive Expenditure and Income | (17,925) | 2,441 | 0 | 0 | 0 | 0 | 0 | (15,484) | (49,619) | (65,103) |
| Adjustments between accounting & funding basis under regulations (Note 5) | 20,051 | (2,908) | (557) | (144) | 0 | (1,103) | 0 | 15,339 | (15,339) | 0 |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 2,126 | (467) | (557) | (144) | 0 | (1,103) | 0 | (145) | (64,958) | (65,103) |
| Transfers to/from Earmarked Reserves (Note 6) | (377) | 500 | (6) | (16) | (205) | 10 | 94 | 0 | 0 | 0 |
| Increase/Decrease in Year | 1,749 | 33 | (563) | (160) | (205) | (1,093) | 94 | (145) | (64,958) | (65,103) |
| Balance at 31 March 2014 carried forward | 19,838 | 3,181 | 18 | 13 | 3,895 | 414 | 567 | 27,926 | 240,572 | 268,498 |

Comprehensive Income and Expenditure Statement for the year 31 March 2014

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.

| 2012/13 Restated | | | | 2013/14 | | | |
|---------------------|----------------------|-------------------|--|---------------------|----------------------|-------------------|--------------------|
| Gross Spend £000 | Gross Income £000 | Net Spend £000 | | Gross Spend £000 | Gross Income £000 | Net Spend £000 | Net Budget £000 |
| 115,404 | (4,905) | 110,499 | Education | 116,775 | (4,896) | 111,879 | 114,619 |
| 85,090 | (19,028) | 66,062 | Social work | 88,699 | (20,187) | 68,512 | 68,567 |
| 31,002 | (6,318) | 24,684 | Roads & Transport | 29,991 | (5,635) | 24,356 | 25,114 |
| 20,697 | (7,319) | 13,378 | Cultural & Related Services | 22,004 | (6,950) | 15,054 | 15,971 |
| 23,226 | (8,132) | 15,094 | Environmental Services | 25,384 | (8,006) | 17,378 | 17,499 |
| 10,134 | (4,698) | 5,436 | Planning & Development Services | 8,935 | (4,448) | 4,487 | 5,306 |
| 6,037 | (2,751) | 3,286 | Central Services | 6,328 | (2,680) | 3,648 | 4,302 |
| 21,715 | (24,647) | (2,932) | Housing Revenue Account | 22,898 | (25,549) | (2,651) | (2,144) |
| 30,918 | (28,678) | 2,240 | Housing - General Fund | 29,041 | (27,918) | 1,123 | 1,441 |
| 12,076 | 0 | 12,076 | Joint Boards | 765 | 0 | 765 | 765 |
| 4,926 | 0 | 4,926 | Corporate & Democratic Core | 4,487 | 0 | 4,487 | 4,701 |
| 0 | 0 | 0 | Exceptional Items | 0 | 0 | 0 | 0 |
| 126 | (84) | 42 | Non Distributed Costs | 1,646 | (69) | 1,577 | 1,655 |
| 361,351 | (106,560) | 254,791 | Cost Of Services | 356,953 | (106,338) | 250,615 | 257,796 |
| | | (246) | Other Operating Expenditure (Note7) | | | 1,178 | |
| | | 21,460 | Financing and Investment Income and Expenditure (Note 8) | | | 20,816 | |
| | | (264,702) | Taxation and Non-Specific Grant Income (Note 9) | | | (257,125) | |
| | | 11,303 | (Surplus) or Deficit on Provision of Services | | | 15,484 | |
| | | (1,625) | (Surplus) or deficit on revaluation of Non Current Assets | | | 0 | |
| | | 0 | (Surplus) or deficit on revaluation of available for sale financial assets | | | (2,774) | |
| | | (23,904) | Actuarial (gains)/losses on pension assets/liabilities | | | 52,393 | |
| | | 0 | Other Unrealised (gains)/losses | | | 0 | |
| | | (25,529) | Other Comprehensive Income and Expenditure | | | 49,619 | |
| | | (14,226) | Total Comprehensive Income and Expenditure | | | 65,103 | |

Balance Sheet as at 31 March 2014

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 held by the Council.

| 31/3/2013 £000 | | Notes | 31/3/2014 £000 |
|-------------------|------------------------------|-------|-------------------|
| 705,313 | Property, Plant & Equipment | 13 | 700,746 |
| 5,770 | Heritage Assets | 14 | 5,770 |
| 1,606 | Investment Property | 15 | 1,641 |
| 251 | Intangible Assets | 16 | 164 |
| 160 | Assets Held for Sale | 17 | 80 |
| 10 | Long Term Investments | | 10 |
| 8,739 | Long Term Debtors | 18 | 8,086 |
| 721,849 | Long Term Assets | | 716,497 |
| 39,770 | Short Term Investments | | 35,158 |
| 806 | Inventories | 19 | 799 |
| 23,042 | Short Term Debtors | 20 | 36,393 |
| 5,575 | Cash and Cash Equivalents | 21 | 3,482 |
| 730 | Assets held for Sale | 17 | 60 |
| 69,923 | Current Assets | | 75,892 |
| 0 | Cash and Cash Equivalents | 21 | 0 |
| 0 | Provisions | 23 | 0 |
| (13,518) | Short Term Borrowing | | (13,362) |
| (40,234) | Short Term Creditors | 22 | (46,992) |
| (53,752) | Current Liabilities | | (60,354) |
| (293) | Provisions | 23 | (283) |
| (161,010) | Long Term Borrowing | | (156,005) |
| (243,116) | Other Long Term Liabilities | 45 | (307,249) |
| (404,419) | Long Term Liabilities | | (463,537) |
| 333,601 | Net Assets | | 268,498 |
| 28,071 | Usable Reserves | 6 | 27,926 |
| 305,530 | Unusable Reserves | 26 | 240,572 |
| 333,601 | Total Reserves | | 268,498 |

The unaudited accounts were authorised for issue by the Head of Corporate Improvement and Finance on the 30 June 2014.

I. Lorimer

Ian Lorimer CPFA,
Head of Corporate Improvement and Finance,
30 June 2014

Cash Flow Statement as at 31 March 2014

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.

| Restated 2012/13 £000 | | Notes | 2013/14 £000 |
|-----------------------------|--|-------|-----------------|
| (11,303) | Net surplus or (deficit) on the provision of services | | (15,484) |
| 50,487 | Adjustment to surplus or deficit on the provision of services for non cash movements | | 47,946 |
| (14,388) | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | (8,975) |
| 24,796 | Net Cash flows from Operating Activities | 32 | 23,487 |
| (31,079) | Net Cash flows from Investing Activities | 33 | (19,568) |
| (569) | Net Cash flows from Financing Activities | 34 | (6,012) |
| (6,852) | Net increase or decrease in cash and cash equivalents | | (2,093) |
| 12,427 | Cash and cash equivalents at the beginning of the reporting period | | 5,575 |
| 5,575 | Cash and Cash equivalents at the end of the reporting period | 21 | 3,482 |

Note 1 – Statement of Accounting Policies**A(i). General Principles**

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. 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 2013/14 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 Scottish Teachers' Superannuation Fund is 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) Scottish Teachers Superannuation Fund

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 Scottish Teachers Superannuation Fund 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;
 - unlisted 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 AssetsLoans 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 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 would recognise on its Balance Sheet the assets that it controls and the liabilities that it incurs and would debit and credit 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 other venturers, with the assets being used to obtain benefits for the venturers. The joint venture would not involve the establishment of a separate entity. The Council would account 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 Service Reporting Code of Practice 2012/13 (SeRCOP). 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 SeRCOP 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 Usable 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:-

| Asset Category | Depreciation Bases | Useful Life |
|---------------------|---|---|
| Council Dwellings | Straight – line allocation over the useful life | 50 years |
| Other Buildings | Straight – line allocation over the useful life estimated by valuer | Maximum of 60 years, determined by valuer |
| Vehicle & Equipment | Straight – line allocation over its useful life | 4-10 years varies depending on class of asset |
| Infrastructure | Straight – line allocation | 20 years |

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 individual 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.

Council dwellings are valued as beacons and will be componentised on that basis.

In this regard, the following components have been established:

| 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

There were no new accounting standards issued during 2013/14. All amendments to existing accounting standards were adopted where appropriate.

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.

Restatements

Where appropriate prior year information will be restated in order to reflect the incumbent guidance and legislation. In addition restatements will take place when it is deemed that this will make a material improvement to the information included in the accounts. All restatements will be applied within the context of the Council's accounting policies. The following restatements have been made as part of the 2013/14 accounts process.

IAS 19 (Employee Benefits) – The revised standard requires the removal of the expected return on assets which is replaced by a net interest cost comprising of interest income on the assets and interest expense on the liabilities. The 2012/13 information takes cognisance of this change.

Common Good – The accounts are now presented in a manner to differentiate between usable and non usable reserves. The 2012/13 information takes cognisance of this change.

Financial Instruments (LOBO's) – Prior year loans and receivables information were amended to include all appropriate category of loans.

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 2014 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 2013/14, the Authority's actuaries advised that the net pension's liability had increased by £65.919m. |

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 | 31,169 | 6,091 | 0 | 0 | 0 | 0 | 0 | (37,260) |
| 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 | (9,134) | (1,716) | 0 | 0 | 0 | 0 | 0 | 10,850 |
| 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 | 1,228 | (50) | 0 | 0 | 0 | 0 | 0 | (1,178) |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | | | | | |
| Statutory provision for the financing of capital investment | (8,607) | (556) | 0 | 0 | 0 | 0 | 0 | 9,163 |
| Capital expenditure charged against the General Fund and HRA balances -CFCR | (7,746) | (6,849) | 0 | 0 | 0 | 0 | 0 | 14,595 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | 0 | 0 | (557) | 0 | 0 | 0 | 0 | 557 |
| 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 | 3 | 0 | 0 | 0 | (3) |

| | 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 | (147) | 0 | (1,103) | 0 | 1,250 |
| 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 | (205) | 0 | 0 | 0 | 0 | 0 | 0 | 205 |
| Adjustments primarily involving the Pensions Reserve: | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 13,343 | 182 | 0 | 0 | 0 | 0 | 0 | (13,525) |
| 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 | 48 | (10) | 0 | 0 | 0 | 0 | 0 | (38) |
| Total Adjustments | 20,051 | (2,908) | (557) | (144) | 0 | (1,103) | 0 | (15,339) |

Note 5 - Comparative Figures in 2012/13

| | 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 | 28,783 | 5,701 | 0 | 0 | 0 | 0 | 0 | (34,484) |
| Revaluation losses on property Plant and Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Movements in the market value of Investment Properties | (180) | 0 | 0 | 0 | 0 | 0 | 0 | 180 |
| Amortisation of intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital grants and Contributions applied | (9,595) | (1,862) | 0 | 0 | 0 | 0 | 0 | 11,457 |
| 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 | (137) | (109) | 0 | 0 | 0 | 0 | 0 | 246 |
| Insertion if items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | | | | | |
| Statutory provision for the financing of capital investment | (8,776) | (499) | 0 | 0 | 0 | 0 | 0 | 9,275 |
| Capital expenditure charged against the General Fund and HRA balances -CFCR | (7,656) | (6,341) | 0 | 0 | 0 | 0 | 0 | 13,997 |
| 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 | (94) | 0 | 0 | 0 | 0 | 94 |

| | 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 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 | (17) | 0 | 0 | 0 | 17 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0 | 0 | 0 | (301) | 0 | (740) | 0 | 1,041 |
| 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 | (205) | 0 | 0 | 0 | 0 | 0 | 0 | 205 |
| Adjustments primarily involving the Pensions Reserve: | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 13,245 | 252 | 0 | 0 | 0 | 0 | 0 | (13,497) |
| 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 | (8) | 8 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Adjustments | 15,471 | (2,850) | (94) | (318) | 0 | (740) | 0 | (11,469) |

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 2013/14.

| | Opening Balance at 1/4/13 £000 | Transfer Out 13/14 £000 | Transfers In 13/14 £000 | Closing Balance at 31/3/14 £000 |
|---|---|--|--|--|
| Usable Reserves | | | | |
| General Fund: | 17,490 | (6,562) | 8,339 | 19,267 |
| Car Parking Reserve | 116 | (44) | 3 | 75 |
| Arbroath Harbour Reserve | 217 | 0 | 11 | 228 |
| Specific Reserves | 266 | 0 | 2 | 268 |
| Sub Total General Fund | 18,089 | (6,606) | 8,355 | 19,838 |
| Housing Revenue Account | 3,148 | 0 | 33 | 3,181 |
| Total General Fund | 21,237 | (6,606) | 8,388 | 23,019 |
| Insurance Fund | 473 | 0 | 94 | 567 |
| Renewal and Repairs Fund | 4,100 | (1,919) | 1,714 | 3,895 |
| Capital Fund | 1,507 | (1,103) | 10 | 414 |
| Usable Capital Receipts | 173 | (163) | 3 | 13 |
| Capital Grants Unapplied | 581 | (563) | 0 | 18 |
| Total | 28,071 | (10,354) | 10,209 | 27,926 |
| General Fund Commitments | | | | |
| Contingency Policy Level | 3,250 | 0 | 0 | 3,250 |
| Balances held by schools under a scheme of delegation | 221 | 0 | 258 | 479 |
| Ring Fenced Monies | 5,822 | (3,393) | 1,610 | 4,039 |
| Affordable Housing | 1,392 | (183) | 0 | 1,209 |
| 50% & 100% Carryforwards | 4,804 | (1,990) | 4,530 | 7,344 |
| Budget Commitments | 1,721 | (1,721) | 0 | 0 |
| Transforming Angus | 0 | 0 | 1,393 | 1,393 |
| Total | 17,210 | (7,287) | 7,791 | 17,714 |
| Housing Revenue Account Commitments | | | | |
| Minimum Policy Level | 1,000 | 0 | 0 | 1000 |
| Survive & Thrive | 466 | 0 | 221 | 687 |
| Planned Maintenance | 170 | (170) | 0 | 0 |
| External Affordable Housing Provision | 380 | (380) | 0 | 0 |
| Allowance for SHQS / New Build Housing | 1,132 | 0 | 362 | 1,494 |
| Total | 3,148 | (550) | 583 | 3,181 |

Note 7 - Other Operating Expenditure

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| (246) | (Gains)/Losses on disposal of non-current assets | 1,178 |
| (246) | Total | 1,178 |

Note 8 - Financing and Investment Income and Expenditure

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 15,923 | Interest payable and similar charges | 15,870 |
| 7,478 | Net Interest of the defined benefit (liability/asset) | 6,665 |
| (1,342) | Interest receivable and similar income | (955) |
| (203) | (Income)/expenditure in relation to investment properties and changes in their fair value | (57) |
| (396) | Share of Tayside Contract (Surplus)/Deficit | (707) |
| 21,460 | Total | 20,816 |

Note 9 - Taxation and Non Specific Grant Incomes

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|-----------------------------------|-----------------|
| (46,209) | Council tax income | (46,774) |
| (23,944) | Non domestic rates | (25,764) |
| (182,534) | Non-ring-fenced government grants | (173,737) |
| (12,015) | Capital grants and contributions | (10,850) |
| (264,702) | Total | (257,125) |

Note 10 - Grant Income

The following grants are included in the Taxation and Non Specific Grant Incomes heading in the Comprehensive Income and Expenditure Statement.

| Credited to Taxation and Non Specific Grant Income | 2012/13 £000 | 2013/14 £000 |
|---|-----------------|-----------------|
| Scottish Government General Capital Grant | 8,246 | 8,674 |
| Scottish Government Specific Capital Grants | 2,490 | 1,597 |
| Scottish Government Revenue Grants | 182,534 | 173,737 |
| Other capital grants | 67 | 144 |
| Other capital contributions | 1,212 | 435 |
| Total | 194,549 | 184,587 |
| Credited to Services | | |
| Scottish Government General Capital Grant | 772 | 456 |
| Total | 772 | 456 |

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 Service Reporting 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 amortisations 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 departments recorded in the budget outturn report for the year is as follows:

Table 1

| Service Analysis | People £000 | Communities £000 | Resources £000 | Chief Executive £000 | Other £000 | Total £000 |
|--------------------------------------|------------------------|-----------------------------|---------------------------|---------------------------------|-----------------------|-----------------------|
| Fees, Charges & Other Service Income | (22,353) | (29,998) | (12,602) | (3,897) | (417) | (69,267) |
| Government Grants & Contributions | (2,573) | (27,533) | 0 | (485) | (412) | (31,003) |
| Total Income | (24,926) | (57,531) | (12,602) | (4,382) | (829) | (100,270) |
| Employee Expenses | 104,937 | 30,555 | 9,185 | 3,362 | 51 | 148,090 |
| Other Operating Expenses | 76,098 | 71,327 | 3,030 | 1,992 | 11,680 | 164,127 |
| Support Services Recharges | 4,980 | 2,611 | 473 | 424 | 3,285 | 11,773 |
| Total Operating Expenses | 186,015 | 104,493 | 12,688 | 5,778 | 15,016 | 323,990 |
| Cost of Services | 161,089 | 46,962 | 86 | 1,396 | 14,187 | 223,720 |

Table 2

| Reconciliation to Net Cost of Services in Comprehensive Income & Expenditure Statement | £000 |
|--|----------------|
| Cost of Services in Analysis | 223,720 |
| Add services not included in main analysis | 605 |
| Add amounts not reported to management | 28,941 |
| 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) | 253,266 |

Table 3

| Summary Position | £000 |
|---|----------------|
| General Fund | 253,266 |
| Housing Revenue Account | (2,651) |
| Net Cost of Services in Comprehensive Income and Expenditure Statement | 250,615 |

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 | (69,267) | (2,101) | 0 | 0 | 0 | (71,368) | 0 | (71,368) |
| Government Grants & Contributions | (31,003) | 0 | 0 | 0 | 0 | (31,003) | 0 | (31,003) |
| Total Income | (100,270) | (2,101) | 0 | 0 | 0 | (102,371) | 0 | (102,371) |
| Employee Expenses | 148,090 | 0 | 5,853 | 0 | 0 | 153,943 | 0 | 153,943 |
| Other Operating Expenses | 164,127 | 2,706 | (5,529) | 0 | 0 | 161,304 | 0 | 161,304 |
| Support Service Recharges | 11,773 | 0 | 0 | 0 | 0 | 11,773 | 0 | 11,773 |
| Depreciation, amortisation and Impairment | 0 | 0 | 28,617 | 0 | 0 | 28,617 | 0 | 28,617 |
| Total Operating Expenses | 323,990 | 2,706 | 28,941 | 0 | 0 | 355,637 | 0 | 355,637 |
| (Surplus)/Deficit on the provision of services | 223,720 | 605 | 28,941 | 0 | 0 | 253,266 | 0 | 253,266 |

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.

| | 2012/13 £000 | 2013/14 £000 |
|--|-----------------|-----------------|
| Net expenditure in the Analysis | 219,763 | 223,720 |
| Net expenditure of services and support services not included in the Analysis | 11,875 | 605 |
| Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis | 26,085 | 28,941 |
| 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) | 257,723 | 253,266 |
| Housing Revenue Account | (2,932) | (2,651) |
| Cost of Services in Comprehensive Income and Expenditure Statement | 254,791 | 250,615 |

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:

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 251 | Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year | 247 |
| (15) | Rebate from Previous Year | 0 |
| 236 | Total | 247 |

Note 13 - Property, Plant and Equipment**Movements in 2013/14**

| | 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 2013 | 295,947 | 300,229 | 35,831 | 198,466 | 4,024 | 3,466 | 4,738 | 842,701 | 102,813 |
| Additions | 7,327 | 3,358 | 5,067 | 11,449 | 107 | | 5,578 | 32,886 | 349 |
| Revaluation increases/(decreases) recognised in the RRA | 0 | (5,192) | 0 | 0 | 0 | 0 | 0 | (5,192) | 0 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 0 | (5,898) | 0 | 0 | 0 | 0 | 0 | (5,898) | 0 |
| Derecognition – disposals | (1,405) | (2,120) | (1,183) | 0 | 0 | (170) | 0 | (4,878) | 0 |
| Derecognition - Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified | 0 | 4,350 | 0 | 0 | 0 | 100 | (4,350) | 100 | 0 |
| 31 March 2014 | 301,869 | 294,727 | 39,715 | 209,915 | 4,131 | 3,396 | 5,966 | 859,719 | 103,162 |
| Accumulated Depreciation and impairment | | | | | | | | | |
| 1 April 2013 | (16,330) | (25,363) | (23,061) | (71,019) | (376) | (1,239) | 0 | (137,388) | (16,664) |
| Depreciation charge | (6,068) | (14,758) | (3,007) | (10,576) | (32) | (204) | 0 | (34,645) | (3,110) |
| Depreciation write back on revaluations | 0 | 11,334 | 0 | 0 | 0 | 0 | 0 | 11,334 | 0 |
| Derecognition – disposals | 103 | 465 | 1,089 | 0 | 0 | 69 | 0 | 1,726 | 0 |
| Derecognition – other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 March 2014 | (22,295) | (28,322) | (24,979) | (81,595) | (408) | (1,374) | 0 | (158,973) | (19,774) |
| Net Book Value | | | | | | | | | |
| 31 March 2013 | 279,617 | 274,866 | 12,770 | 127,447 | 3,648 | 2,227 | 4,738 | 705,313 | 86,149 |
| 31 March 2014 | 279,574 | 266,405 | 14,736 | 128,320 | 3,723 | 2,022 | 5,966 | 700,746 | 83,388 |

Comparative Movements in 2012/13

| | 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 2012 | 283,247 | 290,713 | 31,402 | 185,374 | 3,793 | 2,691 | 7,738 | 804,958 | 102,717 |
| Additions | 13,778 | 3,194 | 3,477 | 14,278 | 826 | 0 | 5,674 | 41,227 | 96 |
| Revaluation increases/(decreases) recognised in the RRA | 0 | 1,342 | 0 | 0 | 0 | 0 | 0 | 1,342 | 0 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 0 | (2,166) | 0 | 0 | 0 | 0 | 0 | (2,166) | 0 |
| Derecognition – disposals | (1,078) | (634) | (92) | 0 | 0 | (333) | 0 | (2,137) | 0 |
| Decrecognition – other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified | 0 | 7,780 | 1,044 | (1,186) | (595) | 1,108 | (8,674) | (523) | 0 |
| 31 March 2013 | 295,947 | 300,229 | 35,831 | 198,466 | 4,024 | 3,466 | 4,738 | 842,701 | 102,813 |
| Accumulated Depreciation and impairment | | | | | | | | | |
| 1 April 2012 | (10,695) | (12,362) | (20,248) | (61,175) | (344) | (982) | 0 | (105,806) | (13,556) |
| Depreciation charge | (5,678) | (14,239) | (2,900) | (9,844) | (32) | (126) | 0 | (32,819) | (3,108) |
| Depreciation write back on revaluations | 0 | 798 | 0 | 0 | 0 | 0 | 0 | 798 | 0 |
| Derecognition – disposals | 43 | 0 | 87 | 0 | 0 | 309 | 0 | 439 | 0 |
| Derecognition – other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements | 0 | 440 | 0 | 0 | 0 | (440) | 0 | 0 | 0 |
| 31 March 2013 | (16,330) | (25,363) | (23,061) | (71,019) | (376) | (1,239) | 0 | (137,388) | (16,664) |
| Net Book Value | | | | | | | | | |
| 31 March 2012 | 272,552 | 278,351 | 11,154 | 124,199 | 3,449 | 1,709 | 7,738 | 699,152 | 89,161 |
| 31 March 2013 | 279,617 | 274,866 | 12,770 | 127,447 | 3,648 | 2,227 | 4,738 | 705,313 | 86,149 |

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 2013/14 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2013/14 is the fifth year of the programme and valuations for 2013/14 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.

As part of our 5 year revaluation plan the assets that were valued in 2013/14 were sports centres, residential & care homes, community centres, depots & workshops, museums, halls & theatres, libraries & public conveniences, along with the recently completed Kinloch Care Centre. Assets planned for valuation in 2014/15 are coastal schools, other houses and council dwellings.

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 2012 | 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 2013 | 4,970 | 700 | 100 | 5,770 |
| Valuation at 1 April 2013 | 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 2014 | 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 Communities Directorate 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, 25% approximately 95,000 records have been transferred.

There are no transactions relating to Heritage Assets to be disclosed in the 2013/14 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 Chain of Office | | 100 |
| Total Civic Regalia | | 100 |
| Total Heritage Assets in Balance Sheet | | 5,770 |

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:

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 1,481 | Balance at start of the year | 1,606 |
| 0 | Additions, Purchases, Construction, Subsequent expenditure | 0 |
| 0 | Disposals | 0 |
| 180 | Net gain/(losses) from fair value adjustments | 45 |
| (55) | Transfers: To/From Property, Plant & Equipment | 0 |
| 0 | Transfers: To/From Assets Held for Sale | 0 |
| 0 | Other Changes | (10) |
| 1,606 | Balance at end of the year | 1,641 |

Note 16 - Intangible Assets

The carrying amount of intangible assets is amortised on a straight-line method. Of the amortisation charged to revenue in 2013/14, £0.016 million was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 0 | Gross Book Value at 1/4/13 | 267 |
| 189 | Additions | 0 |
| 0 | Revaluation Increases/(Decreases) | 0 |
| 0 | Disposals | 0 |
| 78 | Reclassified from PPE | 0 |
| 0 | Other Movements | 0 |
| 267 | Gross Book Value at 31/3/14 | 267 |
| 0 | Accumulated Amortisation at 1/4/13 | (16) |
| (16) | Amortisation Charge for the Year | (87) |
| 0 | Depreciation write back on Revaluations | 0 |
| (16) | Accumulated Amortisation at 31/3/14 | (103) |
| 251 | Net Book Value at 31/3/14 | 164 |

Note 17 - Assets Held For Sale

| | Current | | Non Current | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2013/14 £000 | 2012/13 £000 | 2013/14 £000 | 2012/13 £000 |
| Balance outstanding at start of year | 730 | 524 | 160 | 310 |
| Assets newly classified as held for sale: | | | | |
| Property, Plant and Equipment | 0 | 500 | 0 | 0 |
| Intangible Assets | 0 | 0 | 0 | 0 |
| Investment Properties | 0 | 0 | 0 | 0 |
| Revaluation losses | 0 | 0 | 0 | 0 |
| Revaluation gains | 0 | 0 | 0 | 0 |
| Impairment losses | 0 | 0 | 0 | 0 |
| Assets declassified as held for sale: | | | | |
| Property, Plant and Equipment | 0 | 0 | (100) | 0 |
| Intangible Assets | 0 | 0 | 0 | 0 |
| Other assets/liabilities in disposal groups | 0 | 0 | 0 | 0 |
| Assets sold | (650) | (444) | 0 | 0 |
| Transfers from non-current to current | 60 | 150 | (60) | (150) |
| Other movements | (80) | 0 | 80 | 0 |
| Balance Outstanding at year-end | 60 | 730 | 80 | 160 |

Note 18 – Long Term Debtors

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--------------------------------|-----------------|
| 281 | Housing Advances | 261 |
| 7,826 | External Bodies (Debt) | 7,201 |
| 182 | Leases | 142 |
| 450 | Common Good | 430 |
| 0 | Empty Homes Initiative | 52 |
| 8,739 | Total Long Term Debtors | 8,086 |

Note 19- Inventories

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 799 | Balance at start of the year | 806 |
| 7 | Movement in year | (7) |
| 806 | Balance outstanding at year-end | 799 |

Note 20 – Short Term Debtors

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 5,244 | Central Government bodies | 7,612 |
| 14,062 | Other Miscellaneous, Other Entities & Individuals | 24,673 |
| 3,595 | Other Local Authorities | 2,353 |
| 141 | NHS Bodies | 1,755 |
| 0 | Public Corporations & Trading Funds | 0 |
| 23,042 | Total Short Term Debtors | 36,393 |

Note 21 - Cash and Cash Equivalents

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

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 37 | Cash held by the Authority | 40 |
| (353) | Bank Overdraft | (1,058) |
| 0 | Bank Current Accounts | 0 |
| 5,891 | Cash Investments | 4,500 |
| 5,575 | Total Cash and Cash Equivalents | 3,482 |

Note 22 – Short Term Creditors

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| (2,986) | Central Government Bodies | (2,994) |
| (33,749) | Other Miscellaneous, Other Entities & Individuals | (41,061) |
| (3,222) | Other Local Authorities | (2,876) |
| (277) | NHS Bodies | (61) |
| (0) | Public Corporations & Trading Funds | (0) |
| (40,234) | Total Short Term Creditors | (46,992) |

Note 23 - Provisions

| | A92 Provision £000 | CRC Provision £000 | Total £000 |
|---------------------------------------|-----------------------|-----------------------|---------------|
| Balance at 1 April 2013 | (93) | (200) | (293) |
| Additional provisions made in 2013/14 | 0 | (190) | (190) |
| Amounts used in 2013/14 | 0 | 200 | 200 |
| Unused amounts reversed in 2013/14 | 0 | 0 | 0 |
| Unwinding of discounting in 2013/14 | 0 | 0 | 0 |
| Balance at 31 March 2014 | (93) | (190) | (283) |

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 24 - Impairment Losses

During 2013/14, the council recognised no impairment losses other than those due to the reduction in fair value.

Note 25 - Usable Reserves

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

Note 26 - Unusable Reserves

| 31 March 2013 £000 | | 31 March 2014 £000 |
|-----------------------|--|-----------------------|
| 54,134 | Revaluation Reserve Account | 54,887 |
| 413,074 | Capital Adjustment Account | 413,115 |
| (2,115) | Financial Instruments Adjustment Account | (1,910) |
| (154,827) | Pensions Reserve | (220,746) |
| (4,736) | Accumulated Absences Account | (4,774) |
| 305,530 | Total Unusable Reserves | 240,572 |

Revaluation Reserve Account (RRA)

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.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 54,226 | Balance at 1 April | 54,134 |
| 2,813 | Upward revaluation of assets | 5,778 |
| (1,189) | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | (3,004) |
| 0 | Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | 0 |
| (1,689) | Difference between fair value depreciation and historical cost depreciation | (1,637) |
| (27) | Accumulated gains on assets sold or scrapped | (384) |
| 0 | Amount written off to the Capital Adjustment Account | 0 |
| 54,134 | Balance at 31 March | 54,887 |

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.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 409,534 | Balance at 1 April | 413,074 |
| | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: | |
| (34,484) | Charges for depreciation and impairment of non-current assets | (37,260) |
| 0 | Revaluation losses on Property, Plant and Equipment | 0 |
| 0 | Amortisation of intangible assets | 0 |
| 0 | Revenue expenditure funded from capital under statute | 0 |

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 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 | (793) |
| 1,689 | Adjusting amounts written out of the Revaluation Reserve | 1,637 |
| 0 | Net written out amount of the cost non-current assets consumed in the year | 0 |
| | Capital financing applied in the year: | |
| 1,135 | Use of the Capital Receipts Reserve to finance new capital expenditure | 1,250 |
| 18 | Capital receipt for finance lease | (3) |
| 11,457 | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 11,407 |
| 0 | Application of grants to capital financing from the Capital Grants Unapplied Account | 0 |
| 9,275 | Statutory provision for the financing of capital investment charged against the General Fund and HRA balances | 9,163 |
| 13,997 | Capital expenditure charged against the General Fund HRA balances | 14,595 |
| 180 | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | 45 |
| 413,074 | Balance at 31 March | 413,115 |

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 historic 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 2014 will be charged to the General Fund over the next 11 years.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| (2,320) | Balance at 1 April | (2,115) |
| 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 |
| 5 | 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 | 5 |
| (2,115) | Balance at 31 March | (1,910) |

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.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|------------------|
| (165,234) | Balance at 1 April | (154,827) |
| 18,121 | Actuarial gains or losses on pensions assets and liabilities | (52,394) |
| (7,714) | 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 | (13,525) |
| 0 | Employer's pensions contributions and direct payments to pensioners payable in the year | |
| (154,827) | Balance at 31 March | (220,746) |

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance (including Housing) 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.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| (4,736) | Balance at 1 April | (4,736) |
| 0 | Settlement or cancellation of accrual made at the end of the preceding year | 0 |
| 0 | Amounts accrued at the end of the current year | (38) |
| 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 |
| (4,736) | Balance at 31 March | (4,774) |

Note 27 - Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs during 2013/14.

Note 28 - Termination Benefits

The Council terminated the contracts of a number of employees in 2013/14 incurring liabilities of £1.046m (£1.075m in 2012/13). Further detail is provided in the Remuneration Report at the start of these Accounts.

Note 29 – Councillor Remuneration, Allowances and Expenses

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--------------|-----------------|
| 546 | Remuneration | 558 |
| 2 | Allowances | 1 |
| 66 | Expenses | 69 |
| 614 | Total | 628 |

Note 30 – Teachers 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 2013/14, the employer's rate of contribution was 14.9% (14.9% in 2012/13) and the amount paid over in respect of employer's contributions was £6.225m (£6.289m in 2012/13). 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 31 - 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 2013/14 the council paid employer contributions totalling £12.940m (£12.910m in 2012/13) representing 18.4% 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 2013/14, the council paid £1.358 million representing 1.2% of pensionable pay in unfunded discretionary benefits (£1.456m representing 1.3% in 2012/13). This sum related in the main to award decisions made in previous financial years. Fifteen awards were made in 2013/14 amounting to £0.266m (£0.404m in 2012/13) in respect of retiring employees associated with the management restructure.

Balance Sheet Disclosure as at 31 March 2014

| Net Pension Asset as at | 31 Mar 2014 £000 | 31 Mar 2013 £000 | 31 Mar 2012 £000 |
|---|---------------------|---------------------|---------------------|
| Present value of funded obligation | 665,203 | 569,586 | 518,107 |
| Fair Value Scheme assets (bid value) | 459,198 | 427,906 | 364,272 |
| Net Liability | 206,005 | 141,680 | 153,835 |
| Present value of unfunded obligation | 14,741 | 13,147 | 11,399 |
| Unrecognised past service cost | - | - | - |
| Impact of asset ceiling | - | - | - |
| | 220,746 | 154,827 | 165,234 |

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:

| <i>The amounts recognised in the CIES statement are:</i> | Year to 31 Mar 2014 £000 | Year to 31 Mar 2013 (had the revised IAS 19 standard applied) £000 | Year to 31 Mar 2013 disclosed £000 |
|---|-----------------------------|--|---------------------------------------|
| Service cost | 20,927 | 20,385 | Separated below |
| Past service costs | Included above | included above | 653 |
| Current service cost | Included above | included above | 19,135 |
| Administration expenses | 230 | 191 | n/a |
| Losses (gains) on settlements and curtailments | Included above | Included above | 597 |
| <i>Financing and Investment Income and Expenditure</i> | | | |
| Net interest on the defined liability / (asset) | 6,665 | 7,287 | n/a |
| Interest on obligation | n/a | n/a | 24,091 |
| Expected return on Scheme assets | n/a | n/a | (22,396) |
| Total Recognised in the Comprehensive Income & Expenditure Account | 27,822 | 27,863 | 22,080 |
| Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | (13,524) | (13,497) | (7,714) |
| <i>Actual amount charged against the General Fund Balance for pensions in the year:</i> | | | |
| Employer's contributions payable to scheme | 12,940 | 12,910 | 12,910 |
| Retirement benefits payable to pensioners | 1,358 | 1,456 | 1,456 |
| Actual return on Scheme Assets | 31,901 | 61,747 | 61,556 |

Re-measurements in Other Comprehensive Income

| | Year to 31 Mar 2014 £000 | Year to 31 March 2013 £000 (if the revised standard had applied) |
|--|-----------------------------|--|
| Return on plan assets in excess of interest | 12,654 | 44,943 |
| Other actuarial gains/(losses) on assets | - | - |
| Change in financial assumptions | (48,746) | (19,419) |
| Change in demographic assumptions | (15,779) | - |
| Experience gain/(loss) on defined obligation | (873) | (1,345) |
| Changes in effect of asset ceiling | - | - |
| Re-measurements | (52,744) | 24,179 |

Statement of Recognised Income and Expense

| | Year to 31 March 2013 £000 disclosed |
|---|--|
| Actual return less expected return on pension scheme assets | 39,160 |
| Experience gains and losses | (1,345) |
| Changes in assumptions underlying the present value of the scheme liabilities | (19,419) |
| Actuarial gains (losses) in pension scheme | 18,396 |
| Increase (decrease) in irrecoverable surplus | - |
| Actuarial gains (losses) recognised in SORIE | 18,396 |

Asset and Benefit Obligation Reconciliation for the year to the 31 March 2014

| Reconciliation of opening & closing balances of the present value of the defined benefit obligation | Year to 31 Mar 2014 £000 | Year to 31 Mar 2013 £000 (had the revised IAS 19 standard applied) | Year to 31 March 2013 £000 disclosed |
|---|-----------------------------|--|--|
| Opening defined benefit obligation | 582,733 | 529,506 | 529,506 |
| Current service cost | 19,728 | 19,135 | 19,135 |
| Interest cost | 25,912 | 24,091 | 24,091 |
| Change in financial assumptions | 48,746 | 19,419 | combined below |
| Change in demographic assumptions | 15,779 | - | combined below |
| Experience loss/(gain) on defined benefit obligation | 873 | 1,345 | combined below |
| Total actuarial losses (gains) | separated above | separated above | 20,764 |
| Losses (gains) on curtailments | combined below | combined below | 597 |
| Liabilities assumed / (extinguished) on settlements | - | - | - |
| Estimated benefits paid net of transfers in | (18,465) | (15,476) | (15,476) |
| Past service cost | combined below | combined below | 653 |
| Past service costs, including curtailments | 1,199 | 1,250 | separated below |
| Contributions by Scheme participants | 4,598 | 4,443 | 4,443 |
| Unfunded pension payments | (1,158) | (980) | (980) |
| Closing defined benefit obligation | 679,944 | 582,733 | 582,733 |

Assets

The estimated asset allocation for Angus Council as at 31 March 2014 is as follows:

| | 31 March 2014 | 31 March 2013 |
|-------------|----------------------|---------------|
| Equities | 326,031 | 303,813 |
| Gilts | 22,960 | 29,953 |
| Other Bonds | 59,965 | 47,070 |
| Property | 41,328 | 38,512 |
| Cash | 9,184 | 8,558 |

A further breakdown of the assets as at 31 March 2014 is shown in the table below:

| Employer Asset Share – Bid Value | 31 March 2014 % |
|------------------------------------|--------------------|
| Equities | |
| Consumer | 12 |
| Financials | 12 |
| Industrials | 8 |
| Energy and Utilities | 4 |
| Materials | 2 |
| Health Care | 4 |
| Information Technology | 4 |
| Telecommunications | 1 |
| Pooled Investments | 24 |
| Total | 71 |
| Gilts | |
| Government Bonds | 5 |
| Total | 5 |
| Other Bonds | |
| Corporate Bonds | 12 |
| Venture Capital/Partnerships | 1 |
| Total | 13 |
| Property | |
| Retail | 3 |
| Commercial | 4 |
| Alternatives and Cash | 2 |
| Total | 9 |
| Cash | |
| Forward Foreign Exchange Contracts | 2 |
| Cash and Cash Equivalents | 0 |
| Total | 2 |
| Overall Total | 100 |

| Reconciliation of opening & closing balances of the present value of Scheme assets | Year to 31 Mar 2014 £000 | Year to 31 Mar 2013 £000 (had the revised IAS 19 standard applied) | Year to 31 March 2013 £000 disclosed |
|--|-----------------------------|--|--|
| Opening fair value in Scheme assets | 427,906 | 364,272 | 364,272 |
| Expected return on Scheme assets | n/a | n/a | 22,396 |
| Interest on assets | 19,247 | 16,804 | n/a |
| Return on assets less interest | 12,654 | 44,943 | n/a |
| Other actuarial gains/(losses) | - | - | n/a |
| Total actuarial gains/(losses) | n/a | n/a | 39,160 |
| Administration expenses | (231) | (191) | n/a |
| Contributions by employer including unfunded | 14,647 | 14,091 | 14,091 |
| Contributions by Scheme participants | 4,598 | 4,443 | 4,443 |
| Estimated benefits paid plus unfunded net of transfers in | (19,623) | (16,456) | (16,456) |
| Settlement prices received / (paid) | - | - | - |
| Closing fair value of Scheme assets | 459,198 | 427,906 | 427,906 |

The principal assumptions used by the actuary have been:

| | Local Government Pension Scheme | |
|---|---------------------------------|-----------------|
| | 2013/14 £000 | 2012/13 £000 |
| <i>Mortality assumptions</i> | | |
| <i>Life Expectancy from ages 65 years Retiring today:</i> | | |
| Men | 21.0 | 20.6 |
| Women | 23.3 | 22.9 |
| <i>Life Expectancy from ages 65 years Retiring in 20 years:</i> | | |
| Men | 23.2 | 21.9 |
| Women | 25.6 | 24.5 |
| Rate of inflation (RPI) | 3.7% | 3.4% |
| Rate of Inflation (CPI) | 3.9% | 2.6% |
| Rate of increase in salaries | 5.1% | 4.8% |
| Rate for discounting scheme liabilities | 4.5% | 4.5% |
| Pension Increase | 2.9% | 2.6% |

Sensitivity Analysis

| | £000 | £000 | £000 |
|--|---------|---------|---------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 665,786 | 679,944 | 694,417 |
| Projected service cost | 21,410 | 22,068 | 22,746 |
| Adjustment to long term salary increase | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 686,702 | 679,944 | 672,321 |
| Projected service cost | 22,479 | 22,068 | 21,663 |
| Adjustment to increases and deferred revaluation | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 686,872 | 679,944 | 673,177 |
| Projected service cost | 22,345 | 22,068 | 21,804 |
| Adjustment to mortality age rating assumption | +1 Year | None | -1 Year |
| Present value of total obligation | 654,986 | 679,944 | 705,143 |
| Projected service cost | 21,271 | 22,068 | 22,873 |

Projected Pension Expense for the year to 31 March 2015

| Projections for the year to 31 March 2015 | Year to 31 March 2015 £000 |
|---|-------------------------------|
| Service Cost | 22,068 |
| Net Interest on the defined liability (asset) | 9,653 |
| Administration expenses | 248 |
| Total | 31,969 |
| Employer Contributions | 12,602 |

Note 32 - Cash Flow Statement – Operating Activities

| Restated 2012/13 £000 | | 2013/14 £000 |
|-----------------------------|---|-----------------|
| (11,303) | Net surplus or (deficit) on provision of services | (15,484) |
| | Adjust net surplus of (deficit) on the provision of services for non cash movements | |
| 34,484 | Depreciation | 37,261 |
| 100 | Increase / (Decrease) in Interest Creditors | (957) |
| 1,418 | Increase / (Decrease) in Creditors | 8,178 |
| (49) | (Increase) / Decrease in Interest Debtors | 112 |
| (803) | (Increase) / Decrease in Debtors | (13,973) |
| (7) | (Increase) / Decrease in Stock | 7 |
| 13,497 | Pension Liability | 13,535 |
| (9) | Other Non Cash Transactions | 34 |
| (78) | Contributions to / (from) provisions | (10) |
| 2,114 | Carrying amount of non-current assets sold | 3,804 |
| (180) | Movement in Investment Property Value | (45) |
| 50,487 | Total Adjustments | 47,946 |
| | Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities | |
| (12,002) | Capital Grants credited to surplus / deficit on the provision of services | (10,850) |
| 0 | Premiums or discounts on the repayment of financial liabilities | 4,500 |
| (2,386) | Proceeds from the sale of PPE and intangible assets | (2,625) |
| (14,388) | Total Adjustments | (8,975) |
| 24,796 | Net Cashflows from operating activities | 23,487 |

The cash flows for operating activities include the following items:

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--------------------|-----------------|
| 1,496 | Interest received | 1,078 |
| (15,828) | Interest Paid | (16,832) |
| 0 | Dividends received | 0 |

Note 33 - Cash Flow Statement – Investing Activities

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| (41,217) | Purchase of property, plant and equipment, investment property and intangible assets | (34,318) |
| (4,500) | Purchase of short-term and long-term investments | 0 |
| 0 | Other payments for investing activities | (53) |
| 1,736 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 3,247 |
| 0 | Proceeds from short-term and long-term investments | 0 |
| 12,902 | Other receipts from investing activities | 11,556 |
| (31,079) | Net cash flows from investing activities | (19,568) |

Note 34 - Cash Flow Statement – Financing Activities

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 4,843 | Cash receipts of short and long-term borrowing | 832 |
| 0 | Other receipts from financing activities | 0 |
| (1,671) | Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts | (1,813) |
| (3,741) | Repayments of short and long-term borrowing | (5,031) |
| (569) | Net cash flows from financing activities | (6,012) |

Note 35 - Related Parties

The Council 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 Council.

Scottish Government

The Scottish Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council 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 2014 are shown in Note 20 (£744,000 of the £1,122,000 Central Government Grants relate to Scottish Government Grants).

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' remuneration, allowances and expenses paid in 2013/14 is shown in Note 29.

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

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

Entities Controlled or Significantly Influenced by Angus Council

The Council has significant interests in companies and relevant transactions and balances in the following three organisations:-

- Angus Environmental 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 Council through its representation on the Trust Board.
- Angus Community Care Charitable Trust (ACCCT) - is a limited company and a 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 Council through its representation on the Trust Board.

- Angus Care & Repair Ltd - is a private company limited by guarantee and a registered Scottish Charity. The company provides various services for older and disabled people in Angus to help them with home repairs, adaptations and improvements. The company is deemed to be significantly influenced by the Council through its representation on the Board.
- East of Scotland European Consortium (ESEC) – the Consortium was formed in 1991 and comprises 9 local authorities, each of whom pays an annual contribution. The secretariat is hosted by Angus Council and the Convener of Development & Enterprise is the current Chair of ESEC. The Consortium is deemed to be significantly influenced by the Council through its representation on the 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:

| | 2012/13 Expenditure £000 | 2012/13 Income £000 | 2013/14 Expenditure £000 | 2013/14 Income £000 |
|---|--------------------------------|---------------------------|--------------------------------|---------------------------|
| Other Public Bodies | | | | |
| Police Board – Requisition | 7,040 | 0 | 0 | 0 |
| Fire & Rescue Board – Requisition | 4,365 | 0 | 0 | 0 |
| Valuation Board – Requisition | 671 | 0 | 765 | 0 |
| Tayside Contracts – Share of Surplus and associated interest | 0 | 395 | 0 | 384 |
| Tayside Contracts – Contracts undertaken | 23,093 | 0 | 20,238 | 0 |
| Dundee City Council – DERL waste processing | 45 | 250 | 684 | 250 |
| NHS Tayside - Resource transfer | 0 | 5,390 | 0 | 5,475 |
| STSF – Scottish Teachers Superannuation Fund | 9,547 | 0 | 9,963 | 0 |
| Entities Controlled or Significantly Influenced by Angus Council | | | | |
| Angus Community Care Charitable Trust | | | | |
| - Contribution due to Trust | 56 | 0 | 52 | 0 |
| - Amounts due to Trust (rental income) | 570 | 0 | 564 | 0 |
| - Amounts due from Trust | 0 | 193 | 0 | 292 |
| Angus Environmental Trust | | | | |
| - Landfill Tax Credit | 150 | 0 | 140 | 0 |
| - Various Minor Contracts | 0 | 55 | 0 | 87 |
| Angus Care & Repair | | | | |
| - HRA | 22 | 0 | 22 | 0 |
| - Other Housing | 87 | 0 | 87 | 0 |
| - Community Safety / Planning | 14 | 0 | 14 | 0 |
| East of Scotland European Consortium (*) | | | | |
| - Contribution due to the Consortium | 0 | 0 | 7 | 0 |
| - Amounts due from the Consortium (financial services) | 0 | 0 | 0 | 2 |
| Total | 45,660 | 6,283 | 32,536 | 6,490 |

(*) Included in 2013/14 accounts after review undertaken.

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.

| | 2012/13 Debtors £000 | 2012/13 Creditors £000 | 2013/14 Debtors £000 | 2013/14 Creditors £000 |
|---|----------------------------|------------------------------|----------------------------|------------------------------|
| Other Public Bodies | | | | |
| Police Board – Requisition | 1,685 | 0 | 0 | 0 |
| Fire & Rescue Board – Requisition | 116 | 0 | 0 | 0 |
| Valuation Board – Requisition | 36 | 0 | 77 | 0 |
| Tayside Contracts – Share of Surplus and associated interest | 451 | 0 | 384 | 0 |
| Tayside Contracts – Contracts undertaken | 0 | 4,246 | 0 | 2,706 |
| Dundee City Council – re DERL waste processing | 0 | 0 | 0 | 69 |
| NHS Tayside - Resource transfer | 449 | 0 | 0 | 0 |
| STSS – Scottish Teachers Superannuation Scheme | 790 | 0 | 908 | 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 | 0 | 0 | 0 |
| - Amounts due from Trust | 68 | 0 | 95 | 0 |
| Angus Environmental Trust | | | | |
| - Landfill Tax Credit | 40 | 0 | 35 | 0 |
| Angus Care & Repair | 0 | 0 | 0 | 0 |
| East of Scotland European Consortium | 0 | 0 | 0 | 0 |
| Total | 3,635 | 4,259 | 1,499 | 2,788 |

Note 36- 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 which had a works value in the order of £50m with the road opening to traffic on 27 September 2005. 2013/14 was the 9th 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 2013/14.

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. 2013/14 was effectively the 9th 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 2013/14.

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 PS (23 April 2009). The operational contract period began with the provision of the first school and 2013/14 was therefore the 7th 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 2013/14.

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 2013 | 53,540 | 2,298 | 46,975 | 102,813 |
| Additions | 0 | 0 | 0 | 0 |
| Expenditure | 0 | 61 | 288 | 349 |
| Revaluations | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 |
| Gross Book Value at 31 March 2014 | 53,540 | 2,359 | 47,263 | 103,162 |
| Depreciation at 31 March 2013 | (14,427) | (99) | (2,138) | (16,664) |
| Charge for year | (2,359) | (34) | (717) | (3,110) |
| Write back on revaluations | 0 | 0 | 0 | 0 |
| Write back on impairments | 0 | 0 | 0 | 0 |
| Depreciation at 31 March 2014 | (16,786) | (133) | (2,855) | (19,774) |
| Net Book Value at 31 March 2013 | 39,113 | 2,199 | 44,837 | 86,149 |
| Net Movements detailed above | (2,359) | 27 | (429) | (2,761) |
| Net Book Value at 31 March 2014 | 36,754 | 2,226 | 44,408 | 83,388 |

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 2013 | 47,377 | 1,547 | 40,113 | 89,037 |
| Additions | 0 | 0 | 0 | 0 |
| Repayment of liability for year | (1,150) | (36) | (607) | (1,793) |
| Liability at 31 March 2014 | 46,227 | 1,511 | 39,506 | 87,244 |

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 PPP contracts at 31 March 2014 (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 (2014/15) | | | | |
| Repayment of liability | 1,231 | 40 | 583 | 1,854 |
| Finance costs | 4,410 | 188 | 3,176 | 7,774 |
| Service charges (inc. life cycle replacement costs) | 1,015 | 140 | 2,150 | 3,305 |
| Total payments due within 1 year | 6,656 | 368 | 5,909 | 12,933 |
| Payments due within 2 to 5 years (2015/16 to 2018/19) | | | | |
| Repayment of liability | 5,869 | 174 | 2,433 | 8,476 |
| Finance costs | 18,164 | 751 | 12,242 | 31,157 |
| Service charges (inc. life cycle replacement costs) | 4,319 | 640 | 9,875 | 14,834 |
| Total payments due within 2 to 5 years | 28,352 | 1,565 | 24,550 | 54,467 |
| Payments due within 6 to 10 years (2019/20 to 2023/24) | | | | |
| Repayment of liability | 6,676 | 415 | 4,555 | 11,646 |
| Finance costs | 22,875 | 1,023 | 14,269 | 38,167 |
| Service charges (inc. life cycle replacement costs) | 10,076 | 748 | 14,024 | 24,848 |
| Total payments due within 6 to 10 years | 39,627 | 2,186 | 32,848 | 74,661 |
| Payments due within 11 to 15 years (2024/25 to 2028/29) | | | | |
| Repayment of liability | 10,973 | 690 | 8,120 | 19,783 |
| Finance costs | 24,832 | 1,035 | 12,622 | 38,489 |
| Service charges (inc. life cycle replacement costs) | 9,030 | 750 | 14,675 | 24,455 |
| Total payments due within 11 to 15 years | 44,835 | 2,475 | 35,417 | 82,727 |
| Payments due within 16 to 20 years (2029/30 to 2033/34) | | | | |
| Repayment of liability | 17,121 | 192 | 11,333 | 28,646 |
| Finance costs | 25,883 | 204 | 8,515 | 34,602 |
| Service charges (inc. life cycle replacement costs) | 7,725 | 137 | 18,335 | 26,197 |
| Total payments due within 16 to 20 years | 50,729 | 533 | 38,183 | 89,445 |
| Payments due within 21 to 25 years (2034/35 to 2038/39) | | | | |
| Repayment of liability | 4,357 | 0 | 12,482 | 16,839 |
| Finance costs | 5,424 | 0 | 3,378 | 8,802 |

| | A A92 Dual Carriageway £000 | B Beech Hill House £000 | C Schools £000 | Totals £000 |
|--|--|--|-------------------------------|------------------------|
| Service charges (inc. life cycle replacement costs) | 6,731 | 0 | 14,328 | 21,059 |
| Total Payments due within 21 to 25 years | 16,512 | 0 | 30,188 | 46,700 |
| Total Payments Due | | | | |
| Repayment of liability | 46,227 | 1,511 | 39,506 | 87,244 |
| Finance Costs | 101,588 | 3,201 | 54,202 | 158,991 |
| Service charges (incl. life cycle replacement costs) | 38,896 | 2,415 | 73,387 | 114,698 |
| Total Payments Due | 186,711 | 7,127 | 167,095 | 360,933 |

Note 37 - 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 book values:

| | 31 March 2013 £000 | 31 March 2014 £000 |
|--|-----------------------|-----------------------|
| Other Land and Buildings | 434 | 411 |
| 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 2013 £000 | 31 March 2014 £000 |
|---------------------------------------|-----------------------|-----------------------|
| Finance lease liabilities: | | |
| - Current | 19 | 19 |
| - Non-current | 453 | 434 |
| Finance costs payable in future years | 293 | 270 |
| Minimum lease payments | 765 | 723 |

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

| | Minimum Lease Payments | | Finance Lease Liabilities | |
|---|------------------------|-----------------------|---------------------------|-----------------------|
| | 31 March 2013 £000 | 31 March 2014 £000 | 31 March 2013 £000 | 31 March 2014 £000 |
| No later than one year | 42 | 42 | 19 | 19 |
| Later than one year and not later than five years | 168 | 168 | 82 | 85 |
| Later than five years | 555 | 513 | 371 | 349 |
| Totals | 765 | 723 | 472 | 453 |

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 had acquired two automated public conveniences by entering into operating leases, with typical lives of five years. One of these leases (Myre Car Park, Forfar) expired on 26 November 2013 but was not renewed following the Council's agreement to terminate the contract.

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

| | 31 March 2013 £000 | 31 March 2014 £000 |
|---|-----------------------|-----------------------|
| No later than one year | 19 | 19 |
| Later than one year and not later than five years | 81 | 62 |
| Later then five years | 0 | 0 |
| Totals | 100 | 81 |

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

| | 2012/13 £000 | 2013/14 £000 |
|------------------------|-----------------|-----------------|
| Minimum lease payments | 36 | 15 |

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 2013 £000 | 31 March 2014 £000 |
|--------------------------------------|-----------------------|-----------------------|
| Finance lease debtors: | | |
| - Current | 5 | 4 |
| - Non-current | 9 | 3 |
| Unearned finance income | 50 | 34 |
| Unguaranteed residual values | 175 | 179 |
| Gross Investment in the Lease | 239 | 220 |

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

| | Gross Investment | | Minimum Lease Payments | |
|---|-----------------------|-----------------------|------------------------|-----------------------|
| | 31 March 2013 £000 | 31 March 2014 £000 | 31 March 2013 £000 | 31 March 2014 £000 |
| No later than one year | 17 | 13 | 17 | 13 |
| Later than one year and not later than five years | 222 | 207 | 47 | 28 |
| Later then five years | 0 | 0 | 0 | 0 |
| Totals | 239 | 220 | 64 | 41 |

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 38 - Capital Commitments

As at 31 March 2014, the Authority has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2014/15 and future years budgeted to cost £10.771m (gross). Similar commitments at 31 March 2013 were £16.768m (gross). The major commitments (on a gross basis) include: Ongoing Development / Capping at Restenneth Landfill Site (£0.634m); Implementation of closure plan at Arrats Mill (£0.547m); purchase of waste bins / caddies for recycling roll-out (£0.787m); A935 Brechin to Montrose Road Route Action Plan (£0.493m); Completion of ongoing new build affordable housing (£0.351m); Council housing heating replacement programmes (£4.702m); Council housing energy savings works (£0.266m); and Sheltered Housing modernisations (£0.335m).

Note 39 - Construction Contracts

At 31 March 2014 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 2013.

Note 40 - 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 | 2013/14 £000 | 2012/13 £000 |
|---|-------------------------|-----------------|
| Opening Capital Financing Requirement | 255,660 | 253,405 |
| Capital Investment: | | |
| • Property, Plant and Equipment | 32,838 | 41,414 |
| • Investment Properties | 0 | 0 |
| • Intangible Assets | 0 | 0 |
| • Revenue Expenditure Funded from Capital under Statute | 0 | 0 |
| Sources of Finance: | | |
| • Capital Receipts | (2,626) | (2,369) |
| • Government Grants and other Contributions | (12,255) | (12,151) |
| Sums set aside from revenue: | | |
| • Direct revenue contributions | (15,098) | (14,479) |
| • Loans Fund Principal | (8,159) | (8,488) |
| • Repayment of Liability – Finance Lease / PFI & PPP | (1,812) | (1,672) |
| Closing Capital Financing Requirement | 248,548 | 255,660 |
| Explanation of Movements in year | | |
| Increase / (decrease) in underlying need to borrow (supported by government financial assistance) | (5,446) | 4,951 |
| Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance) | 146 | (1,024) |
| Movement in liability of assets acquired under finance leases | (19) | (18) |
| Movement in liability of assets acquired under PFI/PPP contracts | (1,793) | (1,654) |
| Increase/(Decrease) in Capital Financing Requirement | (7,112) | 2,255 |

Capital Expenditure on Services

| | 2012/13 Actual £000 | 2013/14 Actual £000 | 2013/14 Budget £000 |
|--|---------------------------|---------------------------|---------------------------|
| CAPITAL EXPENDITURE ON SERVICES | | | |
| Chief Executive's | | | |
| Economic Development | 226 | 409 | 550 |
| Communities | | | |
| Housing Revenue Account | 13,778 | 11,715 | 13,094 |
| Planning & Place | 158 | 122 | 173 |
| Regulatory, Protective & Prevention Services | 3,306 | 3,642 | 4,584 |
| Services to Communities | 4,739 | 748 | 813 |
| Technical & Property Services | 14,953 | 12,659 | 14,445 |
| People | | | |
| Adult Services | 946 | 309 | 650 |
| Children's Services | 131 | 221 | 322 |
| Schools & Learning | 1,112 | 1,682 | 2,450 |
| Resources | 1,968 | 982 | 1,294 |
| Advances | | | |
| Council House Purchase | 0 | 0 | 0 |
| Private House Purchase | 0 | 0 | 0 |
| Housing Associations | 0 | 0 | 0 |
| TOTAL CAPITAL EXPENDITURE | 41,317 | 32,489 | 38,375 |
| FINANCING OF CAPITAL EXPENDITURE | | | |
| Sale of Assets | 2,648 | 2,626 | 2,088 |
| Government Grants & Other Contributions | 11,872 | 12,255 | 13,459 |
| Contribution from Revenue | 13,642 | 13,646 | 13,494 |
| Local Capital Fund | 740 | 1,103 | 1,190 |
| Advances from Loans Fund | 12,415 | 2,859 | 8,144 |
| TOTAL CAPITAL FINANCING | 41,317 | 32,489 | 38,375 |

Note 41 – 2013/14 Capital Budget

The 2013/14 capital budgets shown in note 40 are the capital monitoring budgets for the year as published in the Council's Final Capital Budget Volume (report 476/13 refers).

Note 42 - Financial Instruments

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 are 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 manage 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 2013 £000 | 31 March 2014 £000 | 31 March 2013 £000 | 31 March 2014 £000 |
| Borrowings | | | | |
| Financial liabilities at amortised cost | 161,010 | 156,005 | 54,105 | 49,944 |
| Total Borrowings | 161,010 | 156,005 | 54,105 | 49,944 |
| Investments | | | | |
| Loans and receivables | 8,559 | 7,943 | 59,608 | 56,947 |
| Available-for-sale financial assets | 10 | 10 | 7,007 | 5,007 |
| Total investments | 8,569 | 7,953 | 66,615 | 61,954 |

LOBO's (Lender Option, Borrower Option loans) amounting to £12million (£21million in the previous year) 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. Within the current investments (loans and receivables) amortised cost the comparative figure for previous year has been restated to total £59.608 million from £38.693 million reported in the Annual Accounts to 31 March 2013. This was due to an omission of a category of loans and receivables from the table.

The loans and receivables are stated on the basis of amortised cost. Long term available-for-sale financial assets are not considered to be material and therefore no fair value calculation has been carried out and the amortised cost has been included as the fair value. Short term available-for-sale financial assets are stated at fair value above, but in line with the approved Treasury Management Strategy, the council does not intend to trade these prior to the agreed maturity dates (all prior to the end of July 13). Due to the very short term nature of these assets therefore, no adjustment to carrying values has been made in the accounts statements.

Financial liabilities at amortised cost include long term borrowing of £156.005m as per the balance sheet. An additional £8m of borrowing is due to mature within 2014/15. This is included together with accrued interest (£1.287m) 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 CIES and movements in reserves in relation to financial instruments are disclosed below.

| | | Financial Year 2013/14 | | 2012/13 | |
|---|---|----------------------------|---------------------------------|----------------|----------------|
| | | Financial Assets | | Total | Total |
| | Financial Liabilities Measured at amortised cost £000 | Loans and receivables £000 | Available -for-sale assets £000 | £000 | £000 |
| Interest expense | (8,022) | 0 | 0 | (8,022) | (8,118) |
| Losses on derecognition | (203) | 0 | 0 | (203) | (203) |
| Impairment losses | 0 | 0 | 0 | 0 | 0 |
| Interest payable and similar charges | (8,225) | 0 | 0 | (8,225) | (8,321) |
| Interest income | 0 | 422 | 32 | 454 | 1,242 |
| Gains on derecognition | 3 | 0 | 0 | 3 | 3 |
| Interest and investment income | 3 | 422 | 32 | 457 | 1,245 |
| Gains on revaluation | 0 | 0 | 0 | 0 | 0 |
| Losses on revaluation | 0 | 0 | 0 | 0 | 0 |
| Amounts to the I&E account after impairment | 0 | 0 | 0 | 0 | 0 |
| Surplus from revaluation of financial assets | 0 | 0 | 0 | 0 | 0 |
| Net gain /(loss) for the year | (8,222) | 422 | 32 | (7,768) | (7,076) |

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 (maturity basis) as per the rate sheet number 126/14 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 126/14;
- 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 £000 | Less LOBO Accounting Adjustments £000 | Add Accrued Interest £000 | 31 March 2014 | | 31 March 2013 | |
|------------------------------------|-------------------------|--|------------------------------|---------------------------|--------------------|---------------------------|--------------------|
| | | | | Comparison Amount £000 | Fair Value £000 | Comparison Amount £000 | Fair Value £000 |
| PWLB | 125,480 | 0 | 1,102 | 126,582 | 136,766 | 132,491 | 150,753 |
| LOBO's | 30,525 | (525) | 118 | 30,118 | 30,159 | 30,119 | 31,806 |
| Creditors | 35,592 | 0 | 0 | 35,592 | 35,592 | 40,234 | 40,234 |
| Short term borrowing | 12,007 | 0 | 67 | 12,074 | 12,129 | 11,388 | 11,424 |
| Bank overdraft | 1,058 | 0 | | 1,058 | 1,058 | 353 | 353 |
| Total financial liabilities | 204,662 | (525) | 1,287 | 205,424 | 215,704 | 214,585 | 234,570 |

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 significantly more than the carrying amount as the Council's PWLB loan portfolio contains a significant number of older loans with fixed rates which are significantly higher than the rates now available for similar PWLB loans at the Balance Sheet date. The fair value of LOBOs are higher than the carrying value as the LOBO loans predominantly comprise fixed rates that are higher than those available in the market for similar loans at the balance sheet date.

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

| | 31 March 2013 | | 31 March 2014 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | Carrying Amount £000 | Fair Value £000 | Carrying Amount £000 | Fair Value £000 |
| Bank deposits of 7 days or less | 0 | 0 | 3,040 | 3,041 |
| Deposits with Banks and Building Societies | 32,728 | 32,861 | 30,150 | 30,185 |
| Money Market Fund Deposits | 5,891 | 5,891 | 1,500 | 1,500 |
| Long term debtors | 8,557 | 5,669 | 7,943 | 4,997 |
| Debtors | 23,042 | 23,042 | 24,895 | 24,895 |
| Total financial assets | 70,255 | 67,500 | 67,528 | 64,618 |

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 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 had no soft loans at the 31st March 2014.

Note 43 - 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 Corporate Improvement and Finance Division and the Council has fully adopted the CIPFA Code of Treasury Management Practice 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 during 2013/14 were only made with banks or other financial institutions which were assessed independently by the Council's Treasury Management advisers as being sufficiently secure and which had a minimum Fitch long term rating of A+ and a minimum Fitch short term rating of F1 or were classed as a part or fully nationalised bank at the time the deposit was made. The exception to this was overnight deposits placed with the Council's own bank (Clydesdale) as noted below.

The Council, in accordance with the CIPFA Revised Code of Practice in Treasury Management 2011, has an Annual Treasury Management Strategy in place and as part of this strategy the determination of the levels of investments placed with permitted counterparties is set.

In respect of the financial year 2013/14 the following limits were applied:

- a maximum of £2.5million can be placed with each A minus institution subject to a total of no more than 25% of the Council's investments being placed with suitable A minus rated counterparties at the time the investment is made;
- a maximum of £5million can be placed with each A or A plus rated institution, subject to a total of no more than 50% of the Council's investments being placed with these counterparties;
- a maximum of £10million can be placed with each AA minus rated institution. 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; and
- 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. The bank did not meet the council's minimum investment criteria at any point during 2013/14, therefore in line with the approved Treasury Management Strategy, the placement of funds was limited throughout the financial year to overnight only.

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 2014 £000 | Historical experience of default % | Historical experience adjusted for market conditions at 31 March 2014 % | Estimated maximum exposure – default etc £000 |
|---------------------------------------|--|---|--|---|
| Deposits with the Council's main bank | 0 | 0 | 0 | 0 |
| Deposits with other banks | 38,000 | 0 | 0 | 0 |
| Money Market Fund Deposits | 1,500 | 0 | 0 | 0 |
| Deposits with Building Societies | 0 | 0 | 0 | 0 |
| Collateralised Deposits | 5,000 | 0 | 0 | 0 |
| Customers | 5,585 | 1.03 | 1.34 | 75 |
| Totals | 50,085 | | | 44,575 |

No investment limits were exceeded during the year and the Council does not expect any losses from non-performance of any of its investment 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 £2.458m of the £5.585m customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows:

| | 31 March 2014 £000 |
|--------------------|-----------------------|
| Less than 3 months | 575 |
| 3 to 6 months | 235 |
| 6 months to 1 year | 282 |
| More than 1 year | 1,366 |
| Total | 2,458 |

Liquidity Risk

The Council has ready access to borrowings from the financial markets to cover any day to day cash flow needs and has ready access to borrow funds from the Public Works Loans Board (PWLB) for longer term commitments. There is therefore 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 Corporate Improvement and 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 external loan financial liabilities is as follows, stated using carrying values.

| | Carrying Amount £000 | Less Lobo Accounting £000 | Loan Value 31 March 14 £000 | Loan Value 31 March 13 £000 |
|--|---------------------------------|--------------------------------------|--|-----------------------------------|
| Loans Outstanding | | | | |
| PWLB | 133,480 | 0 | 133,480 | 137,721 |
| LOBO's - European Banks | 16,525 | (525) | 16,000 | 16,000 |
| LOBO's - UK Banks | 14,000 | 0 | 14,000 | 14,000 |
| Total | 164,005 | (525) | 163,480 | 167,721 |
| Maturity Structure | | | | |
| Less than 1 year | 8,000 | 0 | 8,000 | 7,241 |
| Between 1 and 2 years | 6,296 | 0 | 6,296 | 8,000 |
| Between 2 and 5 years | 18,913 | 0 | 18,913 | 15,783 |
| Between 5 and 10 years | 15,292 | 0 | 15,292 | 20,240 |
| Over 10 years | 115,504 | (525) | 114,979 | 116,457 |
| Total | 164,005 | (525) | 163,480 | 167,721 |
| The 2012/13 figures are shown for comparison. In the over 10 years category there are LOBO's with a Loan Value totalling £12m 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 CIES 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 CIES would increase; and
- investments at fixed rates - no change in interest income but fair values would decrease.

The Council currently has no variable rate borrowings or investments and consequently is not currently exposed to interest rate risk. Additionally all borrowings and investments are carried at 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 44 - 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.

| | 2013/14 £000 | 2012/13 £000 |
|--|-----------------|-----------------|
| Expenditure | | |
| Interest Paid on Loans:- | | |
| Public Works Loan Board | 6,657 | 6,755 |
| Public Works Loan Board Redemptions | 0 | 0 |
| Other Mortgages and Bonds | 1,329 | 1,329 |
| Internal Loans | 27 | 27 |
| Interest Paid on Revenue Balances | 367 | 367 |
| Expenses of Borrowing | 110 | 115 |
| TOTAL EXPENDITURE | 8,490 | 8,593 |
| Income | | |
| Interest received | 454 | 805 |
| Interest Charged to borrowing accounts | 7,926 | 7,673 |
| Expenses recovered from borrowing accounts | 110 | 115 |
| TOTAL INCOME | 8,490 | 8,593 |

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.73% in 2013/14. The 2012/13 rate was 4.53%.

Debt Management Expenses

The equivalent rate for debt management expenses was 0.07%. The 2012/13 rate was 0.07%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2014 was £160.9m or £1,453.96 per head of population. The figures at 31 March 2013 were £166.1m or £1,502.22 respectively.

Note 45 – Other Long Term Liabilities

Other long term liabilities (£307.249million) are considered throughout the notes to the accounts. They essentially consist of three main factors; deferred income, deferred liabilities and the liability relating to the Council's defined benefit pension scheme.

In summary deferred income (£0.559million) relates to lease income and deferred liabilities (£85.944million) in the main relates to outstanding debt associated with PPP projects. The Council's defined benefit pension scheme has a long term liability of £220.746million.

Note 46 – Prior Period Adjustments

2012/13 figures have been restated to reflect a revised IAS19 standard which applies for accounting periods beginning on or after 1 January 2013. In summary the main changes are:

- removal of the expected return on assets, which is replaced by a net interest cost; and
- administration expenses are now accounted for within the Comprehensive Income & Expenditure Statement charge (previously this was a deduction to the actual and expected return on assets).

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 (2012/13 only) | Associate |
| Tayside Fire and Rescue Board (2012/13 only) | Associate |
| Tayside Joint Valuation Board | Associate |

Police and Fire Reform

The year ended 31 March 2013 was the last year of operations of both the Tayside Joint Police Board and the Tayside Fire and Rescue Board. Under the provisions of the Police and Fire Reform (Scotland) Act 2012 the Boards ceased to exist on 31 March 2013, at which point two single national services took over responsibility for the delivery of police and fire and rescue services throughout Scotland – Police Scotland and Scottish Fire and Rescue Service respectively.

As there is no relationship between Angus Council and these new single services, there is no requirement to consolidate them into the Group Accounts for 2013/14. It should be noted however that the transfer has been treated as a public sector body merger (essentially a machinery of government change) and that a 'point of transfer' approach has been adopted. Accordingly the results of Tayside Joint Police Board and Tayside Fire and Rescue Board continue to be reflected in the 2012/13 figures detailed in the Group Accounts - no adjustment to the 2012/13 accounts has been undertaken to remove them. The movement between years that is evident from the Group Accounts is due in the main to this removal of Police and Fire for 2013/14 only.

Group Movement in Reserves Statement as at 31 March 2014

| | 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 2012 | 27,905 | 291,470 | 319,375 | (184,799) | 134,576 |
| Movement in reserves during 12/13 | | | | | |
| Surplus or (deficit) on provision of services | (11,303) | 0 | (11,303) | (11,175) | (22,478) |
| Other Comprehensive Expenditure and Income | 0 | 25,529 | 25,529 | (7,613) | 17,916 |
| Total Comprehensive Expenditure and Income | (11,303) | 25,529 | 14,226 | (18,788) | (4,562) |
| Opening balance / Group share adjustments | 0 | 0 | 0 | 2 | 2 |
| Adjustments between accounting basis and funding basis under regulations (Group Note 9) | 11,469 | (11,469) | 0 | 129 | 129 |
| Net Increase / Decrease before Transfers to Earmarked Reserves | 166 | 14,060 | 14,226 | (18,657) | (4,431) |
| Transfers to / from Earmarked Reserves | 0 | 0 | 0 | 0 | 0 |
| Increase / Decrease in Year | 166 | 14,060 | 14,226 | (18,657) | (4,431) |
| Balance at 31 March 2013 carried forward | 28,071 | 305,530 | 333,601 | (203,456) | 130,145 |
| Movement in reserves during 13/14 | | | | | |
| Surplus or (deficit) on provision of services | (15,484) | 0 | (15,484) | (1,819) | (17,303) |
| Other Comprehensive Expenditure and Income | 0 | (49,619) | (49,619) | (3,073) | (52,692) |
| Total Comprehensive Expenditure and Income | (15,484) | (49,619) | (65,103) | (4,892) | (69,995) |
| Opening balance / Group share adjustments | 0 | 0 | 0 | 201,867 | 201,867 |
| Adjustments between accounting basis and funding basis under regulations (Group Note 9) | 15,339 | (15,339) | 0 | 128 | 128 |
| Net Increase / Decrease before Transfers to Earmarked Reserves | (145) | (64,958) | (65,103) | 197,103 | 132,000 |
| Transfers to / from Earmarked Reserves | 0 | 0 | 0 | 0 | 0 |
| Increase / Decrease in Year | (145) | (64,958) | (65,103) | 197,103 | 132,000 |
| Balance at 31 March 2014 carried forward | 27,926 | 240,572 | 268,498 | (6,353) | 262,145 |

Group Comprehensive Income and Expenditure Statement for the year 31 March 2014

| 2012/13 Restated | | | | 2013/14 | | |
|---------------------------|----------------------|-------------------------|--|---------------------------|----------------------|-------------------------|
| Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 | | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
| 115,404 | (4,905) | 110,499 | Education | 116,775 | (4,896) | 111,879 |
| 85,090 | (19,028) | 66,062 | Social Work | 88,699 | (20,187) | 68,512 |
| 31,002 | (6,318) | 24,684 | Roads & Transport | 29,991 | (5,635) | 24,356 |
| 20,697 | (7,319) | 13,378 | Cultural & Related Services | 22,004 | (6,950) | 15,054 |
| 23,226 | (8,132) | 15,094 | Environmental Services | 25,384 | (8,006) | 17,378 |
| 10,134 | (4,698) | 5,436 | Planning & Development Services | 8,935 | (4,448) | 4,487 |
| 6,037 | (2,751) | 3,286 | Central Services | 6,328 | (2,680) | 3,648 |
| 21,715 | (24,647) | (2,932) | Housing Revenue Account | 22,898 | (25,549) | (2,651) |
| 30,918 | (28,678) | 2,240 | Housing - General Fund | 29,041 | (27,918) | 1,123 |
| 4,926 | 0 | 4,926 | Corporate & Democratic Core | 4,487 | 0 | 4,487 |
| 0 | 0 | 0 | Exceptional Items | 0 | 0 | 0 |
| 126 | (84) | 42 | Non Distributed Costs | 1,646 | (69) | 1,577 |
| 0 | 0 | 0 | Items to be Allocated | 0 | 0 | 0 |
| 75 | (56) | 19 | Interest in Subsidiary – Charitable Trusts | 94 | (59) | 35 |
| 391 | (326) | 65 | Interest in Subsidiary – Common Good | 522 | (324) | 198 |
| 15,277 | (15,474) | (197) | Share of the Operating Result of Joint Entity | 15,707 | (15,496) | 211 |
| 30,019 | (7,036) | 22,983 | Share of the Operating Result of Associates | 930 | 0 | 930 |
| 395,037 | (129,452) | 265,585 | Group Cost Of Services | 373,441 | (122,217) | 251,224 |
| | | (466) | Other Operating Income and Expenditure | | | 1,050 |
| | | 31,578 | Financing and Investment Income and Expenditure | | | 22,160 |
| | | 0 | Surplus or Deficit on Discontinued Operations | | | 0 |
| | | (274,219) | Taxation and Non-Specific Grant Income | | | (257,131) |
| | | 22,478 | Group (Surplus) or Deficit on Provision of Services | | | 17,303 |
| | | (1,674) | (Surplus) or deficit on revaluation of non-current assets | | | (1,173) |
| | | 0 | (Surplus) or deficit on revaluation of available for sale financial assets | | | (2,774) |
| | | (16,242) | Actuarial gains/losses on pension assets/liabilities | | | 56,639 |
| | | 0 | Other unrealised gains/losses | | | 0 |
| | | (17,916) | Other Group Comprehensive Income and Expenditure | | | 52,692 |
| | | 4,562 | Total Group Comprehensive Income and Expenditure | | | 69,995 |

Group Balance Sheet as at 31 March 2014

| Restated 31/03/2013 £000 | | Group Notes | 31/03/2014 £000 |
|--------------------------------|------------------------------|----------------|--------------------|
| 712,935 | Property, Plant & Equipment | | 709,348 |
| 5,770 | Heritage Assets | | 5,770 |
| 1,606 | Investment Property | | 1,641 |
| 251 | Intangible Assets | | 164 |
| 160 | Assets Held for Sale | | 80 |
| 1,227 | Long Term Investments | | 1,240 |
| 8,308 | Long Term Debtors | | 7,671 |
| 730,257 | Long Term Assets | | 725,914 |
| 39,788 | Short Term Investments | 16 | 35,169 |
| 1,361 | Inventories | | 1,612 |
| 23,331 | Short Term Debtors | 15 | 37,127 |
| 4,876 | Cash and Cash Equivalents | 13 | 2,718 |
| 730 | Assets held for sale | | 60 |
| 70,086 | Current Assets | | 76,686 |
| 0 | Cash and Cash Equivalents | | 0 |
| (192) | Provisions | | (185) |
| (9,870) | Short Term Borrowing | | (9,726) |
| (39,942) | Short Term Creditors | 17 | (47,636) |
| (50,004) | Current Liabilities | | (57,547) |
| (380) | Provisions | | (369) |
| (162,608) | Long Term Borrowing | | (157,712) |
| (83) | Other Long Term Creditors | | (38) |
| (253,760) | Other Long Term Liabilities | | (322,650) |
| (203,363) | Liability in Associates | | (2,139) |
| (620,194) | Long Term Liabilities | | (482,908) |
| 130,145 | Net Assets | | 262,145 |
| 31,743 | Usable Reserves | | 31,306 |
| 299,703 | Unusable Reserves | | 230,941 |
| (201,301) | Group Reserves | | (102) |
| 130,145 | Total Reserves | | 262,145 |

The unaudited accounts were authorised for issue by the Head of Corporate Improvement & Finance on 30 June 2014.

I. Lorimer

Ian Lorimer CPFA
Head of Corporate Improvement & Finance
30 June 2014

Group Cash Flow Statement

| | Group Notes | Restated 2012/13 £000 | 2013/14 £000 |
|--|------------------------|--------------------------------------|-------------------------|
| Net surplus or (deficit) on the provision of services | | (22,478) | (17,303) |
| Adjustment to surplus or deficit on the provision of services for non cash movements | | 62,571 | 50,797 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | (14,258) | (8,904) |
| Net Cash flows from Operating Activities | 10 | 25,835 | 24,590 |
| Net Cash flows from Investing Activities | 11 | (31,504) | (19,933) |
| Net Cash flows from Financing Activities | 12 | (1,165) | (6,815) |
| Net increase or decrease in cash and cash equivalents | | (6,834) | (2,158) |
| Cash and cash equivalents at the beginning of the reporting period | | 11,710 | 4,876 |
| Cash and Cash equivalents at the end of the reporting period | 13 | 4,876 | 2,718 |

Note 1 - Statement of Accounting Policies

The majority of the accounting policies adopted to produce the Group Accounts complement those used to prepare the Council's own accounts 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 Joint Board, which is jointly administered along with Dundee City and Perth & Kinross Councils, has been included in the Group Accounts as the Council has voting rights and the ability to exercise significant influence over the Joint Board. The Joint Board has therefore been incorporated in the Group Accounts under the equity method of accounting for associates.

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

Under the Police and Fire Reform (Scotland) Act 2012 the Tayside Joint Police Board and Tayside Fire and Rescue Board were dissolved on 31 March 2013, at which point responsibility for the delivery of police and fire and rescue services throughout Scotland transferred to two single national services – Police Scotland and Scottish Fire and Rescue Service. As the transfer took place at the close of the financial year, these functions continue to be included in the 2012/13 figures. For 2013/14 they are no longer consolidated into the Group Accounts of Angus Council.

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 2013/14 | Council Share 2012/13 |
|-----------------------|--------------------------|--------------------------|
| Tayside Valuation | 26.43% | 26.43% |
| Tayside Fire & Rescue | n/a | 19.00% |
| Tayside Police | n/a | 24.40% |

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

The 2013/14 accounts relating to the Tayside Valuation Joint Board are published separately and can be obtained from the following address:

| Joint Board | Address | Comment |
|-------------------|--|---|
| Tayside Valuation | Director of Corporate Services Dundee City Council Floor 4, Dundee House 50 North Lindsay Street Dundee, DD1 1NZ | 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. |

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% in both 2013/14 and 2012/13) 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. The Council's share of the net surplus for the year has been eliminated on consolidation from the Group Comprehensive Income & Expenditure Statement and the Council's share of the overall surplus included by consolidating the Tayside Contract's Comprehensive Income & Expenditure Statement on a line by line basis. 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 Tayside Valuation Joint Board (associate), Tayside Contracts (Jointly Controlled Entity), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to decrease both reserves and net assets by £6m, largely because of pension liabilities and the requirement to fully account for FRS17 Retirement Benefits and IAS19 Employee Benefits. 2012/13 showed a decrease of £203m, although it should be noted that this includes Tayside Police and Tayside Fire & Rescue Joint Boards.

All entities have prepared their accounts on a "going concern" basis and in common with these public bodies, Angus Council's Group Accounts have also been prepared on a "going concern" basis.

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 – Prior Period Adjustments

2012/13 figures have been restated to reflect a revised IAS19 standard which applies for accounting periods beginning on or after 1 January 2013. In summary the main changes are:

- removal of the expected return on assets, which is replaced by a net interest cost; and
- administration expenses are now accounted for within the Comprehensive Income & Expenditure Statement charge (previously this was a deduction to the actual and expected return on assets).

This prior period adjustment impacts on the 2012/13 accounts of Angus Council, Tayside Valuation Joint Board and Tayside Contracts. No restatement adjustment has been made to the 2012/13 figures for the Tayside Police and Fire Joint Boards.

A restatement of 2012/13 Common Good figures has also taken place, details of which can be found in Note 3 to the single entity accounts.

Note 7 - Non-Adjusting Event After the Reporting Period

There were no non-adjusting events.

Note 8 – 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 9 - 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.

| 2013/14 | 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 | 37,260 | (37,260) | 8 | (8) | 529 | (529) | 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 | (10,850) | 10,850 | (6) | 6 | 0 | 28 | 28 |
| 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 | 1,178 | (1,178) | 0 | 0 | 51 | (51) | 0 |
| Notional rental charge for depots | 0 | 0 | 0 | 0 | 128 | 0 | 128 |
| Reduction in liability on expiry of finance lease | 0 | 0 | 0 | 0 | (31) | 31 | 0 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | | | | |
| Statutory provision for the financing of capital investment | (9,163) | 9,163 | 0 | 0 | (385) | 385 | 0 |
| Capital expenditure charged against the General Fund and HRA balances - CFCR | (14,595) | 14,595 | 0 | 0 | (187) | 187 | 0 |

| 2013/14 | Group Entities Usable / Unusable Reserves | | | | | | Group Total Reserves £000 |
|---|---|---------------------------|----------------------------------|------------------------------------|---|---|------------------------------|
| | Council Usable Reserves | Council Unusable Reserves | Associates Total Usable Reserves | Associates Total Unusable Reserves | Joint Controlled Entity Total Usable Reserves | Joint Controlled Entity Total Unusable Reserves | |
| | £000 | £000 | £000 | £000 | £000 | £000 | |
| 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 | (557) | 557 | 0 | 0 | 0 | 0 | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | 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 | (28) | 0 | (28) |
| Capital receipts for leases | 3 | (3) | 0 | 0 | 0 | 0 | 0 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | (1,250) | 1,250 | 0 | 0 | 0 | 0 | 0 |
| 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 | (205) | 205 | 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 | 13,525 | (13,525) | 203 | (203) | 2,133 | (1,045) | 1,088 |

| 2013/14 | 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 | |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 0 | 0 | (97) | 97 | (1,088) | 0 | (1,088) |
| 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 | 38 | (38) | 1 | (1) | 1 | (1) | 0 |
| Total Adjustments | 15,339 | (15,339) | 109 | (109) | 1,123 | (995) | 128 |

Comparative Figures in 2012/13

| 2012/13 | 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 | 34,484 | (34,484) | 1,510 | (1,510) | 501 | (501) | 0 |
| Revaluation losses on property Plant and Equipment | 0 | 0 | 4 | (4) | 0 | 0 | 0 |
| Movements in the market value of Investment Properties | (180) | 180 | 0 | 0 | 0 | 0 | 0 |
| Amortisation of intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital grants and contributions applied | (11,457) | 11,457 | (422) | 422 | 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 | | | | | | | |

| 2012/13 | 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 | |
| of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (246) | 246 | 17 | (136) | 48 | (48) | (119) |
| Notional rental charge for depots | 0 | 0 | 0 | 0 | 129 | 0 | 129 |
| Reduction in liability on expiry of finance lease | 0 | 0 | 0 | 0 | (45) | 45 | 0 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | | | | |
| Statutory provision for the financing of capital investment | (9,275) | 9,275 | (296) | 296 | (404) | 404 | 0 |
| Capital expenditure charged against the General Fund and HRA balances - CFR | (13,997) | 13,997 | (48) | 48 | (254) | 254 | 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 | (6) | 6 | 0 | 0 | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | (94) | 94 | 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 | 119 | 0 | (4) | 0 | 115 |
| Capital receipts for leases | (17) | 17 | 0 | 0 | 0 | 0 | 0 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | (1,041) | 1,041 | (288) | 288 | 0 | 0 | 0 |

| 2012/13 | 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 | |
| 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 | (205) | 205 | 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 | 7,714 | (7,714) | 14,872 | (14,872) | 2,056 | (1,016) | 1,040 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 0 | 0 | (6,544) | 6,544 | (1,040) | 0 | (1,040) |
| 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 | 0 | 0 | (23) | 23 | 1 | (1) | 0 |
| Total Adjustments | 5,686 | (5,686) | 8,895 | (8,895) | 988 | (859) | 129 |

Note 10 - Group Cash Flow Statement – Operating Activities

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| (22,478) | Net surplus or (deficit) on provision of services | (17,303) |
| | Adjust net surplus of (deficit) on the provision of services for non cash movements | |
| 34,985 | Depreciation | 37,790 |
| 100 | Increase / (Decrease) in Interest Creditors | (957) |
| 1,780 | Increase / (Decrease) in Creditors | 7,618 |
| (49) | (Increase) / Decrease in Interest Debtors | 112 |
| (1,709) | (Increase) / Decrease in Debtors | (12,811) |
| 244 | (Increase) / Decrease in Stock | (250) |
| 14,513 | Pension Liability | 14,580 |
| 120 | Other Non Cash Transactions | 162 |
| 16 | Contributions to / (from) provisions | (19) |
| 2,114 | Carrying amount of non-current assets sold | 3,804 |
| (180) | Movement in Investment Property Value | (45) |
| 10,242 | (Surplus) / Deficit attributable to Associates | 109 |
| 395 | (Surplus) / Deficit attributable to Jointly Controlled Entities | 704 |
| 62,571 | Total Adjustments | 50,797 |
| | Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities | |
| 105 | Interest paid | 92 |
| 29 | Interest element of finance lease payments | 7 |
| (12,002) | Capital Grants credited to surplus / deficit on the provision of services | (10,850) |
| 0 | Premiums or discounts on the repayment of financial liabilities | 4,500 |
| (2,390) | Proceeds from the sale of PPE and intangible assets | (2,653) |
| (14,258) | Total Adjustments | (8,904) |
| 25,835 | Net cash flows from operating activities | 24,590 |

The cash flows for operating activities include the following items:

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--------------------|-----------------|
| 1,496 | Interest received | 1,078 |
| (15,828) | Interest Paid | (16,832) |
| 0 | Dividends received | 0 |

Note 11 - Group Cash Flow Statement – Investing Activities

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| (41,730) | Purchase of property, plant and equipment, investment property and intangible assets | (34,944) |
| (4,500) | Purchase of short-term and long-term investments | 0 |
| 0 | Other payments for investing activities | (53) |
| 1,740 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 3,275 |
| 0 | Proceeds from short-term and long-term investments | 0 |
| 84 | Net cash / (overdraft) acquired with Subsidiary | 233 |
| 12,902 | Other receipts from investing activities | 11,556 |
| (31,504) | Net cash flows from investing activities | (19,933) |

Note 12 - Group Cash Flow Statement – Financing Activities

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 5,146 | Cash receipts of short and long-term borrowing | 1,293 |
| 0 | Other receipts from financing activities | 0 |
| (1,809) | Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts | (1,892) |
| (4,007) | Repayments of short and long-term borrowing | (5,335) |
| (495) | Other payments for financing activities | (881) |
| (1,165) | Net cash flows from financing activities | (6,815) |

Note 13 - Cash and Cash Equivalents

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

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 38 | Cash held by the Authority | 42 |
| (1,053) | Bank Overdraft | (1,824) |
| 5,891 | Cash Investments | 4,500 |
| 4,876 | Total Cash and Cash Equivalents | 2,718 |

Note 14 – 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 Service Reporting 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.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 219,763 | Cost of Services – Angus Council (per Note 11 of single entity accounts) | 223,720 |
| | Cost of Services – Associates: | |
| 10,731 | - Tayside Joint Police Board | n/a |
| (19) | - Tayside Fire and Rescue Board | n/a |
| 195 | - Tayside Valuation Joint Board | 165 |
| | Cost of Services – Subsidiaries: | |
| 65 | - Common Good | 198 |
| 19 | - Charitable Trusts | 35 |
| | Cost of Services – Joint Entity: | |
| (197) | - Tayside Contracts | 211 |
| 230,557 | Group Cost of Services | 224,329 |
| 8,943 | Add: Services not included in main analysis (Angus Council – per Note 11 of single entity accounts) | (2,046) |
| 26,085 | Add: Amounts not reported to management (Angus Council – per Note 11 of single entity accounts) | 28,941 |
| 265,585 | Net Cost of Services in Group Comprehensive Income & Expenditure Statement | 251,224 |

For clarity, it should be noted that the Council's share of the Tayside Contracts net surplus (£0.707m) 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 15 – Short Term Debtors (net of provisions)

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|----------------------------|-----------------|
| 23,042 | Angus Council Debtors | 36,393 |
| 11 | Charitable Trusts Debtors | 11 |
| 4 | Common Good Fund Debtors | 4 |
| (451) | Intra Group Debtors | (2,706) |
| 725 | Tayside Contracts Debtors | 3,425 |
| 23,331 | Total Group Debtors | 37,127 |

Note 16 - Short Term Investments

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 39,770 | Angus Council Short Term Investments | 35,158 |
| 18 | Charitable Trusts Short Term Investments | 11 |
| 39,788 | Total Group Short Term Investments | 35,169 |

Note 17 – Short Term Creditors

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|------------------------------|-----------------|
| 40,234 | Angus Council Creditors | 46,992 |
| 1 | Charitable Trusts Creditors | 1 |
| 19 | Common Good Fund Creditors | 20 |
| (4,246) | Intra Group Creditors | (384) |
| 3,934 | Tayside Contracts Creditors | 1,007 |
| 39,942 | Total Group Creditors | 47,636 |

Note 18 – Liability Related to Defined Benefit Pension Scheme

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 154,827 | Angus Council – Pensions Liability | 220,746 |
| 10,644 | Tayside Contracts Joint Committee – Pensions Liability | 15,401 |
| 165,471 | Total Group Pension Liability | 236,147 |

Note 19 - Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

| 2012/13 | | | | 2013/14 | | |
|-----------------------|------------------------|---------------------|---|-----------------------|------------------------|---------------------|
| 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 |
| 8,246 | 415 | 8,661 | Scottish Government General Capital Grant | 8,674 | 0 | 8,674 |
| 2,490 | 0 | 2,490 | Scottish Government Specific Capital Grants | 1,597 | 0 | 1,597 |
| 182,534 | 9,095 | 191,629 | Scottish Government Revenue Grants | 173,737 | 0 | 173,737 |
| 67 | 0 | 67 | Other capital grants | 144 | 0 | 144 |
| 1,212 | 7 | 1,219 | Other capital contributions | 435 | 6 | 441 |
| 194,549 | 9,517 | 204,066 | Total | 184,587 | 6 | 184,593 |
| | | | Credited to Services | | | |
| 772 | 0 | 772 | Scottish Government General Capital Grant | 456 | 0 | 456 |
| 772 | 0 | 772 | Total | 456 | 0 | 456 |

Note 20 – Additional Disclosure

The Valuation Joint Board gross liability is 0.42% of the Group gross liabilities (it was 34.4% in 2012/13, however this included the Police and Fire Joint Boards).

| | Combined Boards | | Police Board | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2013/14 £000 | 2012/13 £000 | 2013/14 £000 | 2012/13 £000 |
| Grants and Contributions Received | 757 | 12,311 | n/a | 7,113 |
| Surplus / (Deficit) for the Year | (109) | (10,243) | n/a | (8,568) |
| Non-Current Assets | 23 | 20,560 | n/a | 14,231 |
| Current Assets | 124 | 6,396 | n/a | 4,826 |
| Liabilities Due Within One Year | 128 | 7,744 | n/a | 5,326 |
| Liabilities Due After One Year or More | 2,157 | 222,576 | n/a | 176,089 |

The main liability due after more than one year is in relation to the obligation of the 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 21 – Charitable Trusts Reserve

The Group Reserves on the Group Balance Sheet contains the reserve in respect of Charitable Trusts amounting to £2.037m. 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.

| 2012/13 £000 | Summary and Nature of Assets and Liabilities | 2013/14 £000 |
|-----------------|--|-----------------|
| 2 | Non-Current Assets – Heritable Property | 2 |
| | Long Term Investments: | |
| 73 | - Government Securities | 68 |
| 1,144 | - Managed Funds | 1,162 |
| 844 | Current Assets * | 806 |
| 2,063 | Total Gross Assets | 2,038 |
| 1 | Current Liabilities ** | 1 |
| 1 | Total Gross Liabilities | 1 |
| 2,062 | Total Net Assets | 2,037 |

* 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

| 2012/13 £000 | Summary of Revenue & Capital Account Movements | 2013/14 £000 |
|-----------------|---|-----------------|
| 375 | Revenue Account Opening Balance | 357 |
| (18) | Increase / (Decrease) per Income & Expenditure Account | (35) |
| 357 | Revenue Account Closing Balance | 322 |
| 1,588 | Capital Account Opening Balance | 1,705 |
| 14 | Increase / (Decrease) from investment purchases / sales | (3) |
| 103 | Increase / (Decrease) from investment revaluation | 13 |
| 1,705 | Capital Account Closing Balance | 1,715 |

Note 22 – 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
- vii) Scotland Excel
- viii) Police Scotland
- ix) Scottish Fire & Rescue Service

Note 23 – 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 draft accounts – audit not yet complete

Common Good – separate statement within Angus Council's draft accounts – audit not yet complete

Associates

Tayside Valuation Joint Board – draft accounts – audit not yet complete

Jointly Controlled Entity

Tayside Contracts – draft accounts – audit not yet complete

In all of the above cases the audit opinion will determine whether the financial statements give a true and fair view in accordance with applicable laws, regulations and Codes of Practice, the financial position of the bodies concerned as at 31 March 2014 and their income and expenditure for the year ended: and that 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 2014

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.

| 2012/13 Actual £000 | | 2013/14 Actual £000 | 2013/14 Actual £000 | 2013/14 Budget £000 |
|---------------------------|--|---------------------------|---------------------------|---------------------------|
| | Expenditure | | | |
| 6,125 | Repairs and Maintenance | 6,824 | | 6,746 |
| 7,187 | Supervision and Management | 7,390 | | 7,426 |
| 480 | Void Rents | 630 | | 467 |
| 5,701 | Depreciation and impairment of non-current assets | 6,092 | | 6,092 |
| 472 | Movement in the allowance for bad debts | 296 | | 500 |
| 796 | Other expenditure | 765 | | 932 |
| 20,761 | Total Expenditure | | 21,997 | 22,163 |
| | Income | | | |
| (21,761) | Dwelling Rents | (22,604) | | (22,414) |
| (528) | Non-Dwelling Rents | (574) | | (536) |
| 0 | Housing Support Grant | 0 | | 0 |
| (1,404) | Other Income | (1,470) | | (1,357) |
| (23,693) | Total Income | | (24,648) | (24,307) |
| (2,932) | Net cost of HRA services as included in the Comprehensive and Expenditure Statement | | (2,651) | (2,144) |
| 223 | HRA share of Corporate and Democratic Core | | 278 | 223 |
| 0 | HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services | | 0 | 0 |
| (2,709) | Net cost of HRA Services | | (2,373) | (1,921) |
| | HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement: | | | |
| (109) | (Gain) or loss on sale of HRA non-current asset | | (50) | (50) |
| 1,502 | Interest payable and similar charges | | 1,700 | 1,924 |
| (6) | Interest and investment income | | (1) | 0 |
| 57 | Pension interest cost and expected return on pension assets | | 0 | 0 |
| (2,420) | Non-specific Grant Income | | (1,717) | (1,717) |
| (3,685) | (Surplus) or Deficit for the year on HRA services | | (2,441) | (1,764) |

Movement on the HRA Statement for the Year Ended 31 March 2014

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

| 2012/13 £000 | | 2013/14 £000 | 2013/14 £000 |
|-----------------|---|-----------------|-----------------|
| (2,611) | Balance on the HRA at the end of the previous year | | (3,148) |
| (3,685) | (Surplus) or deficit for the year on the HRA Income and Expenditure Account | (2,441) | |
| 2,849 | Adjustments between accounting basis and funding basis under statute | 2,908 | |
| (836) | Net (Increase) or decrease before transfers to or from reserves | | 467 |
| | Transfers to / (from) earmarked reserves: | | |
| (259) | Affordable Housing Account | (600) | |
| 558 | Dungman's Tack Prepaid Grant | 0 | |
| 0 | Transfer of Wirren House and Camus House | 100 | (500) |
| (3,148) | Housing Revenue Account surplus carried forward | | (3,181) |
| | Summary of HRA Balance Commitments | | |
| 1,000 | Minimum Policy Level | | 1,000 |
| 466 | Survive and Thrive Commitment | | 687 |
| 170 | Planned Maintenance Carry Forward | | 0 |
| 380 | External Affordable Housing Provision | | 0 |
| 1,132 | Scottish Housing Quality Standard / New Build | | 1,494 |
| 3,148 | Total HRA Balance Commitments | | 3,181 |

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

| 2012/13 £000 | | 2013/14 £000 | 2013/14 £000 |
|-----------------|--|-----------------|-----------------|
| | Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement | | |
| (5,701) | Depreciation | | (6,092) |
| (8) | Employee Benefits | | 10 |
| (195) | IAS 19 Pension Adjustment | | (182) |
| (5,904) | | | (6,264) |
| | Items not included in the HRA Net Cost of Services but included in the Movement on HRA Statement | | |
| 498 | Loans fund principal repayments | | 556 |
| 6,082 | Capital expenditure funded by the HRA | | 6,849 |
| 259 | Capital expenditure funded by Affordable Housing Reserve | | 0 |

| 2012/13 £000 | | 2013/14 £000 | 2013/14 £000 |
|-----------------|---|-----------------|-----------------|
| 1,862 | Non Specific Grant Income | | 1,717 |
| (57) | HRA Share of contributions to or from the Pensions Reserve | | 0 |
| 8,644 | | | 9,122 |
| | Gain/Loss on Sale of HRA non-current assets | | |
| 1,143 | Non-current assets sales proceeds (net of cost of sales) | 1,353 | |
| (1,034) | Net Book Value of non-current assets sold | (1,303) | 50 |
| 8,753 | | | 9,172 |
| 2,849 | Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year | | 2,908 |

Housing Stock

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

| 2012/13 | | 2013/14 |
|-----------|---|--------------|
| 39% / 61% | Houses / Maisonettes | 40% / 60% |
| | Stock changes can be summarised as follows:- | |
| 7,775 | Stock at 1 April | 7,759 |
| | Add: | |
| 11 | New Build | 100 |
| 0 | Conversions | 4 |
| | Less: | |
| (27) | Right to Buy Sales | (33) |
| 0 | Closures / Demolitions | (16) |
| 7,759 | Stock at 31 March | 7,814 |

Rent Arrears

Rent arrears as at 31 March 2014 were £1.696million and the comparable figure for 31 March 2013 was £1.373million.

The provision for bad or doubtful debt remains unchanged at £1million at 31 March 2014.

Exceptional or Prior Year Items

There are no exceptional or prior year items disclosed in the 2013/14 HRA Income and Expenditure Statement.

Council Tax**Income Account**

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income & Expenditure Statement of the Authority.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|--|-----------------|
| 53,651 | Gross Council Tax Levied & contributions in Lieu | 54,065 |
| 0 | Council Tax Reduction Scheme | (4,741) |
| 0 | Discounts for Prompt Payment | 0 |
| (6,377) | Other Discounts & Reductions | (1,751) |
| (826) | Write-off of Uncollected Debts & Allowances for Impairments | (821) |
| 46,448 | Net Council Tax Income | 46,752 |
| (239) | Adjustment to previous years' Community Charge & Council Tax | 22 |
| 46,209 | Transfers to the General Fund | 46,774 |

Council Tax Income

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 2013/14

| | Valuation Band | | | | | | | | 2013/14 | 2012/13 |
|---|----------------|--------|-------|-------|-------|-------|-------|------|---------------|---------------|
| | A | B | C | D | E | F | G | H | TOTAL | TOTAL |
| Total Number of Properties | 15,206 | 12,617 | 6,935 | 8,145 | 7,180 | 2,909 | 1,545 | 168 | 54,705 | 54,400 |
| Less Exemptions/ Deductions | 833 | 413 | 163 | 127 | 121 | 59 | 28 | 22 | 1,766 | 1,610 |
| Less Adjustment for Single Discounts | 2,230 | 1,161 | 583 | 530 | 358 | 93 | 45 | 4 | 5,004 | 4,923 |
| Less Adjustment for Double Discounts | 348 | 166 | 120 | 95 | 52 | 32 | 23 | 9 | 845 | 1,000 |
| Effective Number of Properties | 11,795 | 10,877 | 6,069 | 7,393 | 6,649 | 2,725 | 1,449 | 133 | 47,090 | 46,867 |
| 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 | 7,862 | 8,460 | 5,394 | 7,393 | 8,126 | 3,936 | 2,415 | 266 | 43,852 | 43,547 |
| Less Provision for Non- Collection 2% | | | | | | | | | 877 | 871 |
| | | | | | | | | | 42,975 | 42,676 |

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2013/14 Council Tax income of £46.069m. Inclusion of £0.050m provision for income from prior years' charges, results in a total budget for Council Tax income of £46.119m.

Council Tax Properties and Council Tax Charges

| | 2013/14 Effective Number of Properties | 2013/14 Total Council Tax Charge £ | 2012/13 Effective Number of Properties | 2012/13 Total Council Tax Charge £ |
|---|---|---|---|---|
| A | 11,795 | 714.67 | 11,874 | 714.67 |
| B | 10,877 | 833.78 | 10,895 | 833.78 |
| C | 6,069 | 952.89 | 6,020 | 952.89 |
| D | 7,393 | 1,072.00 | 7,277 | 1,072.00 |
| E | 6,649 | 1,310.22 | 6,561 | 1,310.22 |
| F | 2,725 | 1,548.44 | 2,702 | 1,548.44 |
| G | 1,449 | 1,786.67 | 1,406 | 1,786.67 |
| H | 133 | 2,144.00 | 132 | 2,144.00 |
| | 47,090 | | 46,867 | |

Non-Domestic Rates Income Account

The Non-Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 35,462 | Gross Rates Levied & Contributions in Lieu | 36,269 |
| (9,119) | Reliefs & Other Deductions | (9,288) |
| (271) | Write-offs of uncollectable debts & allowances for impairment | (322) |
| 26,072 | Net Non-Domestic Rate Income | 26,659 |
| (748) | Adjustment to previous years' National Non-Domestic Rates | (1,271) |
| 25,324 | Total Non-Domestic Rate Income (before authority retentions) | 25,388 |
| 0 | Non-Domestic Rate Income Retained by Authority (BRIS) | 0 |
| 25,324 | Contribution to Non-Domestic Rate Pool | 25,388 |

Non-Domestic Rate Income as reported under Taxation and Non-Specific Grant Income comprises income assigned by the Scottish Government from the national non-domestic rates pool, as well as non-domestic rate income which is not submitted to the pool but is retained by the Council.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| 23,944 | Distribution from Non-Domestic Rate Pool | 25,764 |
| 0 | Non-Domestic Rate Income Retained by Authority (BRIS) | 0 |
| 23,944 | Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement | 25,764 |

The 2013/14 rate poundage which is set nationally was 46.2p with a large business supplement of 0.9p (rateable value in excess of £35,000).

Rateable Subjects and Values (1 April 2013)

| Non-Domestic Rateable Subjects | No of properties | Rateable Value as at 1 April 2013 £000 | No of properties | Rateable Value as at 1 April 2012 £000 |
|---------------------------------------|-------------------------|---|------------------|---|
| Shops | 1,145 | 16,984 | 1,147 | 17,269 |
| Public Houses | 99 | 1,439 | 99 | 1,494 |
| Offices including banks | 502 | 5,230 | 496 | 5,237 |
| Hotels etc | 61 | 1,545 | 61 | 1,546 |
| Industrial Subjects etc | 1,130 | 20,512 | 1,112 | 20,429 |
| Leisure, Entertainment, Caravans etc | 399 | 4,098 | 433 | 3,837 |

| Non-Domestic Rateable Subjects | No of properties | Rateable Value as at 1 April 2013 £000 | No of properties | Rateable Value as at 1 April 2012 £000 |
|---------------------------------------|-------------------------|---|------------------|---|
| Garages and Petrol Stations | 119 | 1,360 | 120 | 1,407 |
| Cultural | 57 | 472 | 56 | 464 |
| Sporting Subjects | 161 | 493 | 162 | 501 |
| Education and Training | 91 | 8,388 | 94 | 8,433 |
| Public Service Subjects | 335 | 7,201 | 338 | 7,229 |
| Communications (Non Formula) | 16 | 123 | 18 | 124 |
| Quarries Mines etc | 21 | 525 | 21 | 525 |
| Religious | 173 | 947 | 173 | 947 |
| Health & Medical Care | 129 | 5,958 | 128 | 5,974 |
| Other | 339 | 2,277 | 346 | 2,272 |
| Total | 4,777 | 77,552 | 4,804 | 77,688 |

Charitable Trusts

The Council acts as sole trustee for a total of 196 Charitable Trusts and Endowments including 54 Educational 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 2014.

Income and Expenditure Account for the year ended 31 March 2014

| | 2013/14 | | | 2012/13 |
|---|----------------------------|---------------|---------------|---------|
| | OSCR Registered £000 | Other £000 | Total £000 | £000 |
| Expenditure | | | | |
| Beneficiaries | 69 | 9 | 78 | 55 |
| Administration | 14 | 2 | 16 | 20 |
| Total Expenditure | 83 | 11 | 94 | 75 |
| Income | | | | |
| Rents, feu duties, dividends and interest | (49) | (4) | (53) | (51) |
| Loans Fund interest | (4) | (2) | (6) | (5) |
| Total Income | (53) | (6) | (59) | (56) |
| (Surplus)/Deficit | 30 | 5 | 35 | 19 |

Balance Sheet as at 31 March 2014

| | 2013/14 | | | 2012/13 |
|------------------------------------|----------------------------|---------------|---------------|---------|
| | OSCR Registered £000 | Other £000 | Total £000 | £000 |
| Non Current Assets | | | | |
| Heritable Property | 1 | 1 | 2 | 2 |
| Total Non Current Assets | 1 | 1 | 2 | 2 |
| Total Long Term Investments | 1,156 | 74 | 1,230 | 1,217 |
| Current Assets | | | | |
| Debtors | 11 | 0 | 11 | 11 |
| Short Term Investments | 11 | 0 | 11 | 18 |
| Revenue Advances to Loans Fund | 578 | 206 | 784 | 815 |
| Total Current Assets | 600 | 206 | 806 | 844 |
| Current Liabilities | | | | |
| Creditors and accruals | (1) | 0 | (1) | (1) |
| Total Current Liabilities | (1) | 0 | (1) | (1) |
| Working Capital | 599 | 206 | 805 | 843 |
| Total Net Assets | 1,756 | 281 | 2,037 | 2,062 |
| Reserves | | | | |
| Revenue Account | 163 | 159 | 322 | 357 |
| Capital Account | 1,593 | 122 | 1,715 | 1,705 |
| Total Reserves | 1,756 | 281 | 2,037 | 2,062 |

The unaudited accounts were authorised for issue by the Head of Corporate Improvement and Finance on the 30 June 2014.

I. Lorimer

Ian Lorimer CPFA
Head of Corporate Improvement and Finance
30 June 2014

Notes - Principal Trust Funds

| Charity | Area Covered | Balance at 31/3/14 Capital £000 | Balance at 31/3/14 Revenue £000 |
|-------------------------------|--------------|--|--|
| David Duncan Charity | Arbroath | 8 | 2 |
| Inchcape Fund | Arbroath | 21 | 7 |
| Andrew Jervise Bequest | Brechin | 2 | 17 |
| Ex Provost Mitchell's Bequest | Brechin | 73 | 22 |
| Mrs C R Graham's Bequest | Carnoustie | 12 | 8 |
| Boyle Bequest | Forfar | 1 | 8 |
| Strangs Mortification | Forfar | 1,258 | 5 |
| Charitable Trusts | Forfar | 26 | 1 |
| Charles F Nicoll Bequest | Forfar | 16 | 2 |
| Helen Nicoll Bequest | Forfar | 8 | 1 |
| Miss Agnes Lawson Trust | Forfar | 72 | 7 |
| Poor Lands | Kettins | 13 | 10 |
| Vert McLean Endowment Fund | Kirriemuir | 15 | 3 |
| James Wilkie Bequest | Kirriemuir | 8 | 0 |
| Ancient Hospital | Montrose | 13 | 0 |
| William Jack Trust | Montrose | 16 | 0 |
| 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 1/4/13 £000 | Movement in Valuation £000 | Capital Income £000 | Capital Expenditure £000 | Balance at 31/3/14 £000 |
|-------------------------|------------------------------|----------------------------------|---------------------------|--------------------------------|-------------------------------|
| Movement during year | 1,705 | 13 | 98 | (101) | 1,715 |

Registered Charities

Of the 196 Charitable Trusts and Endowments the Council is Trustee for, 98 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.

Charities Reorganisation Proposals

The Council submitted applications to OSCR prior to 31 March 2014 for the reorganisation of 97 registered charities into a new single charity. OSCR have approved these applications and the transfer will be effected as at 1 July 2014. The remaining registered charity (Strangs) will remain as a separate charity. 43 of the non-OSCR registered Trusts are also to be transferred into the new single charity and the approval process for this is currently progressing with the office of the Lord Advocate. The remaining 55 Trusts are primarily Educational Endowments and will remain unchanged.

Common Good

The Common Good is administered by local authorities in Scotland. It is vested in the local authority. In Angus 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 2014.

Income and Expenditure Account for the year ended 31 March 2014

| | Actual 2013/14 £000 | Budget 2013/14 £000 | Actual 2012/13 £000 |
|----------------------------------|---------------------------|---------------------------|---------------------------|
| <u>Expenditure</u> | | | |
| Property Costs | 12 | 29 | 16 |
| Supplies and Services | 1 | 4 | 1 |
| Central Support Services Charges | 60 | 60 | 60 |
| Projects | 147 | 508 | 163 |
| Loan Interest Payable | 22 | 23 | 22 |
| Depreciation & Impairment | 280 | 129 | 129 |
| Total Expenditure | 522 | 753 | 391 |
| <u>Income</u> | | | |
| Fees, Charges etc | (302) | (309) | (304) |
| Interest on Loan | (21) | (21) | (21) |
| Other Income | (1) | (1) | (1) |
| Total Income | (324) | (331) | (326) |
| Net (Surplus)/Deficit | 198 | 422 | 65 |

Balance Sheet as at 31 March 2014

| | 2013/14 £000 | 2012/13 Restated £000 |
|--|-----------------|-----------------------------|
| Non Current Assets | | |
| Heritable Property (less Depreciation), Other Assets | 5,699 | 4,816 |
| Total Non Current Assets | 5,699 | 4,816 |
| Long Term Debtors | 15 | 19 |
| Current Assets | | |
| Debtors | 4 | 4 |
| Revenue Advances to Loans Fund | 3,203 | 3,136 |
| Total Current Assets | 3,207 | 3,140 |
| Current Liabilities | | |
| Creditors and Accruals | (20) | (19) |
| Total Current Liabilities | (20) | (19) |
| Working Capital | 3,187 | 3,121 |
| Long Term Creditor | (430) | (450) |
| Total Net Assets | 8,471 | 7,506 |
| Usable Reserves | | |
| Revenue Cash | 2,470 | 2,412 |
| Capital Cash | 752 | 747 |
| Unusable Reserves | | |
| Revaluation Reserve Account | 2,520 | 1,362 |
| Capital Adjustment Account | 2,729 | 2,985 |
| Total Reserves | 8,471 | 7,506 |

The 2012/13 balance sheet has been restated to distinguish between usable and unusable reserves.

The unaudited accounts were authorised for issue by the Head of Corporate Improvement and Finance on the 30 June 2014.

I. Lorimer

Ian Lorimer CPFA
Head of Corporate Improvement and Finance
30 June 2014

USABLE RESERVES
1. Movement in Individual Common Good Reserve Funds
Revenue

| | Revenue Account Balance at 31/3/13 £000 | Prior Year Adjustments £000 | Restated Revenue Cash Balance at 31/3/13 £000 | Income £000 | Expenditure £000 | Balance at 31/3/14 £000 |
|--------------|--|--|--|------------------------|-----------------------------|------------------------------------|
| Arbroath | 570 | 74 | 644 | 89 | (90) | 643 |
| Brechin | 479 | 165 | 644 | 74 | (60) | 658 |
| Forfar | 670 | 69 | 739 | 93 | (31) | 801 |
| Kirriemuir | 7 | 0 | 7 | 0 | 0 | 7 |
| Montrose | 200 | 178 | 378 | 68 | (85) | 361 |
| TOTAL | 1,926 | 486 | 2,412 | 324 | (266) | 2,470 |

Capital

| | Capital Surplus Account at 31/3/13 £000 | Prior Year Adjustments £000 | Restated Capital Cash at 31/3/13 £000 | Income £000 | Expenditure £000 | Balance at 31/3/14 £000 |
|--------------|--|--|--|------------------------|-----------------------------|------------------------------------|
| Arbroath | 789 | (523) | 266 | 5 | 0 | 271 |
| Brechin | 572 | (406) | 166 | 0 | 0 | 166 |
| Forfar | 527 | (325) | 202 | 0 | 0 | 202 |
| Kirriemuir | 0 | 0 | 0 | 0 | 0 | 0 |
| Montrose | 510 | (397) | 113 | 0 | 0 | 113 |
| TOTAL | 2,398 | (1,651) | 747 | 5 | 0 | 752 |

UNUSABLE RESERVES
Capital Adjustment Account

| | Reserve Account Balance at 31/3/13 £000 | Prior Year Adjustments £000 | Restated Reserve Account Balance at 31/3/13 £000 | Movement 2013/14 £000 | Reserve Account Balance at 31/3/14 £000 |
|--------------|--|--|---|----------------------------------|--|
| TOTAL | 3,194 | (209) | 2,985 | (256) | 2,729 |

Revaluation Reserve Account

| | Reserve Account Balance at 31/3/13 £000 | Prior Year Adjustments £000 | Restated Reserve Account Balance at 31/3/13 £000 | Movement 2013/14 £000 | Reserve Account Balance at 31/3/14 £000 |
|--------------|--|--|---|----------------------------------|--|
| TOTAL | 0 | 1,362 | 1,362 | 1,158 | 2,520 |

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2013/14

| | (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 | 74 | (97) | 24 | 1 |
| Brechin | 8 | (22) | 0 | (14) |
| Forfar | 10 | (72) | 0 | (62) |
| Kirriemuir | 0 | 0 | 0 | 0 |
| Montrose | 106 | (89) | 0 | 17 |
| TOTAL MOVEMENT IN YEAR | 198 | (280) | 24 | (58) |
| 2012/13 Balance b/f | | | | (3,136) |
| Capital Cash contributions – Arbroath Infirmary Car Park | | | | (5) |
| Increase/(Decrease) Per Surplus Above | | | | (58) |
| Debtor Decrease - Montrose | | | | (4) |
| Balance as at 31/03/14 | | | | (3,203) |

3. Non Cash Transactions Adjusted in Note 2 Above

| | £000 |
|---------------------|--------------|
| Depreciation | (127) |
| Revaluation Reserve | (153) |
| Total | (280) |

4. Cash Transactions Adjusted in Note 2 Above

| | £000 |
|--|-----------|
| Webster Theatre loan principal repayment | 24 |
| Total | 24 |