

For year ending 31st March 2013

Annual Accounts

2012
2013



Angus Council - Annual Accounts 2012/13

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EXPLANATORY FOREWORD TO THE ACCOUNTING STATEMENTS

The Council is required by law to prepare a set of Accounting Statements (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Head of 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 2012/13 (based on International Financial Reporting Standards).

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

A. Accounting Statements

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

The Accounting Statements comprise:-

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

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

Movement on Reserves Statement

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

Comprehensive Income and Expenditure Statement (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 ratios 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 2012/13 financial year.

General Fund - The General Fund covers those council services which are funded by Government Grants and local taxpayers. It can be seen from Note 6 that the General Fund balance at the end of the year was £17.490m with £0.221m 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 2012 was £16.482m including £0.445m attributable to DSM. The movement on the General Fund Balance was therefore an increase of £1.008m. The budget set for 2012/13 after adjustment for budget carry forwards and other earmarked sums assumed a deficit of £6.329m. Accordingly the closing balance of £17.490m* represents an overall favourable movement against budget of £7.337m (116%) arising as follows: -

Description	£m
Underspends on departmental budgets	3.106
Underspends on Joint Boards	2.138
Additional Council Tax income	0.410
Underspend on Debt Charges – Principal Repayments	1.803
Additional Surplus from Tayside Contracts	0.241
Miscellaneous Other	(0.361)
Total	7.337

*The balance of £17.490m includes a Devolved School Management (DSM) balance of £0.221m but excludes the Car Parking reserve (£0.116m), Arbroath Harbour reserve (£0.217m) and other specific reserves (£0.266m) which are included in Note 6 (18.089m).

The significant underspend on Joint Boards for 2012/13 is mainly due to the winding up of the Boards and the return of uncommitted reserves held by them to the constituent councils. Some £0.899 million of the underspend is however earmarked for return to the Scottish Government in line with agreed means of sharing uncommitted Police Board reserves.

Of the closing General Fund balance of £17.490m, £0.221m is attributable to DSM and £16.989m is committed or earmarked as follows:-

Description	£m	£m
Working Balance/Contingency (per existing policy)		3.250
Earmarked monies		
- Unspent Grants	0.805	
- Government Grant Re-determination Monies to be spent in future years	2.459	
- Prior Year Approved Carry-forwards	2.865	
- Provision for Pay Pressures and Restructure costs	0.755	
- CFCR provision (capital budget funding)	1.803	8.687
- 100% carry forwards from 2012/13		1.454
- Proposed 50% budget carry-forward scheme (2012/13)		0.485
Use of Balances per 2013/14 Budget Setting		1.721
Affordable Housing Revenue Account Balance		1.392
Total		16.989

Allowing for DSM and these committed or earmarked sums leaves an uncommitted or un-earmarked balance of £0.280m and the future use of this sum will require to be considered as part of the ongoing delivery of the 2013/14 budget and the development of the budget strategy for 2014/15 and beyond.

Housing Revenue Account – The Housing Revenue Account deals with council house management transactions. The actual movement on the Housing Revenue Account for 2012/13 is an increase of £0.537m which has resulted in a surplus balance of £3.148m at 31 March 2013. The balance at 31 March 2013 is in excess of the budgeted target of £2.611m.

The Housing Revenue Account budget set for 2012/13 assumed a breakeven position. The closing balance of £3.148m therefore represents an overall favourable movement against budget of £0.537m (20.6%). The closing Housing Revenue Account balance was in excess of the £1.000m minimum policy level with £2.148m earmarked as follows:-

Description	£m	£m
Working Balance/Contingency (per existing policy)		1.000
Earmarked monies		
- Survive & Thrive	0.466	
- Planned Maintenance	0.170	
- External Affordable Housing Provision	0.380	
- Allowance for SHQS / New Build Housing	1.132	2.148
Total		3.148

Whilst broadly on budget in most areas, the 2012/13 surplus of £0.537m has primarily been achieved as a result of underspends on staff costs and longer than anticipated lead in times on survive & thrive projects and the consequential effect on contributions for affordable housing provision.

C. Material Assets / Liabilities

There were no material new assets acquired or liabilities incurred in the year to report on for financial year 2012/13. 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 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 are 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 2013 there was a Pension Liability of £154.827m with a corresponding negative Pension Reserve.

This Pension Liability is the difference between the value at 31 March 2013 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 2013 there would have been a shortfall of some £154.827m. The Pension Liability of £154.827m compares with £165.234m for the previous year – a favourable movement of £10.407m.

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 2013 (4.5%) is lower than that used at 31 March 2012 (4.6%). While the fall in the discount rate increased the estimated cost of future liabilities, this effect was mitigated by better than expected performance on the scheme's investments.

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 2012/13 Local Government Finance Settlement and the council's budget process provided the resources required to meet the council's net service expenditure in 2012/13. 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 2012/13.

F. Change in Accounting Policy

There has been no change to the Accounting Policies for financial year 2012/13.

G. Change in Statutory Functions

There were no changes to statutory functions for financial year 2012/13. Section H outlines changes that will occur as a result of the Police and Fire Reform (Scotland) Act 2013 in 2013/14.

H. Future Development in Service Delivery

Capital expenditure commitments for the construction / enhancement / purchase of property, plant and equipment totalling some £16.768m (gross) exist as at 31 March 2013, £8.289m of which relates to the General Fund and £8.479m relates to Housing. On a net basis, some £12.278m of commitments exist in total at 31 March 2013, of which £5.666m relates to the General Fund and £6.612m relates to Housing. (Source: 2013/14 General Fund Provisional Capital Budget Volume and 2013/14 Housing Rent Setting Report – Appendix 1). Similar commitments at 31 March 2012 totalled £38.622m (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 (£0.660m); refurbishment works at Bruce House, Arbroath (£0.748m); purchase of waste bins / caddies (£1.124m); Affordable Housing at Newmonthill, Forfar and Dungmans Tack, Montrose (£2.548m and £2.883m respectively); and Heating and Kitchen Replacement Programmes (£0.933m and £1.114m respectively).

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 capital programme, 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.

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 £166.152m at 31 March 2013, with £121.783m attributable to the General Fund, £35.744m to the Housing Revenue Account and £8.625m 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 2012/13. Consequently the level of principal repayments and loan interest to be incurred by the Housing Revenue Account will increase for 2012/13 and beyond.

J. Funding of Capital Expenditure

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

Note 40 outlines the capital expenditure undertaken during 2012/13 by Angus Council and how this was funded. The gross capital expenditure of £41.317m (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 (30.0%), sale of assets (6.4%), contribution from revenue (33.0%), with the remainder (30.6%) being met from grants received / other income.

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

K. Provisions / Contingencies / Write Offs

For financial year 2012/13 a provision of £0.200m 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 2013 to report on for the financial year 2012/13.

L. Events after the Balance Sheet Date

Note 46 to the accounts outlines events after the Balance sheet date which would impact on the 2012/13 accounts.

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

Financial Management

The Council has a good track record of prudent and effective financial management and of taking difficult long term budget decisions when they need to be taken. This has been acknowledged by external inspection agencies. Financial year 2012/13 again saw Council departments adhering to their cash limited budgets and this was despite the difficulties created by rising prices and constrained budget resources. The Council's budget monitoring process during the year was effective in identifying over and under spends and this informed the 2013/14 budget setting process. The Council's performance in the collection of local taxes was maintained at an already strong position during 2012/13, although housing rent arrears increased somewhat the Council are actively reviewing and managing this.

The in year collection rate for Council Tax is 97.7% which has dropped marginally by 0.1% from 2011/12. Council Tax income included in the Comprehensive Income & Expenditure Account for 2012/13 is £46.209m. This total represents 17.5% of the reported Total of Taxation & Non Specific Grant Income for 2012/13 of £264.702m.

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 2013 the Council's overall usable reserves stood at £28.071m 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 £0.280m and the set contingency some £3.530m of headroom exists within the General Fund Balance at 31 March 2013 which represents approximately 1% of the budgeted net expenditure on General Fund services for 2012/13 and compares with approximately 2% in 2011/12. 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 2012/13 and compares with 4.7% in 2011/12 (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 2012/13 and complied with its treasury management strategy for the year. The following indicators as at 31 March 2013 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	170.390		167.221		166.152
Variance		3.169		1.069	
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 2012/13 financial year.					

<u>Debt & Borrowing</u>	Net Revenue Stream £m	£m	Financing Costs (incl PPP/PFI) £m	% Of Net Revenue Stream
Affordability				
General Fund	240.642		22.680	9.42%
HRA	23.079		2.054	8.90%

Investments

At 31 March 2013 temporary investments of £45.391m existed, a decrease of £2.587m on the previous year. This decrease reflects the Council's increased capital expenditure level in 2012/13 (excluding PFI/PPP life cycle investment), up £1.650m from 2011/12 and limited new borrowing activity.

Economic Circumstances & Their Impact

Financial year 2012/13 has proven to be another challenging year for the Council with the economic recession impacting on revenue income and the Council's ability to generate capital receipts. The last year has also seen a significant rise in applications for housing and council tax benefits. The year also saw income which can be generated from the short term investment of the Council's surplus cash maintained much lower than pre-recession values. Collection of local taxes has held steady despite the recession but the Council has continued to suffer from a significant drop in income from planning and building warrant applications. Capital receipts for Housing were some £0.193m higher than the level set out in the 2012/13 monitoring budget but these are still substantially less than pre-recession values. It has also proven more difficult to sell other surplus assets on the General Fund within the timescales and for the values which had originally been expected and this has required some adjustments being made to the Councils' financial plan to compensate.

Financial Outlook

The outlook continues to be one of slow improvement in general terms in those areas of the Council's business which have been affected by the recession but it is unlikely that the 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 £27.6m over the 4 year period 2013/14 to 2016/17 has been estimated.

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

Senior Management Restructure

During 2012/13 the Council made a number of significant decisions on the implementation a new senior management structure which is intended to better position the Council for the challenges ahead. The new structure delivers a reduction in Council departments from 6 to 3 plus a Chief Executives Unit with 3 new Strategic Directors being appointed during the year. All of the existing Directors and the Assistant Chief Executive retired from the Council in March 2013. The restructure of other senior management positions in the 3 new departments is ongoing and will be concluded during 2013/14. The Council's early retirement/voluntary redundancy scheme is being used to help deliver the new senior management structure.

Acknowledgement

This is the seventeenth set of Annual Accounts of Angus Council and indicates that the difficult financial targets which had been set in financial year 2012/13 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
26 September 2013

Annual Governance Statement For Year to 31 March 2013

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 2013. The statement also covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts, reliance having been based on their respective governance statement/statement of internal financial control.

The Governance Framework

The Council's Local Code of Corporate Governance provides the framework against which compliance is measured. This Code sets out the key principles which require to be complied with to demonstrate effective governance. The key elements of the council's governance arrangements as set out in the local code include:

- The council's vision is incorporated within the Community Plan and Single Outcome Agreement and Corporate Plan, all of which have been widely published and are available on the Council's website.
- Local Community Plans are used as a means of identifying and responding to local issues.
- The council seeks community views on a wide range of issues and undertakes regular consultation with citizens and service users.
- The council reports publicly on its performance and has a corporate public performance reporting framework which guides our performance reporting arrangements.
- The council responds to findings and recommendations of Audit Scotland, other statutory inspectorates and its own internal audit section.
- The council is committed to the efficient government programme and on an annual basis identifies efficiency savings achieved by implementing this initiative.
- The roles and responsibilities of elected members and officers are defined in our standing orders and scheme of delegation and in our financial regulations.
- The council's chief executive is responsible and accountable for all aspects of executive management.
- The council's standing orders, scheme of delegation and financial regulations are subject to regular review and revised where appropriate.
- The roles of senior officers are defined in agreed job descriptions. Staff performance is reviewed on an annual basis in accordance with our personal appraisal and development scheme.
- The Head of 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 Law and Administration is responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and statements of good practice are complied with.
- The scheme of councillors' salaries and expenses sets out the terms of councillors' remuneration. Details of all councillors' expenses are published on an annual basis.
- The council's performance management arrangements enable progress against the council's priorities to be monitored.
- The council fosters relationships and partnerships with other public, private and voluntary organisations in delivering services that meet the needs of the local community.
- The council has a Single Outcome Agreement in place agreed with the Scottish Government and our community planning partners. Performance on this is reported through the Angus Community Planning Partnership and through the council's performance reporting mechanisms.
- The Scrutiny and Audit 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. Departments 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 Licensing Committee and Development Control have also received specific training related to the responsibilities on these committees.
- Codes of conduct are in place for, and define the standards of behaviour expected from, elected members and officers.
- A range of systems and procedures are in place to ensure that elected members and employees are not influenced by prejudice or conflicts of interest in discharging their duties. A register of members' interests is maintained and is available for inspection by members of the public.
- A whistleblowing policy provides for the direct reporting of problems to senior managers without fear of recrimination.
- The Local Code of Corporate Governance is also applicable in general terms to elected members and officers on external bodies.
- The Council operates an internal audit service which, during the year under review, was situated in the Finance division of the Corporate Services department. The service operated in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit 2006. 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 Chief Internal Auditor (CIA) reported on an administrative line management basis to the Head of Corporate Improvement and Finance who is a member of the Chief Officers' Management Team; has open access to elected members and the Chief Executive and reports on a functional basis to the Scrutiny & Audit Committee. The CIA reports in her 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 2013 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 and 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 and Finance is a member of

the Chief Officers' Management Team, is the Council's most senior adviser on all financial matters, is fully involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. The Head of Corporate Improvement and Finance is able to fulfil all the requirements of the Chief Financial Officer's role through the arrangements which exist.

System of Internal Financial Control & Review of Effectiveness

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

The council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council.

In particular, the system includes:

- Financial regulations and codes of financial practice
- Comprehensive budgeting systems
- Periodic reports to compare actual to budgeted expenditure and performance against forecasts
- Securing and monitoring financial targets
- Clearly defined capital expenditure guidelines; and
- Adequate internal audit operating to defined standards

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

Based on the work of managers, assurance statements received from heads of department, the work of both internal and external audit and the Governance Statement/Statement of Internal Financial Control provided by the proper officers of the council's associated companies the Head of 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 2012/13 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 heads of department who have responsibility for the development and maintenance of the governance environment within their department and who in turn identify actions to improve governance at a departmental level, the Chief Internal Auditor's annual review of corporate governance and by comments made by external auditors and other scrutiny bodies and inspectorates.

The conclusion from the review activity outlined above is that in 2012/13 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 2012/13 the council improved its governance arrangements by:

- Establishing the Scrutiny and Audit Committee as a standing committee of Council with an expanded remit to include the commissioning of their own scrutiny reviews

- Providing members' training and members' briefings in a variety of subjects
- Developing the council's management structures for implementation in 2013/14
- Agreeing new budget setting proposals with a view to better aligning the council's resources to its priorities for 2014/15 and onward
- Provided guidance to elected members on appointments to outside bodies

Three areas originally identified for 2011/12 were carried forward but not completed in 2012/13. These areas will be carried forward to 2013/14:

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

The annual review and subsequent developments also identified the following areas of governance improvement for 2013/14:

- Reviewing the risk management and programme/project management arrangements of the Council in terms of the internal audit reports issued during 2012/13
- Reviewing the governance and delivery arrangements of the Transforming Angus Programme
- Reviewing code of connection compliance and associated business continuity arrangements

In addition to the above the implementation of our new management structure brings with it certain governance actions which it is intended to address in 2013/14.

These include:

- Reviews of standing orders, schemes of delegation and financial regulations which will also be informed by the intended considerations of our committee structure
- Reviews of operational schemes of delegation within new directorates and business units
- Re-casting and re-profiling of budgets, financial ledgers and risk registers
- Once the restructure is complete, reviews of our overall internal governance arrangements and our Local Code of Corporate Governance

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

Certification

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

Alan McKeown		Councillor Iain Gaul
Depute Chief Executive		Leader of the Council
26 September 2013		26 September 2013

Angus Council Remuneration Report 2012/13

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 2012/13 the salary for the Leader of Angus Council is £32,470. The Regulations permit the council to remunerate one Civic Head. The regulations set out the maximum salary that may be paid to that Civic Head. Angus Council's Civic Head (the Provost) is paid at 75% of the Leader of the Council's salary (£24,353). The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration.

The 2007 Regulations also set out the salary that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum salary that may be paid to a Senior Councillor is 75% of the total salary of the Leader of the Council. The total of salaries that the Council may pay all of its Senior Councillors shall not exceed £263,822 and 13 in number. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council's policy as it applied during 2012/13 was for the Conveners of the seven "major" committees and the Leader of the Opposition to have salaries of £21,789. The Vice Conveners of the seven "major" committees have salaries of £17,389.

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 such as a Police 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>

A local election was held in May 2012 therefore the information published in the following report for senior councillors has been analysed into pre election and post election. In 2012/13 (for both part years) out of Angus Council's 29 total councillors, 17 were senior councillors in accordance with The 2011 Regulations and for the purposes of preparing this Remuneration Report. The remuneration paid to these councillors is detailed in Appendix

1a and 1b. The Regulations also permit the Council to pay contributions as required to the Local Government Pension Scheme in respect of those councillors who elect to become participants in the pension scheme.

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

Senior Employees Remuneration Policy Context

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

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

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

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

Senior employees may also have a contractual right of access to the Council's car lease scheme and where they are participating this is included within "non-cash expenses" together with any other benefits in kind. The remuneration information detailed in Appendix 2 is, as required by The 2011 Regulations, 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 2011/12 and 2012/13 of the posts which are classed as senior employees of the Council.

Table 1

Post	2012/13 Salary £	2011/12 Salary £	Movement £
Chief Executive *	121,680	121,680	-
Director of Corporate Services	102,933	102,933	-
Director of Education	102,933	102,933	-
Director of Infrastructure Services	102,933	102,933	-
Director of Neighbourhood Services	102,933	102,933	-
Director of Social Work & Health **	108,087	108,087	-
Assistant Chief Executive	90,918	90,918	-
Head of Corporate Improvement & Finance	87,474	87,474	-
Head of Law & Administration	90,918	90,918	-
Total	910,809	910,809	-

* excludes any pay in relation to Returning Officer duties

** also the deputy Chief Executive

General Disclosure Of Employees By Remuneration Band

Appendix 3 shows the number of Council employees who received remuneration in excess of £50,000 per annum in 2011/12 and 2012/13 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

Senior Management Restructure

The posts and post titles for senior employees set out in this report are based on the senior management restructure which applied during 2012/13. From 1 April 2013 a new senior management structure has been put in place for Angus Council. To help deliver that change a number of early retirements of the former senior management team took place and this is reflected in the exit packages information below.

Exit Packages

The 2012/13 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.

Table 2 below discloses the number of relevant exit packages agreed during 2012/13 and their costs grouped in the relevant bandings.

Table 2

	Total Number Agreed		Pension Fund Strain & Redundancy Payments cost of exit packages in each band		Capitalised Added Years cost of exit packages in each band		Total cost of exit packages in each band	
	2012/13 £	2011/12 £	2012/13 £	2011/12 £	2012/13 £	2011/12 £	2012/13 £	2011/12 £
Up to 20,000	19	8	74,720	47,562	49,835	0	124,555	47,562
20,001 – 40,000	3	1	82,281	38,367	0	0	82,281	38,367
40,001 – 60,000	2	2	97,532	32,367	0	79,298	97,532	111,665
60,001 – 80,000	0	0	0	0	0	0	0	0
80,001 – 100,000	0	0	0	0	0	0	0	0
100,001 – 150,000	4	1	259,917	104,380	229,758	19,001	489,675	123,381
150,001 – 200,000	0	0	0	0	0	0	0	0
200,001 – 250,000	0	0	0	0	0	0	0	0
250,001 – 300,000	1	0	168,598	0	121,266	0	289,864	0
300,001 – 350,000	2	0	409,428	0	236,098	0	645,526	0
Total	31	12	1,092,475	222,676	636,957	98,299	1,729,432	320,975

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 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 2012/13 have changed but the rates remain at the 2011/12 rates and are as follows:-

Table 3

	Contribution Rate Payable By Councillors/ Employees 2012/13		Contribution Rate Payable By Councillors / Employees 2011/12
Full Time Equivalent Pay		Full Time Equivalent Pay	
Up to £19,400	5.50%	Up to £18,500	5.50%
Over £19,400 and up to £23,700	7.25%	Over £18,500 and up to £22,600	7.25%
Over £23,700 and up to £32,500	8.50%	Over £22,600 and up to £30,900	8.50%
Over £32,500 and up to £43,300	9.50%	Over £30,900 and up to £41,200	9.50%
Over £43,300	12.00%	Over £41,200	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.

Alan McKeown		Councillor Iain Gaul
Depute Chief Executive		Leader of the Council
26 September 2013		26 September 2013

Remuneration Of Senior Councillors (1 April 2012 to 3 May 2012)

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

Responsibility	Councillor	Note	2012/13 Salary, fees & allowances £	2012/13 Taxable Expenses £	2012/13 Non-cash expenses £	2012/13 Total Remuneration £	2011/12 Total Remuneration £
Convener, Social Work & Health	A Andrews		2,023	-	-	2,023	22,379
Vice-C, Neighbourhood Services	C Brown		1,615	-	-	1,615	17,860
Vice-C, Infrastructure Services	D Fairweather		1,615	-	-	1,615	17,860
Provost	R Leslie Melville		2,202	-	-	2,202	25,513
Convener, Development Standards	D Lulgair		2,023	-	-	2,023	22,379
Depute Leader	I Mackintosh	2	2,202	-	-	2,202	24,353
Convener, Infrastructure Services	D May	1	2,039	-	-	2,039	22,526
Convener, Neighbourhood Services	J Millar		2,023	-	-	2,023	22,379
Depute Provost	P Murphy	1	1,624	-	-	1,624	18,053
Leader	R Myles		2,936	-	-	2,936	32,470
Convener, Education	P Nield	1	2,042	-	-	2,042	22,609
Opposition Leader	H Oswald	1	2,077	-	-	2,077	22,682
Vice-C, Development Standards	J Rymer	1	1,623	-	-	1,623	17,957
Convener, Corporate Services	M Salmond	1	2,044	-	-	2,044	22,610
Vice-C, Education	M Thomson		1,615	-	-	1,615	17,860
Vice-C, Corporate Services	J Whyte		1,615	-	-	1,615	17,860
Total			31,318	-	-	31,318	347,350

1 The 2012/13 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 £734 of this remuneration relates to the councillor's responsibility as Convener of Tayside Joint Police Board.

Remuneration Of Senior Councillors (4 May 2012 to 31 March 2013)

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

Responsibility	Councillor	Note	2012/13 Salary, fees & allowances £	2012/13 Taxable Expenses £	2012/13 Non-cash expenses £	2012/13 Total Remuneration £	2011/12 Total Remuneration £
Vice-C, Scrutiny and Audit (from 28/6/12)	BD Boyd	1	15,804	-	-	15,804	-
Vice-C, Development Standards	LJ Devine		15,817	-	-	15,817	-
Vice-C, Corporate Services	W N Duff		15,817	-	-	15,817	-
Convener, Infrastructure Services	M Evans	1	19,747	-	-	19,747	-
Leader	I A Gaul		29,026	-	-	29,026	-
Vice-C, Neighbourhood Services	J Gaul	2	14,766	-	-	14,766	-
Vice-C, Infrastructure Services	S Hands		15,817	-	-	15,817	-
Vice-C, Social Work & Health	JE Houston	2	14,766	-	-	14,766	-
Convener, Corporate Services/Depute Provost	A King	1	19,866	-	-	19,866	-
Convener, Social Work & Health	GH Middleton		19,630	-	-	19,630	-
Convener, Neighbourhood Services	D G Morrison		19,633	-	-	19,633	-
Convener, Development Standards	RJ Murray	1	19,864	-	-	19,864	-
Provost	H Oswald	1	22,156	-	-	22,156	-
Vice-C, Education (to 25/2/13)	E S Smith		15,709	-	-	15,709	-
Convener, Scrutiny and Audit (from 28/6/12)	RR Spink		18,963	-	-	18,963	-
Depute Leader	PM Valentine	1	21,939	-	-	21,939	-
Convener, Education	S M Welsh	1	19,692	-	-	19,692	-
Total			319,012	-	-	319,012	-

1 The 2012/13 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 Councillors who hold a senior position but are not senior councillors (as defined by legislation) and were therefore not remunerated as such.

Remuneration Of Senior Employees

The following table provides details of the remuneration paid to Angus Council's senior employees. It is highlighted that the senior employees included within the table are only those who were in post during 2012/13. The comparator figures for 2011/12 therefore exclude senior employees who were not employed by the Council after 31 March 2012. As a result of this the overall remuneration totals for each year are thus not comparable on a like for like basis. Table 1 within the Remuneration Report provides salary information on a post basis rather than post incumbent basis and thus gives comparable totals between years on a like for like basis.

Post	Employee	Note	2012/13 Salary, fees & allowances £	2012/13 Taxable Expenses £	2012/13 Non-cash expenses (Note 2) £	2012/13 Total Remuneration £	2011/12 Total Remuneration £
Director of Neighbourhood Services	R Ashton	3	162,158	-	1,547	163,705	106,366
Head of Law & Administration	S Hunter		90,918	-	-	90,918	90,918
Director of Education	N Logue	3	162,158	-	-	162,158	104,924
Head of Corporate Improvement & Finance	I Lorimer		87,474	-	-	87,474	87,474
Director of Infrastructure Services	E Lowson	3	158,210	-	1,455	159,665	103,815
Director of Corporate Services	C McMahon	3	161,171	-	3,804	164,975	106,907
Director of Social Work & Health	R Peat	4	169,872	-	-	169,872	108,087
Assistant Chief Executive	H Robertson	3	140,614	-	2,749	143,363	93,947
Chief Executive	R Stiff	1	123,322	-	-	123,322	121,680
Total			1,255,897	-	9,555	1,265,452	924,118

1 This includes £1,642 in relation to elections Returning Officer duties for which the Council is reimbursed

2 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

3 The 2012/13 salary, fees and allowances total for these senior employees include the redundancy payments that were paid on their departure.

4 The 2012/13 salary, fees and allowances total includes the redundancy payment and the payment in lieu of holidays that was paid on departure.

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

2011/12 Number Of Employees LGE	2011/12 Number Of Employees SNCT	2011/12 Number Of Employees CO	2011/12 Number Of Employees Total
5	31	1	37
-	11	-	11
-	1	6	7
-	3	2	5
-	3	4	7
-	1	4	5
-	-	5	5
-	-	4	4
-	-	3	3
-	-	-	-
-	-	3	3
-	-	2	2
-	-	-	-
-	-	-	-
-	-	1	1
-	-	-	-
-	-	-	-
5	50	35	90

Pension Benefits – Senior Councillors (1 April 2012 to 3 May 2012)

Nine of the 16 senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2013 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

Responsibility	Councillor	In year pension contributions paid by the Council to the Pension Fund Year to 31/3/13 £	In year pension contributions paid by the Council to the Pension Fund Year to 31/3/12 £	Accrued Pension Benefits As at 31/3/13 Pension £ 000	Accrued Pension Benefits As at 31/3/13 Lump Sum £ 000	Accrued Pension Benefits Movement from 31/3/12 Pension £ 000	Accrued Pension Benefits Movement from 31/3/12 Lump Sum £ 000
Vice-C, Infrastructure Services	D Fairweather	291	3,304	2	1	1	-
Depute Leader	I Mackintosh	396	4,505	2	2	-	-
Convener, Infrastructure Services	D May	364	4,140	2	2	-	-
Leader	R Myles	528	6,007	3	2	-	-
Convener, Education	P Nield	364	4,140	2	2	-	-
Opposition Leader	H Oswald	452	4,140	2	2	-	1
Vice-C, Development Standards	J Rymer	290	3,304	1	1	-	-
Vice-C, Education	M Thomson	290	3,304	2	1	1	-
Vice-C, Corporate Services	J Whyte	290	3,304	2	1	1	-
Total		3,265	36,148	18	14	3	1

Pension Benefits – Senior Councillors (4 May 2012 to 31 March 2013)

For this part of the year 15 of the 17 senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2013 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

Responsibility	Councillor	In year pension contributions paid by the Council to the Pension Fund Year to 31/3/13 £	In year pension contributions paid by the Council to the Pension Fund Year to 31/3/12 £	Accrued Pension Benefits As at 31/3/13 Pension £ 000	Accrued Pension Benefits As at 31/3/13 Lump Sum £ 000	Accrued Pension Benefits Movement from 31/3/12 Pension £ 000	Accrued Pension Benefits Movement from 31/3/12 Lump Sum £ 000
Vice-C, Infrastructure Services	S Hands	2,847	-	-	-	n/a	n/a
Depute Leader	P Valentine	3,855	-	2	2	n/a	n/a
Convener, Infrastructure Services	M Evans	3,449	-	2	1	n/a	n/a
Leader	I Gaul	5,140	-	2	1	n/a	n/a
Convener, Education	S Welsh	3,449	-	2	1	n/a	n/a
Vice-C, Development Standards	L Devine	2,847	-	-	-	n/a	n/a
Provost	H Oswald	3,855	*4,140	2	2	-	1
Vice-C, Education (to 25/2/13)	E Smith	2,555	-	-	-	n/a	n/a
Vice-C, Corporate Services	W N Duff	2,847	-	-	-	n/a	n/a
Convener, Corporate Services/Depute Provost	A King	3,449	-	2	1	n/a	n/a
Convener, Social Work & Health	G Middleton	2,910	-	-	-	n/a	n/a
Convener, Development Standards	R Murray	3,449	-	2	1	n/a	n/a
Vice C, Social Work & Health	J Houston	2,658	-	-	-	n/a	n/a
Vice C, Neighbourhood Services	J Gaul	2,658	-	-	-	n/a	n/a
Vice C, Scrutiny & Audit	B Boyd	2,087	-	1	-	n/a	n/a
Total		48,055	4,140	15	9	-	1

All councillors participating in the scheme have accrued benefits in 2012/13 however the above table excludes anything less £500.

* Please note Councillor Oswald was the only Councillor to occupy senior roles in both parts of the year, therefore the Pension Contributions paid to 31/3/12 have been incorporated into the 11/12 column in Appendix 4a and 4b.

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2013 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	Employee	In year pension contributions paid by the Council to the Pension Fund Year to 31/3/13 £	In year pension contributions paid by the Council to the Pension Fund Year to 31/3/12 £	Accrued Pension Benefits As at 31/3/13 £ 000	Accrued Pension Benefits As at 31/3/13 Lump Sum £ 000	Accrued Pension Benefits Movement from 31/3/12 Pension £ 000	Accrued Pension Benefits Movement from 31/3/12 Lump Sum £ 000
Director of Neighbourhood Services	R Ashton	18,528	19,043	50	128	2	-
Head of Law & Administration	S Hunter	16,365	16,820	30	71	2	-
Director of Education	N Logue	18,528	19,043	51	133	2	-
Head of Corporate Improvement & Finance	I Lorimer	15,745	16,183	27	65	1	-
Director of Infrastructure Services	E Lawson	18,528	19,043	46	119	2	-
Director of Corporate Services	C McMahan	18,528	19,043	51	131	2	-
Director of Social Work & Health	R Peat	19,456	19,996	39	94	2	-
Assistant Chief Executive	H Robertson	16,365	16,820	41	104	2	-
Chief Executive	R Stiff	21,902	22,511	76	-	2	-
Total		163,945	168,502	411	845	17	-

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 2013.

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 2013.

Ian Lorimer
Head of Corporate Improvement and Finance
26 September 2013

Movement in Reserves Statement as at 31 March 2013

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 2012	18,229	1,957	596	594	3,620	1,753	459	27,208	336,785	363,993
Movement in reserves during 11/12										
Surplus or (deficit) on provision of services	(81)	1,535	0	0	0	0	0	1,454	0	1,454
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	(46,072)	(46,072)
Total Comprehensive Expenditure and Income	(81)	1,535	0	0	0	0	0	1,454	(46,072)	(44,618)
Adjustments between accounting & funding basis under regulations (Note 5)	1,254	(1,048)	(460)	(103)	0	(400)	0	(757)	757	0
Net Increase/Decrease before Transfers to Earmarked Reserves	1,173	487	(460)	(103)	0	(400)	0	697	(45,315)	(44,618)
Transfers to/from Earmarked Reserves	(2,132)	167	(5)	0	1,355	721	(106)	0	0	0
Increase/Decrease in Year	(959)	654	(465)	(103)	1,355	321	(106)	697	(45,315)	(44,618)
Balance at 31 March 2012 carried forward	17,270	2,611	131	491	4,975	2,074	353	27,905	291,470	319,375
Movement in reserves during 12/13										
Surplus or (deficit) on provision of services	(9,205)	3,685	0	0	0	0	0	(5,520)	0	(5,520)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	19,746	19,746
Total Comprehensive Expenditure and Income	(9,205)	3,685	0	0	0	0	0	(5,520)	19,746	14,226
Adjustments between accounting & funding basis under regulations (Note 5)	9,688	(2,850)	(94)	(318)	0	(740)	0	5,686	(5,686)	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 (Note 6)	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

Comprehensive Income and Expenditure Statement for the year 31 March 2013

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.

2011/12				2012/13			
Gross Spend £000	Gross Income £000	Net Spend £000		Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
116,954	(4,679)	112,275	Education	114,956	(4,905)	110,051	111,343
82,687	(18,306)	64,381	Social work	84,760	(19,028)	65,732	66,015
26,927	(5,929)	20,998	Roads & Transport	30,882	(6,318)	24,564	24,318
20,621	(7,548)	13,073	Cultural & Related Services	20,617	(7,319)	13,298	13,899
21,504	(7,944)	13,560	Environmental Services	23,136	(8,132)	15,004	15,266
9,883	(5,354)	4,529	Planning & Development Services	10,095	(4,698)	5,397	5,515
6,221	(2,794)	3,427	Central Services	6,014	(2,751)	3,263	3,495
20,315	(22,182)	(1,867)	Housing Revenue Account	21,715	(24,647)	(2,932)	(2,275)
29,752	(27,451)	2,301	Housing - General Fund	30,798	(28,678)	2,120	2,469
13,444	0	13,444	Joint Boards	12,076	0	12,076	14,213
4,322	0	4,322	Corporate & Democratic Core	4,926	0	4,926	5,058
0	0	0	Exceptional Items	0	0	0	0
397	0	397	Non Distributed Costs	1,376	(84)	1,292	1,376
353,027	(102,187)	250,840	Cost Of Services	361,351	(106,560)	254,791	260,692
		(451)	Other Operating Expenditure (Note7)			(246)	
		11,367	Financing and Investment Income and Expenditure (Note 8)			15,677	
		(263,210)	Taxation and Non-Specific Grant Income (Note 9)			(264,702)	
		(1,454)	(Surplus) or Deficit on Provision of Services			5,520	
		(18,129)	(Surplus) or deficit on revaluation of Non Current Assets			(1,625)	
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0	
		64,201	Actuarial (gains)/losses on pension assets/liabilities			(18,121)	
		0	Other Unrealised (gains)/losses			0	
		46,072	Other Comprehensive Income and Expenditure			(19,746)	
		44,618	Total Comprehensive Income and Expenditure			(14,226)	

Balance Sheet as at 31 March 2013

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.

1/4/2011 £000	31/3/2012 £000		Notes	31/3/2013 £000
679,766	699,152	Property, Plant & Equipment	13	705,313
5,770	5,770	Heritage Assets	14	5,770
2,395	1,481	Investment Property	15	1,606
0	0	Intangible Assets	16	251
380	310	Assets Held for Sale	17	160
10	10	Long Term Investments		10
10,593	9,622	Long Term Debtors	18	8,739
698,914	716,345	Long Term Assets		721,849
44,194	35,221	Short Term Investments		39,770
720	799	Inventories	19	806
25,025	21,606	Short Term Debtors	20	23,042
341	12,427	Cash and Cash Equivalents	21	5,575
218	524	Assets held for sale	17	730
70,498	70,577	Current Assets		69,923
0	0	Cash and Cash Equivalents	21	0
(2)	0	Provisions	23	0
(7,513)	(8,575)	Short Term Borrowing		(13,518)
(41,090)	(38,478)	Short Term Creditors	22	(40,234)
(48,605)	(47,053)	Current Liabilities		(53,752)
(91)	(371)	Provisions	23	(293)
(162,260)	(164,756)	Long Term Borrowing		(161,010)
(194,463)	(255,367)	Other Long Term Liabilities		(243,116)
(356,814)	(420,494)	Long Term Liabilities		(404,419)
363,993	319,375	Net Assets		333,601
27,208	27,905	Usable Reserves	6	28,071
336,785	291,470	Unusable Reserves	26	305,530
363,993	319,375	Total Reserves		333,601

The accounts were issued for audit on the 28 June 2013 and the audited accounts were authorised for issue on the 26 September 2013.

Ian Lorimer CPFA,
Head of Corporate Improvement and Finance,
26 September 2013

Cash Flow Statement as at 31 March 2013

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.

2011/12 £000		Notes	2012/13 £000
1,454	Net surplus or (deficit) on the provision of services		(5,520)
37,278	Adjustment to surplus or deficit on the provision of services for non cash movements		44,704
(13,737)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(14,388)
24,995	Net Cash flows from Operating Activities	32	24,796
(14,718)	Net Cash flows from Investing Activities	33	(31,079)
1,809	Net Cash flows from Financing Activities	34	(569)
12,086	Net increase or decrease in cash and cash equivalents		(6,852)
341	Cash and cash equivalents at the beginning of the reporting period		12,427
12,427	Cash and Cash equivalents at the end of the reporting period	21	5,575

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

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. 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 2012/13 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 Useable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement. It is the Council's policy to fully utilise receipts to reduce borrowing in the year they are received unless formally approved otherwise.

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

Depreciation

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

Depreciation is calculated on the following bases:-

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

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

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

Asset Components

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

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

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

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

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

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

U. Heritage Assets

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

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

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

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

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

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

V. Private Finance Initiative (PFI) and Similar Contracts

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;

finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and

lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

W. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

X. Reserves

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

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

Y. Revenue Expenditure Funded from Capital under Statute

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

Z. Value Added Tax (VAT)

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

Note 2 - Accounting Standards Issued, Not Adopted

The Council recognises that the June 2011 amendments to IAS 19 Employee Benefits are effective from 1 April 2013 and thus have no impact on the 2012/13 financial statements. The key change relates to the expected return on scheme assets which is currently credited to the Surplus or Deficit on the Provision of Services. From 2013/14 this is effectively replaced with an equivalent figure using the discount rate. While the overall impact is expected to be cost neutral, there will be a redistribution of costs within the Comprehensive Income and Expenditure Statement. The impact of the changes are shown within Note 31.

Note 3 - Critical Judgements in Applying Accounting Policies

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

Future Grant Funding

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

Employee Benefits

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

Assessment of Leases

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

Council Tax Provision

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

Council House Valuation

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

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

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

The items in the Authority's Balance Sheet at 31 March 2013 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 2012/13, the Authority's actuaries advised that the net pension's liability had decreased by £10.407m due to an unexpectedly good performance of the scheme's investments.

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	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 of 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 Income and Expenditure 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
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

	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	(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	7,462	252	0	0	0	0	0	(7,714)
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	9,688	(2,850)	(94)	(318)	0	(740)	0	(5,686)

Note 5 - Comparative Figures in 2011/12

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

	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	5	0	0	0	(5)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(108)	0	(400)	0	508
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(204)	0	0	0	0	0	0	204
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,554)	(38)	0	0	0	0	0	1,592
Adjustment primarily involving the Accumulated Absences Account:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,509)	(2)	0	0	0	0	0	1,511
Total Adjustments	1,254	(1,048)	(460)	(103)	0	(400)	0	757

Note 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 2012/13.

	Opening Balance at 1/4/12 £000	Transfer Out 12/13 £000	Transfers In 12/13 £000	Closing Balance at 31/3/13 £000
Usable Reserves				
General Fund:	16,482	(9,592)	10,600	17,490
Car Parking Reserve	319	(205)	2	116
Arbroath Harbour Reserve	207	0	10	217
Specific Reserves	262	0	4	266
Sub Total General Fund	17,270	(9,797)	10,616	18,089
Housing Revenue Account	2,611	0	537	3,148
Total General Fund	19,881	(9,797)	11,153	21,237
Insurance Fund	353	0	120	473
Renewal and Repairs Fund	4,975	(7,203)	6,328	4,100
Capital Fund	2,074	(740)	173	1,507
Usable Capital Receipts	491	(318)	0	173
Capital Grants Unapplied	131	(94)	544	581
Total	27,905	(18,152)	18,318	28,071
General Fund Commitments				
Contingency	3,250	0	0	3,250
Balances held by schools under a scheme of delegation	445	(224)	0	221
Ring Fenced Monies	2,207	(1,595)	4,889	5,501
Affordable Housing	1,045	(259)	606	1,392
50% & 100% Carryforwards	5,449	(2,263)	1,939	5,075
Budget Commitments	3,039	(3,039)	1,721	1,721
Total	15,435	(7,380)	9,155	17,210
Housing Revenue Account Commitments				
Minimum Policy Level	1,000	0	0	1,000
Survive & Thrive	234	0	232	466
Planned Maintenance	0	0	170	170
External Affordable Housing Provision	380	0	0	380
Allowance for SHQS / New Build Housing	997	0	115	1,112
Total	2,611	0	517	3,128

Note 7 - Other Operating Expenditure

2011/12 £000		2012/13 £000
(451)	(Gains)/Losses on disposal of non-current assets	(246)
(451)	Total	(246)

Note 8 - Financing and Investment Income and Expenditure

2011/12 £000		2012/13 £000
15,794	Interest payable and similar charges	15,923
(2,689)	Pensions interest cost and expected return on pensions assets	1,695
(1,370)	Interest receivable and similar income	(1,342)
(51)	(Income)/expenditure in relation to investment properties and changes in their fair value	(203)
(317)	Share of Tayside Contract (Surplus)/Deficit	(396)
11,367	Total	15,677

Note 9 - Taxation and Non Specific Grant Incomes

2011/12 £000		2012/13 £000
(45,949)	Council tax income	(46,209)
(23,391)	Non domestic rates	(23,944)
(182,480)	Non-ring-fenced government grants	(182,534)
(11,390)	Capital grants and contributions	(12,015)
(263,210)	Total	(264,702)

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	2011/12 £000	2012/13 £000
Scottish Government General Capital Grant	9,583	8,246
Scottish Government Specific Capital Grants	1,298	2,490
Scottish Government Revenue Grants	182,480	182,534
Other capital grants	275	67
Other capital contributions	234	1,212
Total	193,870	194,549
Credited to Services		
Scottish Government General Capital Grant	1,397	772
Total	1,397	772

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	Education £000	Social Work & Health £000	Infrastructure Services £000	Neighbour hood Services £000	Corporate Services £000	Chief Executive £000	Other Services £000	Total £000
Fees, Charges & Other Service Income	(3,689)	(17,312)	(10,356)	(16,271)	(15,825)	(3,395)	(380)	(67,228)
Government Grants & Contributions	(1,169)	(1,481)	(107)	(28,173)	0	0	(111)	(31,041)
Total Income	(4,858)	(18,793)	(10,463)	(44,444)	(15,825)	(3,395)	(491)	(98,269)
Employee Expenses	70,775	36,328	8,850	18,010	11,697	2,729	53	148,442
Other Operating Expenses	31,500	43,145	26,685	46,691	3,700	606	5,750	158,077
Support Services Recharges	2,855	1,634	1,179	1,636	430	14	3,765	11,513
Total Operating Expenses	105,130	81,107	36,714	66,337	15,827	3,349	9,568	318,032
Cost of Services	100,272	62,314	26,251	21,893	2	(46)	9,077	219,763

Table 2

Reconciliation to Net Cost of Services in Comprehensive Income & Expenditure Statement	£000
Cost of Services in Analysis	219,763
Add services not included in main analysis	11,875
Add amounts not reported to management	26,085
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)	257,723

Table 3

Summary Position	£000
General Fund	257,723
Housing Revenue Account	(2,932)
Net Cost of Services in Comprehensive Income and Expenditure Statement	254,791

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	(67,228)	(2,052)	(926)	0	0	(70,206)	0	(70,206)
Government Grants & Contributions	(31,041)	0	0	0	0	(31,041)	0	(31,041)
Total Income	(98,269)	(2,052)	(926)	0	0	(101,247)	0	(101,247)
Employee Expenses	148,442	0	6,006	0	0	154,448	0	154,448
Other Operating Expenses	158,077	13,927	(6,107)	0	0	165,897	0	165,897
Support Service Recharges	11,513	0	0	0	0	11,513	0	11,513
Depreciation, amortisation and Impairment	0	0	27,112	0	0	27,112	0	27,112
Total Operating Expenses	318,032	13,927	27,011	0	0	358,970	0	358,970
(Surplus)/Deficit on the provision of services	219,763	11,875	26,085	0	0	257,723	0	257,723

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.

	2011/12 £000	2012/13 £000
Net expenditure in the Analysis	216,016	219,763
Net expenditure of services and support services not included in the Analysis	13,556	11,875
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	23,135	26,085
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)	252,707	257,723
Housing Revenue Account	(1,867)	(2,932)
Cost of Services in Comprehensive Income and Expenditure Statement	250,840	254,791

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:

2011/12 £000		2012/13 £000
267	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	251
(22)	Rebate from Previous Year	(15)
245	Total	236

Note 13 - Property, Plant and Equipment
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
Derecognition - 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

Comparative Movements in 2011/12

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

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 2012/13 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2012/13 is the fourth year of the programme and valuations for 12/13 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 industrial units and car parks were valued in 2012/13 along with the newly completed Montrose Sports Centre. Assets planned for valuation in 2013/14 are sports centres, residential & care homes, community centres, depots & workshops, museums, halls & theatres, libraries & public conveniences.

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 2011	4,970	700	100	5,770
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation Inc/Dec Recognised in RRA	0	0	0	0
Revaluation Inc/Dec Recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
31 March 2012	4,970	700	100	5,770
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

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

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

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

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

The Museums Service holds manual records at present and is currently in the process of transferring object records to an electronic database as part of the Museums Accreditation process. To date, 21% of approximately 95,000 records have been transferred.

There are no transactions relating to Heritage Assets to be disclosed in the 2012/13 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:

2011/12 £000		2012/13 £000
2,395	Balance at start of the year	1,481
0	Additions, Purchases, Construction, Subsequent expenditure	0
0	Disposals	0
45	Net gain/(losses) from fair value adjustments	180
(965)	Transfers: To/From Property, Plant & Equipment	(55)
0	Transfers: To/From Assets Held for Sale	0
6	Other Changes	0
1,481	Balance at end of the year	1,606

Note 16 - Intangibles Assets

The carrying amount of intangible assets is amortised on a straight-line method. Of the amortisation charged to revenue in 2012/13, £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.

2011/12 £000		2012/13 £000
0	Gross Book Value at 1/4/12	0
0	Additions	189
0	Revaluation Increases/(Decreases)	0
0	Disposals	0
0	Reclassified from PPE	78
0	Other Movements	0
0	Gross Book Value at 31/3/13	267
0	Accumulated Amortisation at 1/4/12	0
0	Amortisation Charge for the Year	(16)
0	Depreciation write back on Revaluations	0
0	Accumulated Amortisation at 31/3/13	(16)
0	Net Book Value at 31/3/13	251

Note 17 - Assets Held For Sale

	Current		Non Current	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Balance outstanding at start of year	524	218	310	380
Assets newly classified as held for sale:				
Property, Plant and Equipment	500	444	0	160
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	0	0
Intangible Assets	0	0	0	0
Other assets/liabilities in disposal groups	0	0	0	0
Assets sold	(444)	(138)	0	(230)
Transfers from non-current to current	150	0	(150)	0
Other movements	0	0	0	0
Balance Outstanding at year-end	730	524	160	310

Note 18 – Long Term Debtors

2011/12 £000		2012/13 £000
342	Housing Advances	281
8,626	External Bodies (Debt)	7,826
187	Leases	182
467	Common Good	450
9,622	Total Long Term Debtors	8,739

Note 19- Inventories

2011/12 £000		2012/13 £000
720	Balance at start of the year	799
79	Movement in year	7
799	Balance outstanding at year-end	806

Note 20 – Short Term Debtors

2011/12 £000		2012/13 £000
2,030	Central Government bodies	1,333
17,311	Other Miscellaneous, Other Entities & Individuals	17,871
2,202	Other Local Authorities	3,697
55	NHS Bodies	141
8	Public Corporations & Trading Funds	0
21,606	Total Short Term Debtors	23,042

Note 21 - Cash and Cash Equivalents

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

2011/12 £000		2012/13 £000
38	Cash held by the Authority	37
(589)	Bank Overdraft	(353)
0	Bank current accounts	0
12,978	Short-term deposits with banks / building societies	5,891
12,427	Total Cash and Cash Equivalents	5,575

Note 22 – Short Term Creditors

2011/12 £000		2012/13 £000
(3,342)	Central Government Bodies	(2,986)
(33,015)	Other Miscellaneous, Other Entities & Individuals	(33,749)
(2,062)	Other Local Authorities	(3,222)
(59)	NHS Bodies	(277)
(0)	Public Corporations & Trading Funds	(0)
(38,478)	Total Short Term Creditors	(40,234)

Note 23 - Provisions

	A92 Provision £000	CRC Provision £000	Total £000
Balance at 1 April 2012	(93)	(278)	(371)
Additional provisions made in 2012/13	0	(198)	(198)
Amounts used in 2012/13	0	276	276
Unused amounts reversed in 2012/13	0	0	0
Unwinding of discounting in 2012/13	0	0	0
Balance at 31 March 2013	(93)	(200)	(293)

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 2012/13, 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 2012 £000		31 March 2013 £000
54,226	Revaluation Reserve Account	54,134
409,534	Capital Adjustment Account	413,074
(2,320)	Financial Instruments Adjustment Account	(2,115)
(165,234)	Pensions Reserve	(154,827)
(4,736)	Accumulated Absences Account	(4,736)
291,470	Total Unusable Reserves	305,530

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.

2011/12 £000		2012/13 £000
37,154	Balance at 1 April	54,226
19,600	Upward revaluation of assets	2,813
(1,471)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,189)
0	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0
(1,057)	Difference between fair value depreciation and historical cost depreciation	(1,689)
0	Accumulated gains on assets sold or scrapped	(27)
0	Amount written off to the Capital Adjustment Account	0
54,226	Balance at 31 March	54,134

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.

2011/12 £000		2012/13 £000
411,027	Balance at 1 April	409,534
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(37,476)	Charges for depreciation and impairment of non-current assets	(34,484)
0	Revaluation losses on Property, Plant and Equipment	0
0	Amortisation of intangible assets	0
0	Revenue expenditure funded from capital under statute	0

2011/12 £000		2012/13 £000
451	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	273
1,057	Adjusting amounts written out of the Revaluation Reserve	1,689
0	Net written out amount of the cost non-current assets consumed in the year	0
	Capital financing applied in the year:	
508	Use of the Capital Receipts Reserve to finance new capital expenditure	1,135
(5)	Capital receipt for finance lease	18
11,303	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	11,457
547	Application of grants to capital financing from the Capital Grants Unapplied Account	0
10,992	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	9,275
11,085	Capital expenditure charged against the General Fund HRA balances	13,997
45	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	180
409,534	Balance at 31 March	413,074

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 2013 will be charged to the General Fund over the next 14 years.

2011/12 £000		2012/13 £000
(2,524)	Balance at 1 April	(2,320)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
200	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	200
4	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	5
(2,320)	Balance at 31 March	(2,115)

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.

2011/12 £000		2012/13 £000
(102,625)	Balance at 1 April	(165,234)
(64,201)	Actuarial gains or losses on pensions assets and liabilities	18,121
1,592	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	(7,714)
0	Employer's pensions contributions and direct payments to pensioners payable in the year	0
(165,234)	Balance at 31 March	(154,827)

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.

2011/12 £000		2012/13 £000
(6,247)	Balance at 1 April	(4,736)
0	Settlement or cancellation of accrual made at the end of the preceding year	0
1,511	Amounts accrued at the end of the current year	0
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	(4,736)

Note 27 - Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs during 2012/13.

Note 28 - Termination Benefits

The Council terminated the contracts of a number of employees in 2012/13 incurring liabilities of £1.075m (£0.223m in 2011/12). Further detail is provided in the Remuneration Report at the start of these Accounts.

Note 29 – Councillor Remuneration, Allowances and Expenses

2011/12 £000		2012/13 £000
559	Remuneration	546
4	Allowances	2
69	Expenses	66
632	Total	614

Note 30 - 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 2012/13, the employer's rate of contribution was 14.9% (14.9% in 2011/12) and the amount paid over in respect of employer's contributions was £6.289m (£6.496m in 2011/12). 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 2012/13 the council paid employer contributions totalling £12.910m (£13.364m in 2011/12) 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 2012/13, the council paid £1.456 million representing 1.3% of pensionable pay in unfunded discretionary benefits (£1.099m representing 1.0% in 2011/12). This sum related in the main to award decisions made in previous financial years. Sixteen awards were made in 2012/13 amounting to £0.404m (£0.155m in 2011/12) in respect of retiring employees associated with management restructures.

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme	
	2012/13 £000	2011/12 £000
<i>Comprehensive Income and Expenditure Statement</i>		
<i>Cost of Services:</i>		
Current service cost	19,135	15,238
Past service cost	653	117
Settlements and curtailments	597	205
<i>Financing and Investment Income and Expenditure</i>		
Interest cost	24,091	23,622
Expected return on scheme assets	(22,396)	(26,311)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	22,080	12,871
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	0	0
Actuarial (gains) and losses	(18,121)	64,201
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	3,959	77,072
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(7,714)	1,592
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employer's contributions payable to scheme	12,910	13,364
Retirement benefits payable to pensioners	1,456	1,099

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a gain of £18.121m.

Revision to IAS19

The International Accounting Standards Board have published a final version of the revised IAS19 standard, which will apply for accounting periods beginning on or after 1 January 2013.

In summary, the main changes that affect the Comprehensive Income and Expenditure Statement are:

- Removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate;
- Some labelling changes to the Profit and Loss charge e.g. "Service cost" now includes what was previously described as the "Current Service Cost" plus the "Past Service Cost" plus any "Curtailments" plus any "Settlements".

Administration expenses are now accounted for within the Profit and Loss charge; previously we made a deduction to the actual and expected returns on assets.

The changes set out above are effective for accounting periods beginning on or after 1 January 2013 so do not affect the disclosures for 2012/13, however the impact of the revised disclosure has been calculated to determine the impact of the revisions had it been applied in 2012/13.

The table below shows the Profit and Loss figures had the revised standard applied for this period.

The amounts recognised in the profit and loss statement (if the revised IAS19 standard was adopted) are:	Year to 31 March 2013 £000s
Service Cost	20,385
Net Interest on the defined liability (asset)	7,287
Administration Expenses	191
Total	27,863
Actual return on Scheme Assets	61,747

Assets and Liabilities in Relation to Post-employment Benefits

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

	Local Government Pension Scheme	
	2012/13 £000	2011/12 £000
Opening balance at 1 April	529,506	442,149
Current service cost	19,135	15,238
Interest cost	24,091	23,622
Contributions by scheme participants	4,443	4,542
Actuarial gains and losses	20,764	57,131
Benefits paid	(15,476)	(12,548)
Past service costs	653	117
Unfunded pension payments	(980)	(950)
Losses / (Gains) on curtailments	597	205
Closing balance at 31 March	582,733	529,506

Reconciliation of fair value of the scheme assets

	2012/13 £000	2011/12 £000
Opening balance at 1 April	364,272	339,524
Expected rate of return	22,396	26,311
Actuarial gains and losses	39,160	(7,031)
Employer contributions	14,091	14,424
Contributions by scheme participants	4,443	4,542
Benefits paid	(16,456)	(13,498)
Closing balance at 31 March	427,906	364,272

Reconciliation of opening & closing surplus/ (deficit)

	Year to 31 March 2013 £000	Year to 31 March 2012 £000
Surplus (Deficit) at beginning of the year	(165,234)	(102,625)
Current Service Cost	(19,135)	(15,238)
Employer Contributions	13,111	13,474
Unfunded pension payments	980	950
Past Service Costs	(653)	(117)
Other Finance Income	(1,695)	2,689
Settlements and Curtailments	(597)	(205)
Actuarial gains (losses)	18,396	(64,162)
Surplus /(Deficit) at end of the year	(154,827)	(165,234)

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

The actual return on scheme assets in 2012/13 was £61.556m (£1.457m in 2011/12).

Scheme History

	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Present value of liabilities:	(582,733)	(529,506)	(442,149)	(495,379)	(305,146)
Fair value of assets in the Local Government Pension Scheme	427,906	364,272	339,524	308,480	223,489
Surplus/(deficit) in the scheme:	(154,827)	(165,234)	(102,625)	(186,899)	(81,657)
Experience adjustments on scheme liabilities	(1,345)	11,898	1,272	(234)	14,446
Percentage of Liabilities	(0.2%)	2.2%	0.3%	0.0%	4.7%
Experience adjustments on scheme assets	39,160	(7,031)	1,886	64,078	(106,974)
Percentage of assets	9.2%	1.9%	0.6%	20.8%	(47.9%)
Cumulative Actuarial Gains & Losses	(95,573)	(112,969)	(48,807)	(101,414)	2,262

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

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

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

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2012/13 £000	2011/12 £000
<i>Long-term expected rate of return on assets in the scheme:</i>		
Expected Return on Assets	6.1%	6.1%
<i>Mortality assumptions</i>		
<i>Life Expectancy from ages 65 years Retiring today:</i>		
Men	20.6	20.6
Women	22.9	22.8
<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>		
Men	21.9	21.8
Women	24.5	24.4
Rate of inflation (RPI)	3.4%	3.3%
Rate of Inflation (CPI)	2.6%	2.5%
Rate of increase in salaries	4.8%	4.8%
Rate for discounting scheme liabilities	4.5%	4.6%
Pension Increase	2.6%	2.5%

The principal assumptions used by the actuary have been:

Assets

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

	31 March 2013	31 March 2012
Equities	303,813	247,705
Gilts	29,953	29,142
Other Bonds	47,070	40,070
Property	38,512	40,070
Cash	8,558	7,285

Statement of Recognised Income and Expenses

	Year to 31 March 2013 £000	Year to 31 March 2012 £000
Actual Return less expected return on pension scheme assets	39,160	(24,855)
Experience gains and losses	(1,345)	29,722
Changes in assumptions underlying the present value of the scheme liabilities	(19,694)	(69,068)
Actuarial gains/(losses) in pension scheme	18,121	(64,201)
Increase (decrease) in irrecoverable surplus	0	0
Actuarial gains/(losses) recognised in the Comprehensive Income & Expenditure Statement	18,121	(64,201)

Projected Pension Expense

Projections for the year to 31 March 2014	Year to 31 March 2014 £000
Service Cost	20,025
Interest Cost	6,675
Administration Expenses	211
Total	26,911
Employer Contributions	12,792

Note 32 - Cash Flow Statement – Operating Activities

2011/12 £000		2012/13 £000
1,454	Net surplus or (deficit) on provision of services	(5,520)
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
37,476	Depreciation	34,484
887	Increase / (Decrease) in Interest Creditors	100
(3,967)	Increase / (Decrease) in Creditors	1,418
(27)	(Increase) / Decrease in Interest Debtors	(49)
2,493	(Increase) / Decrease in Debtors	(803)
(79)	(Increase) / Decrease in Stock	(7)
(1,592)	Pension Liability	7,714
(37)	Other Non Cash Transactions	(9)
278	Contributions to / (from) provisions	(78)
1,891	Carrying amount of non-current assets sold	2,114
(45)	Movement in Investment Property Value	(180)
37,278	Total Adjustments	44,704

	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
(11,390)	Capital Grants credited to surplus / deficit on the provision of services	(12,002)
0	Premiums or discounts on the repayment of financial liabilities	0
(2,347)	Proceeds from the sale of PPE and intangible assets	(2,386)
(13,737)	Total Adjustments	(14,388)
24,995	Net Cashflows from operating activities	24,796

The cash flows for operating activities include the following items:

2011/12 £000		2012/13 £000
1,343	Interest received	1,496
(14,911)	Interest Paid	(15,828)
0	Dividends received	0

Note 33 - Cash Flow Statement – Investing Activities

2011/12 £000		2012/13 £000
(38,663)	Purchase of property, plant and equipment, investment property and intangible assets	(41,217)
0	Purchase of short-term and long-term investments	(4,500)
0	Other payments for investing activities	0
2,579	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,736
9,000	Proceeds from short-term and long-term investments	0
12,366	Other receipts from investing activities	12,902
(14,718)	Net cash flows from investing activities	(31,079)

Note 34 - Cash Flow Statement – Financing Activities

2011/12 £000		2012/13 £000
5,000	Cash receipts of short and long-term borrowing	4,843
689	Other receipts from financing activities	0
(1,555)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,671)
(2,325)	Repayments of short and long-term borrowing	(3,741)
1,809	Net cash flows from financing activities	(569)

Note 35 - Related Parties

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

Scottish Government

The Scottish Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 10. Grant receipts outstanding at 31 March 2013 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 2012/13 is shown in Note 29.

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

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

Entities Controlled or Significantly Influenced by Angus Council

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

- Angus Environment Trust (AET) – receives contributions from the council as a Landfill Operator in lieu of part of our liability for Landfill Tax, which the Trust will use to fund environmental projects. The Trust is deemed to be significantly influenced by the Authority through its representation on the Trust Board.
- Angus Community Care Charitable Trust (ACCCT) - is 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 Authority through its representation on the Trust Board.
- Angus Care & Repair - 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.

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

Table 1 - Related Parties

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

	2011/12 Expenditure £000	2011/12 Income £000	2012/13 Expenditure £000	2012/13 Income £000
Other Public Bodies				
Police Board – Requisition	8,229	0	7,040	0
Fire & Rescue Board – Requisition	4,446	0	4,365	0
Valuation Board – Requisition	769	0	671	0
Tayside Contracts – Share of Surplus and associated interest	0	316	0	395
Tayside Contracts – Contracts undertaken	21,978	0	23,093	0
Dundee City Council – DERL	1,017	250	45	250
NHS Tayside - Resource transfer	0	5,360	0	5,390
STSF – Scottish Teachers Superannuation Fund	9,311	0	9,547	0
Entities Controlled or Significantly Influenced by Angus Council				
Angus Community Care Charitable Trust				
- Contribution due to Trust	66	0	56	0
- Amounts due to Trust (rental income)	629	0	570	0
- Amounts due from Trust	0	329	0	193
Angus Environmental Trust				
- Landfill Tax Credit	97	0	150	0
- Various Minor Contracts	0	71	0	55
Angus Care & Repair (*)				
- HRA	22	0	22	0
- Other Housing	87	0	87	0
- Community Safety / Planning	14	0	14	0
Total	46,665	6,326	45,660	6,283

(*) Included in 2012/13 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.

	2011/12 Debtors £000	2011/12 Creditors £000	2012/13 Debtors £000	2012/13 Creditors £000
Other Public Bodies				
Police Board – Requisition	3	0	1,685	0
Fire & Rescue Board – Requisition	0	0	116	0
Valuation Board – Requisition	0	0	36	0
Tayside Contracts – Share of Surplus and associated interest	316	0	451	0
Tayside Contracts – Contracts undertaken	0	193	0	4,246
NHS Tayside - Resource transfer	0	0	449	0
SPPA – Scottish Teachers Superannuation Scheme	772	0	790	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	72	0	68	0
Angus Environmental Trust				
- Landfill Tax Credit	0	0	40	0
Angus Care & Repair	0	0	0	0
Total	1,163	206	3,635	4,259

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. 2012/13 was the 8th 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 2012/13.

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. 2012/13 was effectively the 8th 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.

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 2012/13 was therefore the 6th 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.

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 2012	53,540	2,240	46,937	102,717
Additions	0	0	0	0
Expenditure	0	58	38	96
Revaluations	0	0	0	0
Impairment	0	0	0	0
Gross Book Value at 31 March 2013	53,540	2,298	46,975	102,813
Depreciation at 31 March 2012	(12,068)	(66)	(1,422)	(13,556)
Charge for year	(2,359)	(33)	(716)	(3,108)
Write back on revaluations	0	0	0	0
Write back on impairments	0	0	0	0
Depreciation at 31 March 2013	(14,427)	(99)	(2,138)	(16,664)
Net Book Value at 31 March 2012	41,472	2,174	45,515	89,161
Net Movements detailed above	(2,359)	25	(678)	(3,012)
Net Book Value at 31 March 2013	39,113	2,199	44,837	86,149

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 2012	48,451	1,581	40,659	90,691
Additions	0	0	0	0
Repayment of liability for year	(1,074)	(34)	(546)	(1,654)
Liability at 31 March 2013	47,377	1,547	40,113	89,037

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

Payments remaining to be made under the 3 PFI contracts at 31 March 2013 (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 (2013/14)				
Repayment of liability	1,150	36	607	1,793
Finance costs	4,344	184	3,216	7,744
Service charges (inc. life cycle replacement costs)	988	136	1,978	3,102
Total payments due within 1 year	6,482	356	5,801	12,639
Payments due within 2 to 5 years (2014/15 to 2017/18)				
Repayment of liability	5,481	183	,357	8,021
Finance costs	17,919	746	12,402	31,067
Service charges (inc. life cycle replacement costs)	4,206	586	9,341	14,133
Total payments due within 2 to 5 years	27,606	1,515	24,100	53,221
Payments due within 6 to 10 years (2018/19 to 2022/23)				
Repayment of liability	6,583	362	4,118	11,063
Finance costs	22,668	1,002	14,515	38,185
Service charges (inc. life cycle replacement costs)	9,335	754	13,608	23,697
Total payments due within 6 to 10 years	38,586	2,118	32,241	72,945
Payments due within 11 to 15 years (2023/24 to 2027/28)				
Repayment of liability	9,905	602	7,310	17,817
Finance costs	24,332	1,010	13,041	38,383
Service charges (inc. life cycle replacement costs)	9,423	784	14,411	24,618
Total payments due within 11 to 15 years	43,660	2,396	34,762	80,818
Payments due within 16 to 20 years (2028/29 to 2032/33)				
Repayment of liability	15,996	364	10,469	26,829
Finance costs	25,881	405	9,344	35,630
Service charges (inc. life cycle replacement costs)	7,523	276	17,659	25,458
Total payments due within 16 to 20 years	49,400	1,045	37,472	87,917
Payments due within 21 to 25 years (2033/34 to 2037/38)				
Repayment of liability	8,262	0	15,252	23,514
Finance costs	10,516	0	4,793	15,309

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Schools £000	Totals £000
Service charges (inc. life cycle replacement costs)	8,337	0	17,867	26,204
Total Payments due within 21 to 25 years	27,115	0	37,912	65,027
Total Payments Due				
Repayment of liability	47,377	1,547	40,113	89,037
Finance Costs	105,660	3,347	57,311	166,318
Service charges (incl. life cycle replacement costs)	39,812	2,536	74,864	117,212
Total Payments Due	192,849	7,430	172,288	372,567

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 2012 £000	31 March 2013 £000
Other Land and Buildings	457	434
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 2012 £000	31 March 2013 £000
Finance lease liabilities:		
- Current	18	19
- Non-current	472	453
Finance costs payable in future years	317	293
Minimum lease payments	807	765

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000
No later than one year	42	42	18	19
Later than one year and not later than five years	167	168	79	82
Later than five years	598	555	393	371
Totals	807	765	490	472

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

Operating Leases

The Authority has acquired two automated public conveniences by entering into operating leases, with typical lives of five years. One of these leases (Myre Car Park, Forfar) expires on 26 November 2013 but will not be renewed following the Council's agreement to terminate the contract. Appropriate notice has been given in this regard.

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

	31 March 2012 £000	31 March 2013 £000
No later than one year	41	19
Later than one year and not later than five years	0	81
Later then five years	0	0
Totals	41	100

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

	2011/12 £000	2012/13 £000
Minimum lease payments	36	36

Authority as Lessor - Finance Leases

The Council has leased out 4 properties on finance leases.

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

	31 March 2012 £000	31 March 2013 £000
Finance lease debtors:		
- Current	5	5
- Non-current	8	9
Unearned finance income	20	50
Unguaranteed residual values	180	175
Gross Investment in the Lease	213	239

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

	Gross Investment		Minimum Lease Payments	
	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000
No later than one year	17	17	17	17
Later than one year and not later than five years	196	222	16	47
Later then five years	0	0	0	0
Totals	213	239	33	64

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 2013, the Authority has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2013/14 and future years budgeted to cost £16.768m (gross). Similar commitments at 31 March 2012 were £38.622m (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 (£0.660m); refurbishment works at Bruce House, Arbroath (£0.748m); purchase of waste bins / caddies (£1.124m); Affordable Housing at Newmonthill, Forfar and Dungmans Tack, Montrose (£2.548m and £2.883m respectively); and Heating and Kitchen Replacement Programmes (£0.933m and £1.114m respectively).

Note 39 - Construction Contracts

At 31 March 2013 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 2012.

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	2012/13 £000	2011/12 £000
Opening Capital Financing Requirement	253,405	251,247
Capital Investment:		
• Property, Plant and Equipment	41,414	39,901
• Investment Properties	0	0
• Intangible Assets	0	0
• Revenue Expenditure Funded from Capital under Statute	0	0
Sources of Finance:		
• Capital Receipts	(2,369)	(2,171)
• Government Grants and other Contributions	(12,151)	(12,406)
Sums set aside from revenue:		
• Direct revenue contributions	(14,479)	(11,234)
• Loans Fund Principal	(8,488)	(10,375)
• Repayment of Liability – Finance Lease / PFI & PPP	(1,672)	(1,557)
Closing Capital Financing Requirement	255,660	253,405
Explanation of Movements in year		
Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	4,951	3,841
Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(1,024)	(126)
Movement in liability of assets acquired under finance leases	(18)	(17)
Movement in liability of assets acquired under PFI/PPP contracts	(1,654)	(1,540)
Increase/(Decrease) in Capital Financing Requirement	2,255	2,158

Capital Expenditure on Services

	2011/12 Actual £000	2012/13 Actual £000	2012/13 Budget £000
CAPITAL EXPENDITURE ON SERVICES			
Education	983	1,112	1,261
Social Work & Health	3,744	1,077	1,426
Infrastructure Services			
Economic Development and Environmental & Consumer Protection	909	226	448
Planning & Transport	500	234	275
Roads	13,617	13,699	14,629
Neighbourhood Services			
Headquarters	177	14	12
Cultural Services	204	16	107
Environmental Management	2,162	3,306	4,149
Leisure Services	3,784	4,709	4,809
Housing Revenue Account	12,114	13,778	13,727
Corporate Services	1,448	3,146	4,071
Advances			
Council House Purchase	25	0	0
Private House Purchase	0	0	0
Housing Associations	0	0	0
TOTAL CAPITAL EXPENDITURE	39,667	41,317	44,914
FINANCING OF CAPITAL EXPENDITURE			
Sale of Assets	2,452	2,648	2,260
Government Grants & Other Contributions	12,125	11,872	11,937
Contribution from Revenue	10,600	13,642	14,754
Local Capital Fund	400	740	1,091
Advances from Loans Fund	14,090	12,415	14,872
TOTAL CAPITAL FINANCING	39,667	41,317	44,914

Note 41 – 2012/13 Capital Budget

The 2012/13 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 497/12 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 2012 £000	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000
Borrowings				
Financial liabilities at amortised cost	164,755	161,010	49,361	54,105
Total Borrowings	164,755	161,010	49,361	54,105
Investments				
Loans and receivables	9,435	8,559	48,239	38,693
Available-for-sale financial assets	10	10	0	7,007
Total investments	9,445	8,569	48,239	45,700

LOBO's (Lender Option, Borrower Option loans) amounting to £21million (£17million 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 financial liabilities amortised cost the comparative figure for previous year has been restated to total £49,361 million from £4,644 reported in the Annual Accounts to 31 March 2012. This was due to an omission of a category of amortised financial liabilities 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 £161.010m as per the balance sheet. An additional £7.241m of borrowing is due to mature within 2013/14. This is included together with accrued interest (£2.244m) 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 2012/13		2011/12	
		Financial Assets		Total	Total
	Financial Liabilities Measured at amortised cost £000	Loans and receivables £000	Available -for-sale assets £000	£000	£000
Interest expense	(8,118)	0	0	(8,118)	(8,057)
Losses on derecognition	(203)	0	0	(203)	(203)
Impairment losses	0	0	0	0	0
Interest payable and similar charges	(8,321)	0	0	(8,321)	(8,260)
Interest income	0	1,210	32	1,242	1,264
Gains on derecognition	3	0	0	3	3
Interest and investment income	3	1,210	32	1,245	1,267
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	(8,318)	1,210	32	(7,076)	(6,993)

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 124/13 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 124/13;
- 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.

				31 March 2013		31 March 2012	
	Carrying Amount	Less LOBO Accounting Adjustments	Add Accrued Interest	Comparison Amount	Fair Value	Comparison Amount	Fair Value
	£000	£000	£000	£000	£000	£000	£000
PWLB	130,480	0	2,011	132,491	150,753	136,217	147,929
LOBO's	30,530	530	119	30,119	31,806	30,121	30,851
Creditors	40,234	0	0	40,234	40,234	38,053	38,053
Short term borrowing	11,274	0	114	11,388	11,424	8,602	8,690
Bank overdraft	353	0	0	353	353	589	589
Total financial liabilities	212,871	530	2,244	214,585	234,570	213,582	226,112

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.

Comparable fair value figures are shown for financial year 2011/12. Within Short term borrowing the comparative figure in respect of 31 March 2012 has been restated to total £8,602 million from £2,527 million which was reported in the annual accounts as at 31 March 2012. This is as a result of an omission of a category of borrowing from the table.

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

	31 March 2012		31 March 2013	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Bank deposits of 7 days or less	500	510	0	0
Deposits with Banks and Building Societies	34,500	34,890	32,765	32,898
Money Market Fund Deposits	12,978	12,988	5,891	5,891
Long term debtors	9,445	6,466	8,557	5,669
Debtors	19,416	19,416	23,042	23,042
Total financial assets	76,839	74,270	70,255	67,500

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

During financial year 2011/12 a “soft” loan was granted at a rate below that which could be readily obtained within the financial markets. An amount totalling £275,000 was advanced and is included in the debtors value above, but is subject to strict commercial confidentiality. As the period remaining on the loan is less than one year no adjustment has been made within the accounting statements on the grounds this would not be material.

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 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 2012/13 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 2012/13 the following limits were applied:

- a maximum of £2.5million can be placed with each A+ rated institution subject to a total of no more than 50% of the Council's investments being placed with suitable A+ rated counterparties at the time the investment is made;
- a maximum of £10million can be placed with each AA- or above rated 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 2012/13, 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 2013	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2013	Estimated maximum exposure – default etc
	£000	%	%	£000
Deposits with the Council's main bank	0	0	0	0
Deposits with other banks	37,000	0	0	0
Money Market Fund Deposits	5,891	0	0	0
Deposits with Building Societies	2,500	0	0	0
Customers	5,984	1.03	1.34	80
Totals	51,375			

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 £2.779m of the £5.984m customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows:

	31 March 2013 £000
Less than 3 months	873
3 to 6 months	248
6 months to 1 year	356
More than 1 year	1,302
Total	2,779

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 13 £000	Loan Value 31 March 12 £000
Loans Outstanding				
PWLB	137,721	0	137,721	136,721
LOBO's - European Banks	16,530	(530)	16,000	16,000
LOBO's - UK Banks	14,000	0	14,000	14,000
Total	168,251	(530)	167,721	166,721
Maturity Structure				
Less than 1 year	7,241	0	7,241	2,500
Between 1 and 2 years	8,000	0	8,000	6,741
Between 2 and 5 years	15,783	0	15,783	19,042
Between 5 and 10 years	20,240	0	20,240	19,092
Over 10 years	116,987	(530)	116,457	119,346
Total	168,251	(530)	167,721	166,721
The 2011/12 figures are shown for comparison. In the over 10 years category there are LOBO's with a Loan Value totalling £21m 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 – Contingent Liability

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

Following the formal triggering of the MMI Scheme of Arrangement on 13 November 2012, scheme creditors have been contacted by the scheme's administrators, Ernst & Young to advise them of the proposed levy. The levy has been calculated based on the assets and liabilities of Municipal Mutual Insurance Limited (MMI). The initial levy will be at a rate of 15% on all claims paid to date within the structure of the scheme. The charge to Angus Council in respect of the levy will be £56k. This cost could have been potentially made up from two distinct strands which relate to Angus District Council and Tayside Regional Council. These are noted in the tables below. The information available recognises that there will not be a cost attributable to Tayside Regional Council:-

Angus District Council:-

Description	£ 000
Scheme of Arrangement Liability	423
Claw back Restriction	(50)
Claw back limit	373
Estimated Lower Liability 15%	56

Tayside Regional Council :-

Description	£ 000
Scheme of Arrangement Liability	1,025
Tayside Regional Council Provision*	(700)
Claw back limit	325
Estimated Lower Liability 15% **	0

*Held by Dundee City Council (non transferable)

** Extinguished by Tayside Regional Council Provision

The scheme's administrators, Ernst & Young expect that the payment of £56k will be required to be made by Angus Council in 2013/14. It is recognised that there could be additional payments of claims beyond the Levy which have not been already been identified. Whilst it is not possible to quantify what these additional charges at this point it could be up to the total claw back ceiling of £373k. No procedure has been established to account for such payments and the schemes administrators have acknowledged that this new procedure once determined will take some time to implement. On the basis that there is not sufficient information to construct a provision the position remains listed as a contingent liability. This position will be reviewed and reported on as more information becomes available.

Note 45 - Loans Fund Revenue Account

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

	2012/13 £000	2011/12 £000
Expenditure		
Interest Paid on Loans:-		
Public Works Loan Board	6,755	6,661
Public Works Loan Board Redemptions	0	0
Other Mortgages and Bonds	1,329	1,333
Internal Loans	27	38
Interest Paid on Revenue Balances	367	576
Expenses of Borrowing	115	106
TOTAL EXPENDITURE	8,593	8,714
Income		
Interest received	805	770
Interest Charged to borrowing accounts	7,673	7,838
Expenses recovered from borrowing accounts	115	106
TOTAL INCOME	8,593	8,714

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.53% in 2012/13. The 2011/12 rate was 4.69%.

Debt Management Expenses

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

Debt per Head of Population

The amount of debt outstanding at 31 March 2013 was £166.1m or £1,502.22 per head of population. The figures at 31 March 2012 were £162.2m or £1,471.43 respectively.

Note 46 – Post Balance Sheet Events

The Council undertook an audit of Common Good properties in Arbroath. Following the findings of this audit there was a period of consultation and review, the outcome was submitted to Angus Council in December 2012 (report 722/12 refers). The audit identified some Non Current Assets currently included in the Common Good Fund Balance Sheet that should subsequently be included in the Council's Balance Sheet and vice versa. The Council approved a number of, mostly non-material, adjustments to both the Council's Balance Sheet and the Arbroath Common Good Fund Balance Sheet and these have been made as a result.

A decision regarding the possible transfer of the Arbroath Library building (valued at £772,000 at 31 March 2013) from the Arbroath Common Good Fund to the Council's General Fund was deferred by Angus Council in December 2012 (report 722/12 refers) and again in May 2013 (report 280/13 refers). Angus Council at its meeting of 20 June 2013 (report 400/13 refers) resolved that Arbroath Library should be transferred from the Arbroath Common Good Fund to the Council's General Fund.

Thereafter, on 12 September 2013 Angus Council reconsidered report 400/13 (submitted to Angus Council committee of 20 June 2013) and further resolved that the previously agreed transfer of Arbroath Library from the Arbroath Common Good Fund to the Council's General Fund be rescinded and that Arbroath Library shall remain within the Arbroath Common Good Fund.

Group Accounts

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

Associate companies are consolidated in accordance with paragraph 9.1.2.27 of the Code of Practice using the equity method. The Council's investment in these companies is incorporated at cost and adjusted each year by the Council's share of the companies' results as recognised in the Group Comprehensive Income and Expenditure Statement and its share of other gains and losses.

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

Intra-group balances and transactions are eliminated on consolidation.

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

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

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.

Following their dissolution and in accordance with Part 3 of the Police and Fire Reform (Scotland) Act 2012 (Supplementary, Transitional, Transitory and Savings Provisions) Order 2013, the Statement of Accounts of Tayside Joint Police Board and Tayside Fire and Rescue Board will be laid before full meetings of Angus Council and Perth & Kinross Council respectively for approval.

Going forward, 2012/13 will be the last year that the accounts of Tayside Joint Police Board and Tayside Fire and Rescue Board are consolidated within the Group Accounts of Angus Council. At this stage it is anticipated that there will be no relationship between Angus Council and the two new single services which would require them to be consolidated into the Group Accounts of Angus Council for 2013/14.

Group Movement in Reserves Statement as at 31 March 2013

	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 2011	27,208	336,785	363,993	(168,379)	195,614
Movement in reserves during 11/12					
Surplus or (deficit) on provision of services	1,454	0	1,454	(10,342)	(8,888)
Other Comprehensive Expenditure and Income	0	(46,072)	(46,072)	(6,092)	(52,164)
Total Comprehensive Expenditure and Income	1,454	(46,072)	(44,618)	(16,434)	(61,052)
Opening balance / Group share adjustments	0	0	0	(99)	(99)
Adjustments between accounting basis and funding basis under regulations (Group Note 8)	(757)	757	0	112	112
Net Increase / Decrease before Transfers to Earmarked Reserves	697	(45,315)	(44,618)	(16,421)	(61,039)
Transfers to / from Earmarked Reserves	0	0	0	1	1
Increase / Decrease in Year	697	(45,315)	(44,618)	(16,420)	(61,038)
Balance at 31 March 2012 carried forward	27,905	291,470	319,375	(184,799)	134,576
Movement in reserves during 12/13					
Surplus or (deficit) on provision of services	(5,520)	0	(5,520)	(10,697)	(16,217)
Other Comprehensive Expenditure and Income	0	19,746	19,746	(8,079)	11,667
Total Comprehensive Expenditure and Income	(5,520)	19,746	14,226	(18,776)	(4,550)
Opening balance / Group share adjustments	0	0	0	2	2
Adjustments between accounting basis and funding basis under regulations (Group Note 8)	5,686	(5,686)	0	129	129
Net Increase / Decrease before Transfers to Earmarked Reserves	166	14,060	14,226	(18,645)	(4,419)
Transfers to / from Earmarked Reserves	0	0	0	0	0
Increase / Decrease in Year	166	14,060	14,226	(18,645)	(4,419)
Balance at 31 March 2013 carried forward	28,071	305,530	333,601	(203,444)	130,157

Group Comprehensive Income and Expenditure Statement for the year 31 March 2013

2011/12				2012/13		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
116,954	(4,679)	112,275	Education	114,956	(4,905)	110,051
82,687	(18,306)	64,381	Social Work	84,760	(19,028)	65,732
26,927	(5,929)	20,998	Roads & Transport	30,882	(6,318)	24,564
20,621	(7,548)	13,073	Cultural & Related Services	20,617	(7,319)	13,298
21,504	(7,944)	13,560	Environmental Services	23,136	(8,132)	15,004
9,883	(5,354)	4,529	Planning & Development Services	10,095	(4,698)	5,397
6,221	(2,794)	3,427	Central Services	6,014	(2,751)	3,263
20,315	(22,182)	(1,867)	Housing Revenue Account	21,715	(24,647)	(2,932)
29,752	(27,451)	2,301	Housing - General Fund	30,798	(28,678)	2,120
4,322	0	4,322	Corporate & Democratic Core	4,926	0	4,926
0	0	0	Exceptional Items	0	0	0
397	0	397	Non Distributed Costs	1,376	(84)	1,292
0	0	0	Items to be Allocated	0	0	0
85	(52)	33	Interest in Subsidiary – Charitable Trusts	75	(56)	19
564	(363)	201	Interest in Subsidiary – Common Good	391	(326)	65
14,769	(14,955)	(186)	Share of the Operating Result of Joint Entity	15,277	(15,474)	(197)
29,900	(6,633)	23,267	Share of the Operating Result of Associates	30,019	(7,036)	22,983
384,901	(124,190)	260,711	Group Cost Of Services	395,037	(129,452)	265,585
		(635)	Other Operating Income and Expenditure			(466)
		21,863	Financing and Investment Income and Expenditure			25,317
		0	Surplus or Deficit on Discontinued Operations			0
		(273,051)	Taxation and Non-Specific Grant Income			(274,219)
		8,888	Group (Surplus) or Deficit on Provision of Services			16,217
		(17,109)	(Surplus) or deficit on revaluation of non-current assets			(1,686)
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0
		69,273	Actuarial gains / losses on pension assets/liabilities			(9,981)
		0	Other unrealised gains / losses			0
		52,164	Other Group Comprehensive Income and Expenditure			(11,667)
		61,052	Total Group Comprehensive Income and Expenditure			4,550

Group Balance Sheet as at 31 March 2013

31/03/2012 £000		Group Notes	31/03/2013 £000
706,808	Property, Plant & Equipment		712,946
5,770	Heritage Assets		5,770
1,481	Investment Property		1,606
0	Intangible Assets		251
310	Assets Held for Sale		160
1,124	Long Term Investments		1,227
9,160	Long Term Debtors		8,308
724,653	Long Term Assets		730,268
35,229	Short Term Investments	15	39,788
1,606	Inventories		1,361
21,436	Short Term Debtors	14	23,331
11,710	Cash and Cash Equivalents		4,876
524	Assets held for sale		730
70,505	Current Assets		70,086
0	Cash and Cash Equivalents	12	0
(93)	Provisions		(192)
(4,908)	Short Term Borrowing		(9,869)
(38,218)	Short Term Creditors	16	(39,942)
(43,219)	Current Liabilities		(50,003)
(463)	Provisions		(380)
(166,357)	Long Term Borrowing		(162,608)
(220)	Other Long Term Creditors		(83)
(266,815)	Other Long Term Liabilities		(253,760)
(183,508)	Liability in Associates		(203,363)
(617,363)	Long Term Liabilities		(620,194)
134,576	Net Assets		130,157
32,593	Usable Reserves		32,908
283,528	Unusable Reserves		298,550
(181,545)	Group Reserves		(201,301)
134,576	Total Reserves		130,157

The accounts were issued for audit on the 28 June 2013 and the audited accounts were authorised for issue on the 26 September 2013.

Ian Lorimer CPFA
Head of Corporate Improvement & Finance
26 September 2013

Group Cash Flow Statement

	Group Notes	2011/12 £000	2012/13 £000
Net surplus or (deficit) on the provision of services		(8,888)	(16,217)
Adjustment to surplus or deficit on the provision of services for non cash movements		48,584	56,310
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(13,614)	(14,258)
Net Cash flows from Operating Activities	9	26,082	25,835
Net Cash flows from Investing Activities	10	(14,943)	(31,504)
Net Cash flows from Financing Activities	11	1,203	(1,165)
Net increase or decrease in cash and cash equivalents		12,342	(6,834)
Cash and cash equivalents at the beginning of the reporting period		(632)	11,710
Cash and Cash equivalents at the end of the reporting period	12	11,710	4,876

Note 1 - Statement of Accounting Policies

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

Note 2 - Changes in Accounting Policy

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

Note 3 - Consolidation

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

Note 4 - Combining Entries

Associates

The results of Tayside Valuation, Tayside Fire & Rescue and Tayside Police Joint Boards which are jointly administered along with Dundee City and Perth & Kinross Councils have been included in the Group Accounts as the Council has voting rights and the ability to exercise significant influence over the Joint Boards. The Joint Boards have therefore been incorporated in the Group Accounts under the equity method of accounting for associates.

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

Under the Police and Fire Reform (Scotland) Act 2012 the Tayside Joint Police Board and Tayside Fire and Rescue Board were dissolved at midnight 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 has taken place at the close of the financial year, no change has been required to the method of consolidation for these functions in 2012/13. From 2013/14 onwards however they will no longer be consolidated into the Group Accounts of Angus Council and it is anticipated the new single services will not require to be consolidated either.

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

Joint Board	Council Share	Council Share
	2012/13	2011/12
Tayside Valuation	26.43%	26.46%
Tayside Fire & Rescue	19.00%	19.00%
Tayside Police	24.40%	24.40%

The accounting period for all entities is the year to 31 March 2013 and is therefore aligned with the Council's accounting period.

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

Joint Board	Address	Comment
Tayside Valuation	Director of Corporate Services Dundee City Council Floor 4, Dundee House 50 North Lindsay Street Dundee, DD1 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.
Tayside Fire & Rescue	Head of Finance Perth & Kinross Council 2 High Street Perth, PH1 5PH	Tayside Fire and Rescue Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to fire and rescue. The year ended 31 March 2013 was the last year of operations of the Board.

Tayside Police	Head of Corporate Improvement and Finance Angus Council Orchardbank Business Park Orchardbank Forfar, DD8 1AX	Tayside Joint Police Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to police provision. The year ended 31 March 2013 was the last year of operations of the Board.
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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% - 2012/13 and 2011/12) of the surplus, assets and liabilities of Tayside Contracts Joint Committee (jointly administered and controlled with Dundee City and Perth & Kinross Councils) has been consolidated into the Comprehensive Income & Expenditure Statement and Balance Sheet of 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 Contracts' 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 with transactions between the Council and Tayside Contracts eliminated on consolidation. Tayside Contracts individual accounts are published separately and can be obtained from the Head of Financial Services, Tayside Contracts, 1 Soutar Street, Dundee, DD3 8SS.

Note 5 - Financial Impact of Consolidation and Going Concern

The net effect of inclusion of the Joint Boards (associates), Tayside Contracts (Jointly Controlled Entity), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to decrease both reserves and net assets by £203m (2011/12 showed a decrease of £185m), largely because of the combined pension liability of the Joint Boards. This is mainly as a direct result of the requirement to fully account for FRS17 Retirement Benefits and IAS 19 Employee Benefits.

All associates have prepared their accounts on a "going concern" basis. Statutory arrangements in place with the Scottish Government and (up to 31 March 2013) constituent authorities for the funding of the deficit on Police and Fire pensions means that the financial position of the Boards remain assured. With specific regard to Tayside Joint Police Board and Tayside Fire and Tayside Fire and Rescue Board, from 1 April 2013 all assets, liabilities, interests and obligations transferred to Police Scotland and Scottish Fire and Rescue Service respectively. It is still appropriate to adopt a going concern basis for the preparation of the 2012/13 financial statements as the changes being implemented are a transfer from one public body to another, which is classified as a machinery of government change. 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 - Non-Adjusting Event After the Reporting Period

The transfer of the Police and Fire and Rescue Services from local government to new central government bodies will largely affect the Balance Sheet within the Group Accounts, where the impact of the reform could see a reduction in Other Long Term Liabilities in the order of £202m and a commensurate increase in Group Reserves.

Reference is made to Note 45 of the single entity accounts for post balance sheet events relating to Arbroath Common Good Fund.

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

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

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

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

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 statute	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	(246)	246	17	(136)	48	(48)	(119)

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	
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 - CFCR	(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

2012/13	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	
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
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)	14,811	(14,811)	1,639	(599)	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)	8,834	(8,834)	571	(442)	129

Comparative Figures in 2011/12

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

	Group Entities Usable / Unusable Reserves						Group Total Reserves
	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	
2011/12	£000	£000	£000	£000	£000	£000	£000
Application of grants to capital financing transferred to the Capital Adjustment Account	(547)	547	0	0	0	0	0

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

2011/12	Group Entities Usable / Unusable Reserves						Group Total Reserves £000
	Council Usable Reserves £000	Council Unusable Reserves £000	Associates Total Usable Reserves £000	Associates Total Unusable Reserves £000	Joint Controlled Entity Total Usable Reserves £000	Joint Controlled Entity Total Unusable Reserves £000	
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,511)	1,511	30	(30)	1	(1)	0
Total Adjustments	757)	757	9,913	(9,913)	63	49	112

Note 9 - Group Cash Flow Statement – Operating Activities

2011/12 £000		2012/13 £000
(8,888)	Net surplus or (deficit) on provision of services	(16,217)
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
38,035	Depreciation	34,985
887	Increase / (Decrease) in Interest Creditors	100
(4,065)	Increase / (Decrease) in Creditors	1,780
(27)	(Increase) / Decrease in Interest Debtors	(49)
3,407	(Increase) / Decrease in Debtors	(1,709)
(311)	(Increase) / Decrease in Stock	244
(1,637)	Pension Liability	8,313
58	Other Non Cash Transactions	120
6	Contributions to / (from) provisions	16
1,891	Carrying amount of non-current assets sold	2,114
(45)	Movement in Investment Property Value	(180)
10,070	(Surplus) / Deficit attributable to Associates	10,181
315	(Surplus) / Deficit attributable to Jointly Controlled Entities	395
48,584	Total Adjustment	56,310

2011/12 £000		2012/13 £000
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
89	Interest paid	105
38	Interest element of finance lease payments	29
(11,390)	Capital Grants credited to surplus / deficit on the provision of services	(12,002)
0	Premiums or discounts on the repayment of financial liabilities	0
(2,351)	Proceeds from the sale of PPE and intangible assets	(2,390)
(13,614)	Total Adjustments	(14,258)
26,082	Net cash flows from operating activities	25,835

The cash flows for operating activities include the following items:

2011/12 £000		2012/13 £000
1,343	Interest received	1,496
(14,911)	Interest Paid	(15,828)
0	Dividends received	0

Note 10 - Group Cash Flow Statement – Investing Activities

2011/12 £000		2012/13 £000
(39,126)	Purchase of property, plant and equipment, investment property and intangible assets	(41,730)
0	Purchase of short-term and long-term investments	(4,500)
0	Other payments for investing activities	0
2,583	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,740
9,000	Proceeds from short-term and long-term investments	0
234	Net cash / (overdraft) acquired with Subsidiary	84
12,366	Other receipts from investing activities	12,902
(14,943)	Net cash flows from investing activities	(31,504)

Note 11 - Group Cash Flow Statement – Financing Activities

2011/12 £000		2012/13 £000
5,305	Cash receipts of short and long-term borrowing	5,146
689	Other receipts from financing activities	0
(1,725)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,809)
(2,546)	Repayments of short and long-term borrowing	(4,007)
(520)	Other payments for financing activities	(495)
1,203	Net cash flows from financing activities	(1,165)

Note 12 - Cash and Cash Equivalents

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

2011/12 £000		2012/13 £000
39	Cash held by the Authority	38
(1,307)	Bank Overdraft	(1,053)
12,978	Short-term deposits with building societies	5,891
11,710	Total Cash and Cash Equivalents	4,876

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

The analysis of income and expenditure by service on the face of the Group Comprehensive Income and Expenditure Statement is that specified by the 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).

2011/12 £000		2012/13 £000
216,016	Cost of Services – Angus Council (per Note 11 of single entity accounts)	219,763
	Cost of Services – Associates:	
9,652	- Tayside Joint Police Board	10,731
76	- Tayside Fire and Rescue Board	(19)
95	- Tayside Valuation Joint Board	195
	Cost of Services – Subsidiaries:	
201	- Common Good	65
33	- Charitable Trusts	19

2011/12 £000		2012/13 £000
	Cost of Services – Joint Entity:	
(186)	- Tayside Contracts	(197)
225,887	Group Cost of Services	230,557
11,689	Add: Services not included in main analysis (Angus Council – per Note 11 of single entity accounts)	8,943
23,135	Add: Amounts not reported to management (Angus Council – per Note 11 of single entity accounts)	26,085
260,711	Net Cost of Services in Group Comprehensive Income & Expenditure Statement	265,585

For clarity, it should be noted that the Council's share (£0.396m) of the Tayside Contracts net surplus is not included in the above analysis as it is included in the Council's Comprehensive Income & Expenditure Statement within the Financing & Investment Income & Expenditure line below the Cost of Services. It is however highlighted separately within Note 8 of the single entity accounts.

Note 14 – Short Term Debtors (net of provisions)

2011/12 £000		012/13 £000
21,606	Angus Council Debtors	23,042
11	Charitable Trusts Debtors	11
4	Common Good Fund Debtors	4
(422)	Intra Group Debtors	(451)
237	Tayside Contracts Debtors	725
21,436	Total Group Debtors	23,331

Note 15 - Short Term Investments

2011/12 £000		2012/13 £000
35,221	Angus Council Short Term Investments	39,770
8	Charitable Trusts Short Term Investments	18
35,229	Total Group Short Term Investments	39,788

Note 16 – Short Term Creditors

2011/12 £000		2012/13 £000
38,478	Angus Council Creditors	40,234
1	Charitable Trusts Creditors	1
0	Common Good Fund Creditors	19
(3,829)	Intra Group Creditors	(4,246)
3,568	Tayside Contracts Creditors	3,934
38,218	Total Group Creditors	39,942

Note 17 – Liability Related to Defined Benefit Pension Scheme

2011/12 £000		2012/13 £000
165,234	Angus Council – Pensions Liability	154,827
11,448	Tayside Contracts Joint Committee – Pensions Liability	10,644
176,682	Total Group Pension Liability	165,471

Note 18 - Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

2011/12				2012/13		
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
9,583	751	10,334	Scottish Government General Capital Grant	8,246	415	8,661
1,298	0	1,298	Scottish Government Specific Capital Grants	2,490	0	2,490
182,480	9,081	191,561	Scottish Government Revenue Grants	182,534	9,095	191,629
275	0	275	Other capital grants	67	0	67
234	9	243	Other capital contributions	1,212	7	1,219
193,870	9,841	203,711	Total	194,549	9,517	204,066
			Credited to Services			
1,397	0	1,397	Scottish Government General Capital Grant	772	0	772
0	0	0	Insurance Receipt	0	0	0
1,397	0	1,397	Total	772	0	772

Note 19 – Additional Disclosure

The aggregate of the: Valuation; Fire and Rescue; and Police Joint Boards' gross liabilities is 34.4% of the Group gross liabilities. In addition, the Police Board gross liabilities are 27.1% of the Group gross liabilities.

	Combined Boards		Police Board	
	2012/13 £000	Restated 2011/12 £000	2012/13 £000	Restated 2011/12 £000
Grants and Contributions Received	12,311	13,477	7,113	8,302
Surplus / (Deficit) for the Year	(10,182)	(10,070)	(8,568)	(8,243)
Non-Current Assets	20,560	21,463	14,231	14,854
Current Assets	6,396	4,236	4,826	3,666
Liabilities Due Within One Year	7,744	4,094	5,326	2,851
Liabilities Due After One Year or More	222,576	205,113	176,089	161,910

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

The prior year comparatives of Tayside Fire and Rescue for current assets and liabilities due within one year were reduced by £112,000 as it was determined that certain Scottish Government grants are a single funding stream. The impact on the Group share of current assets and liabilities due within one year is to reduce both by £21,000.

Note 20 – Charitable Trusts Reserve

The Group Reserves on the Group Balance Sheet contains the reserve in respect of Charitable Trusts amounting to £2.062m. 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.

2011/12 £000	Summary and Nature of Assets and Liabilities	2012/13 £000
2	Non-Current Assets – Heritable Property	2
	Long Term Investments:	
74	- Government Securities	73
1,040	- Managed Funds	1,144
848	Current Assets *	844
1,964	Total Gross Assets	2,063
1	Current Liabilities **	1
1	Total Gross Liabilities	1
1,963	Total Net Assets	2,062

* 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

2011/12 £000	Summary of Revenue & Capital Account Movements	2012/13 £000
409	Revenue Account Opening Balance	375
(34)	Increase / (Decrease) per Income & Expenditure Account	(18)
375	Revenue Account Closing Balance	357
1,567	Capital Account Opening Balance	1,588
(206)	Increase / (Decrease) from investment purchases / sales	14
227	Increase / (Decrease) from investment revaluation	103
1,588	Capital Account Closing Balance	1,705

Note 21 – Other Satellite Organisations

Tayside and Central Scotland Transport Partnership has been excluded from the consolidated accounts on the basis that Angus Council's share of the organisation equates to both the following criteria:

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

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

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

Note 22 – Audit of Group Entities

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

Subsidiaries

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

Associates

Tayside Valuation Joint Board – true and fair view (KPMG LLP)
Tayside Fire and Rescue Board – true and fair view (Audit Scotland)
Tayside Joint Police Board – true and fair view (Audit Scotland)

Jointly Controlled Entity

Tayside Contracts – true and fair view (KPMG LLP)

In all of the above cases the audit opinion will determine whether the financial statements present fairly, in accordance with applicable laws, regulations and Codes of Practice, the financial position of the bodies concerned as at 31 March 2013 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 2013

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.

2011/12 Actual £000		2012/13 Actual £000	2012/13 Actual £000	2012/13 Budget £000
	Expenditure			
6,678	Repairs and Maintenance	6,125		6,473
6,233	Supervision and Management	7,187		7,546
353	Void Rents	480		362
5,467	Depreciation and impairment of non-current assets	5,701		5,701
379	Movement in the allowance for bad debts	472		400
870	Other expenditure	796		918
19,980	Total Expenditure		20,761	21,400
	Income			
(20,242)	Dwelling Rents	(21,761)		(21,628)
(493)	Non-Dwelling Rents	(528)		(526)
0	Housing Support Grant	0		0
(1,333)	Other Income	(1,404)		(1,501)
(22,068)	Total Income		(23,693)	(23,655)
(2,088)	Net cost of HRA services as included in the Comprehensive and Expenditure Statement		(2,932)	(2,255)
221	HRA share of Corporate and Democratic Core		223	223
0	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		0	0
(1,867)	Net cost of HRA Services		(2,709)	(2,032)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
38	(Gain) or loss on sale of HRA non-current asset		(109)	(109)
1,489	Interest payable and similar charges		1,502	1,656
(6)	Interest and investment income		(6)	(9)
(84)	Pension interest cost and expected return on pension assets		57	57
(1,105)	Non-specific Grant Income		(2,420)	(2,420)
(1,535)	(Surplus) or Deficit for the year on HRA services		(3,685)	(2,857)

Movement on the HRA Statement for the Year Ended 31 March 2013

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.

2011/12 £000		2012/13 £000	2012/13 £000
(1,957)	Balance on the HRA at the end of the previous year		(2,611)
(1,535)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(3,685)	
1,048	Adjustments between accounting basis and funding basis under statute	2,849	
(487)	Net (Increase) or decrease before transfers to or from reserves		(836)
	Transfers to / (from) earmarked reserves:		
(225)	Affordable Housing Account	(259)	
0	Dungman's Tack Prepaid Grant	558	
8	Section 75 Planning Application Expenditure	0	
50	Transfer of Wharncliffe Hall	0	299
(2,611)	Housing Revenue Account surplus carried forward		(3,148)
	Summary of HRA Balance Commitments		
1,000	Minimum Policy Level		1,000
234	Survive and Thrive Commitment		466
0	Planned Maintenance Carry Forward		170
380	External Affordable Housing Provision		380
997	Scottish Housing Quality Standard / New Build		1,132
2,611	Total HRA Balance Commitments		3,148

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

2011/12 £000		2012/13 £000	2012/13 £000
	Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement		
(5,467)	Depreciation		(5,701)
2	Employee Benefits		(8)
(46)	FRS17 Pension Adjustment		(195)
(5,511)			(5,904)
	Items not included in the HRA Net Cost of Services but included in the Movement on HRA Statement		
699	Loans fund principal repayments		498
4,484	Capital expenditure funded by the HRA		6,082
225	Capital expenditure funded by Affordable Housing Reserve		259

2011/12 £000		2012/13 £000	2012/13 £000
1,105	Non Specific Grant Income		1,862
84	HRA Share of contributions to or from the Pensions Reserve		(57)
6,597			8,644
	Gain/Loss on Sale of HRA non-current assets		
750	Non-current assets sales proceeds (net of cost of sales)	1,143	
(788)	Net Book Value of non-current assets sold	(1,034)	109
(6,559)			8,753
1,048	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		2,849

Housing Stock

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

2011/12		2012/13
39% / 61%	Houses / Maisonettes	39% / 61%
	Stock changes can be summarised as follows:-	
7,768	Stock at 1 April	7,775
	Add:	
23	New Build	11
6	Conversions	0
	Less:	
(22)	Right to Buy Sales	(27)
0	Closures / Demolitions	0
7,775	Stock at 31 March	7,759

Rent Arrears

Rent arrears as at 31 March 2013 were £1.373million and the comparable figure for 31 March 2012 was £1.176million.

The provision for bad or doubtful debt increased to £1million at 31 March 2013 from £0.811million at 31 March 2012.

Exceptional or Prior Year Items

There are no exceptional or prior year items disclosed in the 2012/13 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.

2011/12 £000		2012/13 £000
53,365	Gross Charge	53,651
(1,557)	Deduct - Exemptions	(1,614)
(59)	Disabled Relief	(58)
(5,042)	Discounts	(4,705)
46,707	Net Council Tax	47,274
(5,979)	Adjustments Rebates (Council Tax Benefit)	(5,809)
5,921	Less: Government Grants	5,746
(111)	Ministry of Defence Properties	(98)
111	Contribution Received for MOD Properties	98
(799)	Provision for Bad Debts	(826)
58	Gain/(loss) on Council Tax benefits to be transferred to Other Services Revenue Account	63
45,908	NET CURRENT YEAR COUNCIL TAX INCOME	46,448
	PRIOR YEARS' COUNCIL TAX	
(184)	Adjustments to Charges	(141)
225	Adjustments to Provision for Bad Debts	(98)
45,949	TOTAL INCOME TO COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT	46,209

Council Tax Income

The 2012/13 financial year is the twentieth year of operation of the Council Tax which replaced the Community Charge. The Council Tax charge is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of the occupants of the property.

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

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

Calculation of the Council Tax Charge Base 2012/13

	Valuation Band								2012/13	2011/12
	A	B	C	D	E	F	G	H	TOTAL	TOTAL
Total Number of Properties	15,250	12,583	6,899	8,021	7,101	2,878	1,502	166	54,400	54,121
Less Exemptions/ Deductions	751	337	164	120	140	54	23	21	1,610	1,587
Less Adjustment for Single Discounts	2,220	1,141	572	517	336	89	45	3	4,923	4,917
Less Adjustment for Double Discounts	405	210	143	107	64	33	28	10	1,000	952
Effective Number of Properties	11,874	10,895	6,020	7,277	6,561	2,702	1,406	132	46,867	46,665
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	7,916	8,474	5,351	7,277	8,019	3,903	2,343	264	43,547	43,315
Less Provision for Non- Collection 2%									871	866
									42,676	42,449

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2012/13 Council Tax income of £45.749m. Inclusion of £0.050m provision for income from prior years' charges, results in a total budget for Council Tax income of £45.799m.

Council Tax Properties and Council Tax Charges

	2012/13 Effective Number of Properties	2012/13 Total Council Tax Charge £	2011/12 Effective Number of Properties	2011/12 Total Council Tax Charge £
A	11,874	714.67	11,873	714.67
B	10,895	833.78	10,844	833.78
C	6,020	952.89	6,001	952.89
D	7,277	1,072.00	7,256	1,072.00
E	6,561	1,310.22	6,508	1,310.22
F	2,702	1,548.44	2,661	1,548.44
G	1,406	1,786.67	1,396	1,786.67
H	132	2,144.00	126	2,144.00
	46,867		46,665	

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.

2011/12 £000		2012/13 £000
32,934	Gross Rates Levied & Contributions in Lieu	35,462
(8,498)	Reliefs & Other Deductions	(9,119)
(455)	Write-offs of uncollectable debts & allowances for impairment	(271)
23,981	Net Non-Domestic Rate Income	26,072
(99)	Adjustment to previous years' National Non-Domestic Rates	(748)
23,882	Total Non-Domestic Rate Income (before authority retentions)	25,324
0	Non-Domestic Rate Income Retained by Authority (BRIS)	0
23,882	Contribution to Non-Domestic Rate Pool	25,324

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.

2011/12 £000		2012/13 £000
23,391	Distribution from Non-Domestic Rate Pool	23,944
0	Non-Domestic Rate Income Retained by Authority (BRIS)	0
23,391	Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement	23,944

The 2012/13 rate poundage which is set nationally was 45p with a large business supplement of 0.8p (rateable value in excess of £35,000).

Rateable Subjects and Values (1 April 2012)

Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2012 £000	No of properties	Rateable Value as at 1 April 2011 £000
Shops	1,147	17,269	1,144	16,247
Public Houses	99	1,494	102	1,540
Offices including banks	496	5,237	499	5,238
Hotels etc	61	1,546	59	1,576
Industrial Subjects etc	1,112	20,429	1,118	20,466
Leisure, Entertainment, Caravans etc	433	3,837	443	3,776
Garages and Petrol Stations	120	1,407	116	1,413
Cultural	56	464	56	462
Sporting Subjects	162	501	163	517
Education and Training	94	8,433	96	8,445
Public Service Subjects	338	7,229	338	7,323
Communications (Non Formula)	18	124	21	127
Quarries Mines etc	21	525	21	525
Religious	173	947	173	948
Health & Medical Care	128	5,974	132	5,738
Other	346	2,272	346	2,227
Total	4,804	77,688	4,827	76,568

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 2013.

Income and Expenditure Account for the year ended 31 March 2013

	2012/13			2011/12
	OSCR Registered £000	Other £000	Total £000	£000
Expenditure				
Beneficiaries	45	10	55	60
Administration	14	6	20	25
Total Expenditure	59	16	75	85
Income				
Rents, feu duties, dividends and interest	47	4	51	43
Loans Fund interest	3	2	5	9
Total Income	50	6	56	52
(Surplus)/Deficit	9	10	19	33

Balance Sheet as at 31 March 2013

	2012/13			2011/12
	OSCR Registered £000	Other £000	Total £000	£000
Non Current Assets				
Heritable Property	0	2	2	2
Total Non Current Assets	0	2	2	2
Total Long Term Investments	1,108	109	1,217	1,114
Current Assets				
Debtors	11	0	11	11
Short Term Investments	18	0	18	8
Revenue Advances to Loans Fund	493	322	815	829
Total Current Assets	522	322	844	848
Current Liabilities				
Creditors and accruals	1	0	1	1
Total Current Liabilities	1	0	1	1
Working Capital	521	322	843	847
Total Net Assets	1,629	433	2,062	1,963
Reserves				
Revenue Account	128	229	357	375
Capital Account	1,501	204	1,705	1,588
Total Reserves	1,629	433	2,062	1,963

The accounts were issued for audit on the 28 June 2013 and the audited accounts were authorised for issue on the 26 September 2013.

Ian Lorimer CPFA
Head of Corporate Improvement and Finance
26 September 2013

Notes - Principal Trust Funds

Charity	Area Covered	Balance at 31/3/13 Capital £000	Balance at 31/3/13 Revenue £000
David Duncan Charity	Arbroath	8	2
Inchcape Fund	Arbroath	23	7
Andrew Jervise Bequest	Brechin	2	17
Ex Provost Mitchell's Bequest	Brechin	73	27
Mrs C R Graham's Bequest	Carnoustie	12	11
Boyle Bequest	Forfar	1	25
Strangs Mortification	Forfar	1,246	1
Charitable Trusts	Forfar	27	1
Charles F Nicoll Bequest	Forfar	16	2
Helen Nicoll Bequest	Forfar	8	1
Miss Agnes Lawson Trust	Forfar	72	10
Poor Lands	Kettins	13	11
Vert McLean Endowment Fund	Kirriemuir	15	6
James Wilkie Bequest	Kirriemuir	8	0
Ancient Hospital	Montrose	13	0
William Jack Trust	Montrose	16	1
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 1/4/12 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/3/13 £000
Movement during year	1,588	103	175	(161)	1,705

Registered Charities

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

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

Financial Instruments

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

Charities Reorganisation Proposals

At its meeting of 20 June 2013 Angus Council agreed to commence a process of reorganisation for the 142 non-education Charities and Trusts which it administers. The Council is seeking to consolidate all bar 2 of the existing Charities and Trusts into a single registered charity for Angus sub-divided into geographical areas (based on Council ward boundaries) and further sub-divided into various charitable purposes. The proposals for reorganisation are available on the Council's website (reports 285/13 and 392/13 refers).

Common Good

The Council administers the Common Good Account for five towns within the district. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2013. Note 45 to the single entity accounts is also relevant here.

Income and Expenditure Account for the year ended 31 March 2013

	Actual 2012/13 £000	Budget 2012/13 £000	Actual 2011/12 £000
Expenditure			
Property Costs	16	27	18
Supplies and Services	1	4	17
Third Party Payments	0	0	0
Central Support Services Charges	60	49	56
Projects	163	478	424
Loan Interest Payable	22	24	24
Depreciation & Impairment	129	120	25
Total Expenditure	391	702	564
Income			
Fees, Charges etc	304	313	332
Interest on Loan	21	27	29
Other Income	1	5	2
Gain on Disposal of Assets	0	0	0
Total Income	326	345	363
Net (Surplus)/Deficit	65	357	201

Balance Sheet as at 31 March 2013

	2012/13 £000	2011/12 £000
Non Current Assets		
Heritable Property (less Depreciation), Other Assets	4,827	4,863
Total Non Current Assets	4,827	4,863
Long Term Debtors	19	23
Current Assets		
Debtors	4	4
Revenue Advances to Loans Fund	3,137	3,101
Total Current Assets	3,141	3,105
Current Liabilities		
Creditors and Accruals	19	0
Total Current Liabilities	19	0
Working Capital	3,122	3,105
Long Term Creditor	450	485
Total Net Assets	7,518	7,506
Reserves		
Income & Expenditure Account	1,926	1,991
Capital Account	2,398	2,321
Revaluation Reserve	3,194	3,194
Total Reserves	7,518	7,506

The accounts were issued for audit on the 28 June 2013 and the audited accounts were authorised for issue on the 26 September 2013.

Ian Lorimer CPFA
Head of Corporate Improvement and Finance
26 September 2013

1. Movement in Individual Common Good Reserve Funds
Revenue Account

	Balance at 1/4/12 £000	Income £000	Expenditure £000	Balance at 31/3/13 £000	Transfer Between Inc & Exp & Capital Accounts £000	Adjusted Balance at 31/3/13 £000
Arbroath	651	88	(169)	570	0	570
Brechin	466	75	(62)	479	0	479
Forfar	665	95	(90)	670	0	670
Kirriemuir	7	0	0	7	0	7
Montrose	202	68	(70)	200	0	200
TOTAL	1,991	326	(391)	1,926	0	1,926

Capital Account

	Balance at 1/4/12 £000	Income £000	Expenditure £000	Balance at 31/3/13 £000
Arbroath	784	20	(15)	789
Brechin	500	72	0	572
Forfar	527	0	0	527
Kirriemuir	0	0	0	0
Montrose	510	0	0	510
TOTAL	2,321	92	(15)	2,398

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2012/13

	(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	81	(89)	17	9
Brechin	(13)	(19)	0	(32)
Forfar	(5)	(12)	0	(17)
Kirriemuir	0	0	0	0
Montrose	2	(9)	(4)	(11)
TOTAL MOVEMENT IN YEAR	65	(129)	13	(51)
2011/12 Balance b/f	1,991			3,101
Asset Creation	0			(15)
Increase/(Decrease) Per Surplus Above	(65)			51
Balance as at 31/03/13	1,926			3,137

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation	(129)
Impairment	0
Total	(129)

4. Cash Transactions Adjusted in Note 2 Above

	£000
Principal repayment on loan from General Fund	17
Short Term Debtor	(4)
Total	13

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

I certify that I have audited the financial statements of Angus Council and its group for the year ended 31 March 2013 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the council only and group Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets and Cash-Flow Statements, the council only Housing Revenue Account Statement, Movement on the Housing Revenue Account Statement, Council Tax Income Account, Non-Domestic Rates Income Account, Charitable Trusts, Common Good and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the 2012/13 Code).

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

Respective responsibilities of the Head of Corporate Improvement and Finance and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2012/13 Code of the state of the affairs of the group and of Angus Council as at 31 March 2013 and of the income and expenditure of the group and the council for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Stephen Boyle CPFA
Assistant Director
Audit Scotland
4th Floor South Suite
8 Nelson Mandela Place
Glasgow, G2 1BT

27 September 2013

