



**WEST
DUNBARTONSHIRE
COUNCIL**

FINANCIAL STATEMENTS

Year Ended 31 March 2009

(Draft – Subject to Audit)

(Revised 6 August 2009)

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

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WEST DUNBARTONSHIRE COUNCIL

Financial Statements for the Year Ended 31 March 2009

Foreword by the Executive Director of Corporate Services

Introduction

The purpose of these Financial Statements is to provide clear information about the Council's financial position as at 31 March 2009. The foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the Financial Statements.

Overview of Core Financial Statements

The Financial Statements comply fully with the Code of Practice on Local Authority Accounting in Great Britain. Two major categories of expenditure are included in the financial statements: revenue and capital. Revenue expenditure represents the day to day running costs that the Council incurs to provide services. Capital expenditure is the cost of acquiring, constructing and improving the assets which the Council uses to provide services.

Revenue expenditure is recorded in a number of accounts with the main purposes of each statement summarised as follows:

- **The Income and Expenditure Account** details the income and expenditure relating to all Council services. It is shown on page 12.
- **The Statement of Movement on the General Fund Balance** shows how the Income and expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year. It is shown on page 13.
- **The Statement of Total Recognised Gains and Losses (STRGL)** shows all gains and losses experienced by the Council, not just those that are reflected in the income and expenditure account. It is now necessary to consider all gains and losses that contribute to the change in the "net worth" of the Council over the course of the financial year when assessing the financial result for that period. It is shown on page 14.
- **Housing Revenue Account** is funded mainly from rents and deals with the costs of managing and maintaining the Council's own housing stock. It is shown on pages 41 to 42 which also includes the statement of movement on the Housing Revenue Account Balance.

Capital expenditure is analysed for each department in the **Capital Account** on page 45 which details the budgetary performance of each department and summarises the sources of finance that have been applied to each programme.

The **Balance Sheet** on pages 15 to 16 brings together the assets and liabilities of the Council. It is a statement of the resources of the Council and the means by which they have been financed. It is also a report on the Council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms.

The **Statement on Movements in Reserves** pages (46 and 47) provides further information about some of the figures in the Balance Sheet.

The **Cash Flow Statement** on page 17 summarises the inflows and outflows of cash arising from transactions with third parties on both day to day revenue transactions and on capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.

Additional **Notes To The Core Financial Statements** are provided on pages 18 to 40 which give further information and analysis relevant to each statement.

Income and Expenditure Account

This account covers the day to day operational expenditure for each department of the Council. It shows where the money came from and what it was spent on. Income from council tax, non domestic rates and revenue support grant was £223.168m, with a net expenditure on services for the year of £222.247m (as shown on page 12 - Net Cost of Services £198.301m plus precepts £23.946m).

The Council successfully implemented its pay modernisation programme during 2008/09. Once payments due were made, the Council was required to review its provision for the residual costs of pay modernisation and equal pay claims. As at 31 March 2009 the provision held for this totals £3.371m. The Council agreed at its meeting on 19 August to earmark an additional £1m from reserves to use within the Pay Modernisation Programme during 2009/10 and beyond. As a result at 31 March 2009, as well as the provision, the Council holds a total earmarked balance within its reserves of £4m of which £1.5m was applied to fund the additional recurring cost of changes to terms and conditions in 2009/10.

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Foreword by the Executive Director of Corporate Services (cont'd)

When the overall General Services surplus for the year of £1.728m is added to the brought forward balance from the previous year, the accumulated surplus at 31 March 2009 is £5.036m (as shown on page 38). This includes an earmarked amount of £4.778m, leaving £0.258m available for future use. This un-earmarked balance compares with that of £2.277m as at 31 March 2008 and confirms that the reserve position has reduced by £2.019m during the year.

During the year, as a result of a significant number of successful appeals against Council Tax banding within Clydebank awarded by the Assessor, the Council was required to refund Council tax payments back to 1993 in appropriate cases totalling £0.980m. In addition the Council also had to absorb a number of significant budget pressures that arose during the year in relation to the economic downturn but due to tight financial control over service spending, was able to return an in year surplus of £0.118m (2007/08 £0.806m). The Council's budgetary performance for the year is summarised in the following table :

	£m	£m	£m
Un-earmarked balance at 31 March 2008			2.277
Planned surplus for year		0.436	
Less			
Clydebank re-banding (previous years)	0.980		
Revision of bad debt provision	0.593		
Pay Modernisation	<u>1.000</u>	<u>2.573</u>	<u>2.137</u>
			0.140
In year surplus against budget			<u>0.118</u>
Un-earmarked balance at 31 March 2009			<u>0.258</u>

The Council has a prudential reserves policy which aims to retain a reserve of 2% of net expenditure to safeguard assets and services against financial risk. The current target prudential reserves level for the General Fund is £4.940m and, following the settlement of equal pay claims, the Council is currently aiming to restore its reserve to this level over the medium term.

Housing Revenue Account

By law, the Council has to maintain a separate account for its housing stock. The number of units owned by the Council at 31 March 2009 was 11,436. The account shows a surplus for the year of £0.301m. In line with the prudential reserves policy, the target reserves level for 2009/10 for the Housing Revenue Account is £0.627m. Taking account of an in year surplus (£0.301m), the brought forward balance from the previous year (£1.538m) and the amount applied to the 2009/10 budget (£0.380m), the balance available to the HRA for future use is £1.459m.

Cash Flow Statement

The Council's cash flow statement shows an increase of £0.692m during 2008/09 (note 30, page 40) mainly as a result of an increase in temporary investments held due to both deferred revenue income and income held from the sale of assets not yet re-invested.

Principal Sources of Finance

The principal sources of finance utilised by the Council in 2008/09 were as follows :

Revenue support grant	£151.074million	provided by the Scottish Government
Specific Government grants	£20.137 million	provided by the Scottish Government
Non-domestic rate income	£34.999 million	provided by the Scottish Government
Council tax/community charge	£37.095 million	raised from local taxpayers
Housing rents	£28.544 million	raised from tenants

The figures shown above in respect of revenue support grant and specific grants reflect the movement towards the removal of ring-fencing in line with the concordat agreed between the Scottish government and CoSLA

Although the Council received £34.999m non domestic income from the Scottish Government, £57.694 million was paid to the Scottish Government from non domestic rates collected in West Dunbartonshire which represents a net contribution to central government of £22.695 million.

The Council's Council Tax Team increased tax collection to record levels during the year. The in-year collection of Council tax increased to 93.0% which was 0.2% better than 2007/08.

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Foreword by the Executive Director of Corporate Services (cont'd)

Pension Assets and Liabilities

The Council participates in the Strathclyde Pension Fund and the FRS17 calculation (pages 22 to 27) show a deficit based on a snapshot valuation of the fund as at 31 March 2009. The valuation states that assets held at the valuation date were sufficient to cover 85.38% of accrued liabilities

Council Assets

The present economic climate has resulted in more volatile asset values and the Council's valuer found it necessary to carry out impairment reviews during 2008/09 in respect of assets such as Council Housing and investment properties.

Long Term Borrowing

The Council's Treasury Strategy for 2008/09 was agreed by the Council in March 2008. In accordance with the strategy the Council rescheduled £24.962m of existing debt which was all PWLB. The Council raised new long term loans of £8.000m and repaid naturally maturing debt of £0.079m. The total outstanding long term debt as at 31 March 2009 was £193.810m including £85.276m for the Council's housing stock. The interest and expenses rate charged by the Council's loans fund was 6.42%.

Trading Operations

The Council now maintains separate accounts for two statutory trading operations under the provisions of the Local Government Scotland Act 2003: Housing Property Maintenance and Grounds Maintenance/Street Cleaning. These two operations returned a total collective surplus of £1.569m. Both operations have achieved a break even performance over the last three years, consistent with their statutory requirements. Further details are provided on pages 18 and 19.

Capital Finance

The Council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing Capital programmes for 2008/09 and beyond. Details of the capital budgets and expenditure are shown in the capital account on page 45. Total gross expenditure amounted to £31.897m. Expenditure was less than budget by £1.773m. This was due to General Services slippage (£2.676m) offset by an overspend in HRA (£0.903m). Slippage is primarily due to the timing of architectural, planning and tendering processes which is recognised in the Council's capital programme. Overspends are offset in future years' programmes. On 11 December 2008 the Council agreed financial close on a Public Private Partnership agreement, resulting in the build of 3 new community learning centres, two of which are on target to open in August 2009.

Group Accounts

Local authorities are asked to prepare group accounts in addition to their own Financial Statements where they have material interest in other organisations. The group accounts on pages 48 to 56 consolidate the Council's Financial Statements with five other entities, together with the Common Good and Trust Funds. The effect of combining these entities on the group balance sheet is to reduce reserves and net assets by £192.920m, creating an overall net asset of £91.865m. This reflects the combined pension liability of these organisations. However, as there is no reason to suggest that future funding to these bodies will not continue, the accounts have been prepared on a going concern basis.

Conclusion

The financial results show a reduction in the Council's overall balances after adjusting for a carry-forward of budgeted resources. Considering the significant and exceptional financial pressures faced by the Council we have successfully managed our affairs within the budget set and the financial objectives prescribed. This is a satisfactory performance and reflects well on both the efforts and professionalism of the staff and on our financial management and monitoring procedures.

Acknowledgement

The production of the Annual Financial Statements is very much a team effort and I wish to record my thanks to both my own staff and to colleagues in all services whose efforts have contributed to the completion of these Financial Statements.

Joyce White FCMA
Executive Director of Corporate Services
West Dunbartonshire Council
30 June 2009

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**Statement of Responsibilities
for the Financial Statements**

The Authority's Responsibilities:

The Authority is required:

- ☐ 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 Executive Director of Corporate Services; and
- ☐ to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Executive Director of Corporate Services' Responsibilities:

The Executive Director of Corporate Services is responsible for the preparation of the Authority's Financial Statements which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2009.

In preparing this Financial Statements, the Executive Director of Corporate Services has:

- ☐ selected suitable accounting policies and then applied them consistently;
- ☐ made judgements and estimates that were reasonable and prudent; and
- ☐ complied with the Code of Practice.

The Executive Director of Corporate Services has also:

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

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Statement on the System of Internal Financial Control

This statement is given in response to the financial statements of West Dunbartonshire Council for the year ended 31 March 2009. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources at the Council's disposal.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, 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:

- comprehensive budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecast;
- clearly defined capital expenditure guidelines;
- an effective Internal Audit service; and
- scrutiny by the Audit & Performance Review Committee of the Council.

The Manager of Audit produces an annual audit plan based on a risk assessment of the Council's systems and processes which is revised on an ongoing basis to reflect evolving risks and changes within the Council. The audit plan is endorsed by the Audit & Performance Review Committee. This Committee meets regularly and receives reports from the Manager of Audit. Our external auditors also attend. The Manager of Audit produces an annual report on the work carried out by Internal Audit during the year. This report contains a view on the effectiveness of the system of internal financial control. Although during the year slippage occurred from the level of audit work planned, the independent opinion reached in the annual internal audit report was that reasonable assurance could be placed on the system of internal financial control.

The Internal Audit service operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The Manager of Audit meets regularly with chief internal auditors for other authorities and staff are appropriately trained.

Our review of the effectiveness of the system of internal financial control is informed by:

- the audit work undertaken by Internal Audit during the year to 31 March 2009;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Council's external auditors, KPMG LLP, and other review agencies;
- knowledge of the Council's governance, risk management and performance monitoring arrangements; and
- statements of internal financial control produced by those authorities which the Council has determined will be included in the preparation of Group Accounts:

- Strathclyde Joint Police Board
- Strathclyde Fire Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Joint Board

From the above, we are satisfied that the Council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify any areas of weakness and to take appropriate action.

There are, however, weaknesses identified in the Report issued by Audit Scotland on the Audit of Best Value and Community Planning in West Dunbartonshire Council (published February 2007) which are being addressed by the Council as a priority.

Following a follow up review which was carried out during the year by Audit Scotland (published January 2008), an updated Best Value Improvement Plan and monitoring framework have been put in place and remedial action taken to ensure the Council is delivering Best Value Services, most notably in relation to decision making, scrutiny, management structures and financial and workforce planning. A further follow up review was carried out in March 2009 with a draft report presented to Council on 24 June 2009. Following the formal publication of the findings, the Improvement and Efficiency Executive will meet to develop a revised Improvement Plan to address the report findings. The Manager of Audit will continue to monitor progress on the improvement plan during 2009/10.

Signed David McMillan
Chief Executive

Signed Joyce White
Executive Director of Corporate Services

Date 30 June 2009

Date 30 June 2009

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Statement of Accounting Policies

The general principles adopted in compiling and presenting the Financial Statements are reviewed annually and are those recommended by the Code of Practice on Local Authority Accounting in the UK, issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). Changes to the accounting practices introduced by the 2007 Statement of Recommended Practice are explained in detail in note 1 to the financial statements.

1. Debtors

All specific and material sums payable to the Council have been brought into account. The Council has made provision, based on past experience, for the loss of local taxation income arising from bad and doubtful debts and for successful valuation appeals. Provision has also been made for bad and doubtful debts for all other items of income.

2. Creditors

All salaries and wages earned up to 31 March 2009 have been included in the Financial Statements for 2008/09 irrespective of when actual payments were made.

Sundry Creditors have been accrued on the basis of payments made during the first three weeks following 31 March 2009 together with specific accruals in respect of further material items.

3. Revenue Grants

All revenue grants are matched with the expenditure to which they relate. Grants made to finance the general activities of a local authority, or to compensate for loss of income, are credited to the revenue account of the financial year to which they relate.

4. Allocation of Central Support Expenses

The costs of all central support services are fully allocated to user departments. The method of allocation is determined by the individual support services and in many instances is time based.

Corporate and democratic core and direct service activities have been differentiated as required by the Accounting Code of Practice.

5. Financing costs

The Council operates a loans fund and all loans raised are paid into the fund. Advances are made to departments to finance capital expenditure during the year and the advances are repaid by annual annuity, over the estimated life of the asset.

Interest has been calculated and allocated to the Income and Expenditure Account in accordance with LASAAC note 2. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of instrument of the loan.

Included in debtors are interest free loans to community groups. Where material, the interest notionally foregone is recognised in the Income and Expenditure Statement. Scottish Government regulations require that this notional figure is excluded from the General Fund by a transfer to or from the Financial Instrument Adjustment Account in the Statement of Movement on the General Fund Balance.

On the Balance Sheet the carrying value of investments and borrowings includes accrued interest due to/from the Council.

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Statement of Accounting Policies (cont'd)

6. Repurchase of Borrowing

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio with substantially the same overall effect when viewed as a whole, gains and losses are recognised on the Balance Sheet and written down to revenue on a straight line basis over the term of the replacement loans. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund balance is managed by a transfer to/from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

7. Provisions

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based upon the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision held within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will now not be required (or a lower settlement is likely) the provision is reversed and credited back to the relevant service revenue account.

8. Valuation of Assets and Investments

(a) Stores and Materials

In general, consumable stock brought into account has been valued at weighted average cost.

(b) Work in Progress

This has been valued at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

(c) Investments

Investments are valued at the lower of cost or market value.

9. Capital Accounting

(a) Accounting Policy Statement

The Financial Statements have been drawn up in accordance with the appropriate Code of Practice on Local Authority Accounting which is recognised by statute as representing proper accounting practices. The main points of the capital accounting policy followed by the Council include:-

- (i) The definition of capital in relation to the purchase and construction of new assets and the enhancement of existing assets.
- (ii) The type of expenditure that can be capitalised.
- (iii) A summary explanation of the Council's Asset Register and depreciation policies.
- (iv) For 2008/09, a de minimis asset value of £6,000 was applied.

(b) Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use.

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Statement of Accounting Policies (cont'd)

(b) Fixed Assets (cont'd)

Non operational assets have been included in the Balance Sheet at open market value.

The valuations of both operational property and surplus properties are as verified by the Executive Director of Housing, Environmental and Economic Development and are certified by her appropriately qualified Estates Officer as complying with the Statement of Asset Valuation Practice and Guidance Notes as published by the Royal Institution of Chartered Surveyors. Other specialised properties such as infrastructure, community assets and listed buildings are included at historic cost.

(c) Deferred Charges

All expenditure on improvement grants is charged to the service revenue account – Non HRA housing – in the year in which it is spent.

(d) Depreciation

All operational assets, other than non-depreciating land and community assets are being depreciated over their useful economic lives. Services are charged for the use of assets no matter how financed and this charge equates to a provision for depreciation where appropriate. Depreciation is charged on a straight line basis over the pre-determined useful life period as agreed with the Council Valuer (refer to 9(g)).

In the case of the Trading Operations, the charge for the use of assets includes a provision for depreciation plus an interest charge for the actual cost of borrowing for capital expenditure. As permitted by the SORP, the accounting treatment fully complies with the specific reporting requirements under the Local Government in Scotland Act 2003 for the Council's Trading Operations.

In the case of non operational assets, this is not charged to service revenue accounts, but is reflected in the income and expenditure account through non distributed costs.

(e) Impairment

The values of each category of assets are reviewed at the end of each financial year for evidence in reduction in value. Where impairment has been identified this is accounted by being charged to the relevant service revenue account or offset against balances held in the Revaluation Reserve. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to/from the Capital Adjustment Account in the Statement of Movement on the General Fund.

(f) Valuation

The Balance Sheet brings together all the assets and liabilities of the Council's General Fund, Trading Accounts and Loans Fund and should be read in conjunction with the Statement of Accounting Principles. Assets are valued as follows:

Council Dwellings - comparative open market value discounted for potential sales under the Right to Buy legislation, taking account of the size of dwellings.

Other Land and Buildings - open market value for existing use or depreciated replacement cost basis as appropriate. A few minor properties have been valued at historic cost or net realisable value.

Infrastructure - depreciated historic cost.

Community Assets - depreciated historic cost.

Vehicles, Plant, Furniture and Fittings - depreciated historic cost.

Intangible Assets – depreciated historic cost.

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Statement of Accounting Policies (cont'd)

9. Capital Accounting (cont'd)

(f) Valuation (cont'd)

Non Operational Assets -	Assets Under Construction	-	historic cost
	Other Than Assets Under Construction	-	open market value

Valuation - the Council has a five year rolling programme for valuing all assets other than those valued at historic cost. The planned programme of revaluation for 2008/09 and each of the following four years is as follows:

2008/09	housing stock/schools/Social Work homes
2009/10	any properties not previously revalued/general re-appraisal
2010/11	halls/public conveniences/leisure/sports centres and libraries
2011/12	crematorium/cemeteries/operational offices & depots
2012/13	all council non-operational properties

(g) Useful Lives

The useful lives of the assets are as follows:

Council Dwellings	40 years
Other Land and Buildings	operational buildings 20 – 40 years
Infrastructure	20 years
Vehicles, Plant, Furniture and Fittings	5 – 10 years
Intangible Assets	5 – 10 years
Component Assets	5 – 20 years

10. Receipts arising from the sale of Capital Assets

All receipts generated within both the Housing Revenue Account and the General Fund Account may be used to finance capital expenditure or to reduce the Council's borrowing requirement.

11. Profit or loss on Disposal of Assets

Profits and losses on the disposal of assets are credited or debited to the Income and Expenditure Account within the 'net cost of service'.

12. Leased Assets

Leases that do not meet the definition of finance leases are accounted for as operating leases. The rentals for all leases classified as operating leases have been charged to the appropriate service revenue accounts, when they became payable.

13. Government Grants

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

14. Pension Costs and Retirement Benefits

The accounting treatment followed by the Council is in accordance with the Financial Reporting Standard 17 (FRS17) which was issued by the Accounting Standards Board in November 2000.

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

- The Teachers' Pension Scheme, administered by Scottish Pensions Agency; and
- The Local Government Pensions Scheme, administered by Glasgow City Council.

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Statement of Accounting Policies (cont'd)

14. Pension Costs and Retirement Benefits (cont'd)

Both schemes provided defined benefits to members earned as employees of the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Education Service revenue account is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

15. Group Accounts

The Council has fully adopted the 2008 SORP accounting requirements for group accounts. Any deviation from the Council's main accounting policies are noted within page 49.

16. Grants and Contributions

Amounts credited to the Income and Expenditure Account from Deferred Grants is included within the 'net cost of service'.

17. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recovered from them.

18. Overheads and Support Services

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Code of Practice 2008. The total absorption costing principle is used – 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.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

19. Reserves

Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is appropriated back into the General Fund Balance statement to ensure no net charge against council tax for the expenditure. Reserves held by the Council are noted on page 46 within the Statement of Total Movement in Reserves.

20. Trading Operations

The Local Government in Scotland Act 2003 repealed performance duties under the Government's compulsory competitive tendering legislation and replaced them with reporting results of significant trading operations. Details of these operations are detailed in Note 2 in the Notes to the Core Financial Statements. In accordance with the SORP and Council policy, the surplus or deficit on each trading operation has been taken to the Income and Expenditure Account.

21. Financial Guarantees

Any financial guarantees the Council has committed to since 1 April 2006 have been recognised at fair value and assessed for probability of the guarantee being called and the likely amount payable under the guarantee. Any material provision for this has been recognised in the Financial Statements.

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Financial Statements for the Year Ended 31 March 2009

Income and Expenditure Account

2007/08 Net Expenditure £000	Notes		2008/09 Gross Expenditure £000	2008/09 Gross Income £000	2008/09 Net Expenditure £000
		Service			
3,840		Central Services	4,420	1,546	2,874
3,111		Corporate and Democratic Core	3,450	74	3,376
10,138		Non distributed costs	2,359	4,180	(1,821)
12,514		Cultural and Related Services	17,605	2,599	15,006
112,559		Educational Services	101,767	7,973	93,794
6,816		Environmental Services	15,254	6,077	9,177
(3,244)		Housing Services	74,664	72,126	2,538
(1,437)		Planning and Development Services	10,147	5,602	4,545
7,531		Roads and Transport Services	17,615	9,255	8,360
45,578		Social Work Services	73,865	13,413	60,452
197,406	15	Net Cost of Services	321,146	122,845	198,301
(3,710)		Gain or Loss on Disposal of Fixed Assets	0	604	(604)
22,856		Precepts	38,300	14,354	23,946
(1,365)	2	Surpluses on Trading Undertakings not included in net cost of services	0	1,569	(1,569)
12,277		External Interest Payable and similar charges	12,295	0	12,295
838		Gain/loss early settlement of borrowing	150	0	150
(1,554)		Interest Earned	0	1,948	(1,948)
(3,252)	12	Pension Interest Cost and Expected return on Pension Assets	25,833	25,744	89
223,496		Net Operating Expenditure	397,724	167,064	230,660
(38,837)		Council Tax			(37,095)
(33,363)		Non-Domestic Rates			(34,999)
(120,768)		Revenue Support Grant			(151,074)
30,528		(Surplus)/Deficit to be met from Balances b/f			7,492

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Statement of Movement on the General Fund Balance

The Income and Expenditure Account highlights the actual financial performance for the year. However, the authority is required to raise council tax on a different accounting basis. The main differences are:

- (a) Capital investment is accounted for as it is financed, rather than when the assets are consumed.
- (b) Interest is accounted for when it is received or paid, rather than on the effective interest rate over the life of the loan.
- (c) Premiums and discounts arising from debt restructuring are amortised over the period of the replacement loan in accordance with Scottish Government regulations, rather than when the original loan is extinguished.
- (d) Retirement benefits are charged when amounts become payable to the pension funds and pensioners, rather than as future benefits are earned.

The Statement of Movement on the General Fund balance is a reconciliation summary.

2007/08 £000	Notes	2008/09 £000	2008/09 £000
30,528	(Surplus)/Deficit for the year on the Income and Expenditure Account		7,492
(29,270)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year *		(9,220)
1,258	(Increase)/decrease in the General Fund Balance		(1,728)
(4,566)	General Fund Balance brought forward		(3,308)
(3,308)	General Fund Balance carried forward		(5,036)
Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the General Fund Balance for the year			
(30)	Amortisation of intangible assets	(52)	
(52,625)	Depreciation and impairment of fixed assets	(28,391)	
2,888	25 Government Grants Deferred amortisation	1,330	
3,710	Net loss/surplus on Disposal of Fixed Assets	604	
3,189	12 Net charges made for retirement benefits in accordance with FRS17	3,099	(23,410)
(42,868)			
Amounts not included in Income and Expenditure Account but require to be included by statute when determining the Movement on the General Fund Balance for the year			
13,559	Loans Fund Principal repayments	13,378	
0	Capital Expenditure charged in-year to the General Fund Balance	0	13,378
13,559			
Transfers to/from General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year			
0	11 Contribution from HRA Balance to General Fund	0	
554	4 Surplus transferred to/(from) HRA Account	301	
(9)	Transfers to (from) capital items replacement fund	29	
(506)	Movement on pension reserve	482	
39			812
(29,270)	Net additional amount required to be (credited)/debited to the General Fund balance for the year*		(9,220)

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year. In addition to the surplus/deficit on the Income and Expenditure Account, it also includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover retirement benefit costs.

2007/08			2008/09
£000	Note		£000
30,528		Deficit for the year on the Income and Expenditure Account	7,492
(11,005)	18	Deficit/ (Surplus) arising on the revaluation of fixed assets	(114,418)
(43,423)	12	Actuarial (gains)/losses on pension fund assets and liabilities	42,605
<u>22,374</u>	19	Adjustment made to Balance Sheet relating to Financial Instruments	<u>(531)</u>
<u>(1,526)</u>		Total recognised gains and losses for the year	<u>(64,852)</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Balance Sheet as at 31 March 2009

2007/08 £000	Note		2008/09 £000	2008/09 £000
		Intangible Assets		
201	18	Software Licenses		153
		Operational Assets		
192,968	18	Council Dwellings	283,166	
145,686	18	Other Land and Buildings	174,490	
12,475	18	Vehicles, Plant and Equipment	12,840	
29,053	18	Infrastructure	30,070	
240	18	Community	240	500,806
380,623				500,959
		Non Operational Assets		
53,002	18	Investment Properties	47,487	
13,791	18	Surplus Assets Held for Disposal	11,943	
1,022	18	Assets under construction	2,237	61,667
67,815				
		Investments		
515	20	Long Term Debtors		412
448,953		Total Long Term Assets		563,038
		Current Assets		
849	21	Stocks and Work in Progress	852	
35,795	22	Sundry Debtors	25,968	
23,642		Short Term Investments	27,748	
51		Cash in Hand	48	54,616
60,337				
		Current Liabilities		
(35,135)	19, 23	Sundry Creditors	(37,495)	
(2,309)	19	Bank Overdraft	(1,575)	
(550)	19	Borrowing repayable on demand or within 1 year	(25,485)	(64,555)
(37,994)				
471,296		Total Assets less Current Liabilities		553,099
(210,761)	19	Borrowing Repayable after 12 Months	(193,810)	
(13,752)	24	Provisions	(3,551)	
1,192		Asset relating to Defined Pension Scheme	0	
(11,490)		Liability relating to Defined Pension Scheme	(49,322)	
(17,871)	25	Deferred Grants	(22,950)	
(252,682)		Total Long Term Liabilities		(269,633)
218,614		Total Assets Less Liabilities		283,466

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Balance Sheet as at 31 March 2009 (cont'd)

2007/08 £000	Note		2008/09 £000	2008/09 £000
		Represented by:		
		Capital Reserves		
13,359		Revaluation Reserve	124,484	
216,027		Capital Adjustment Account	208,393	
(22,374)		Financial Instruments Adjustment Account	(21,843)	
<u>10,959</u>		Usable Capital Receipts Reserve	<u>8,507</u>	
217,971				319,541
		Revenue Provisions and Reserves		
(10,298)		Pension Reserve	(49,322)	
3,308	27	General Fund	5,036	
1,538	27	Housing Revenue Account	1,839	
327		Capital Items Replacement Fund	356	
<u>5,768</u>		Capital Reserve	<u>6,016</u>	
643				(36,075)
<u>218,614</u>		Total Net Worth		<u>283,466</u>

Joyce White FCMA
Executive Director of Corporate Services
West Dunbartonshire Council
30 June 2009

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Cash Flow Statement

2007/08 £000	Notes		2008/09 £000	2008/09 £000
		<u>REVENUE ACTIVITIES</u>		
		Cash Outflow		
154,076		Cash paid to and on behalf of employees	165,344	
123,360		Other operating cash payments	148,326	
<u>14,790</u>		Housing Benefit paid out	<u>16,519</u>	
292,226				<u>330,189</u>
		Cash Inflow		
(10,262)		Rents (after rebates)	(11,322)	
(38,887)		Council Tax income	(37,244)	
(98,897)		Revenue Support Grant	(128,379)	
(56,716)		Non Domestic Rates	(57,458)	
(31,325)		DSS Grants for rebates	(33,056)	
(36,960)	28	Other Government Grants	(15,307)	
(35,589)		Cash received for goods and services	(47,754)	
<u>(15,133)</u>		Other operating cash receipts	<u>(26,199)</u>	
<u>(323,769)</u>				<u>(356,719)</u>
<u>(31,543)</u>	29	Net Cash (Inflow) from Revenue Activities		<u>(26,530)</u>
		<u>SERVICING OF FINANCE</u>		
		Cash Outflow		
11,601		Interest etc. paid		12,128
		Cash Inflow		
(1,554)		Interest received		<u>(1,948)</u>
<u>10,047</u>		Net Cash Outflow from Servicing of Finance		<u>10,180</u>
		<u>CAPITAL ACTIVITIES</u>		
		Cash Outflow		
28,309		Purchase/Improvement of fixed assets		34,212
		Cash Inflow		
(7,474)		Sale of fixed assets	(7,081)	
(6,336)	28	Capital grants received	(10,011)	
<u>(1,430)</u>		Other capital cash receipts	<u>0</u>	
<u>(15,240)</u>				<u>(17,092)</u>
<u>13,069</u>		Net Cash Outflow from Capital Activities		<u>17,120</u>
<u>(8,427)</u>		Net Cash Outflow/(Inflow) before Financing		<u>770</u>
		Management of Liquid Resources		
8,951		Net increase/(decrease) in Liquid Resources		<u>4,100</u>
<u>8,951</u>		Net Cash Outflow/(Inflow) from Management of Liquid Resources		<u>4,100</u>
		<u>FINANCING</u>		
		Cash Outflow		
7,241		Repayment of amounts borrowed		25,042
		Cash Inflow		
(7,170)		New long term loans raised		<u>(29,181)</u>
<u>71</u>	30	Net Cash Outflow/(Inflow) from Financing		<u>(4,139)</u>
<u>595</u>	30	(Increase)/Decrease in Cash		<u>731</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements

Note 1 : Central Support Services

Central support services are allocated fully over other services. The total cost of the services is made up as follows:

2007/08 Net Allocation £000	Service	Gross Costs £000	Income £000	2008/09 Net Allocation £000
198	Chief Executive	199	0	199
167	Executive Director of Corporate Services	258	0	258
1,281	Legal, Administrative & Regulatory Services	1,410	26	1,384
47	Central Purchasing	92	0	92
6,089	Finance & ICT	7,980	1,460	6,520
915	Human Resources and Organisational Dev.	1,486	1	1,485
493	Policy Unit	722	178	544
283	Corporate Communications	296	21	275
1,174	Architectural and Related Services	1,841	0	1,841
91	Canteen	51	0	51
30	Courier Service	32	0	32
1,630	Office Accommodation	1,750	70	1,680
190	Procurement	194	1	193
276	Risk management	334	1	333
441	Internal Audit	428	0	428
13,305	Total	17,073	1,758	15,315

Note 2 : Net Surplus on Trading Operations

The Local Government Scotland Act 2003 repealed the legislation governing compulsory competitive tendering. The Act introduced a requirement for statutory trading accounts to be maintained for "significant trading operations". A service is deemed to be a significant trading account where the service is provided in a competitive environment, it is charged on a basis other than straightforward recharge of cost and the service is deemed to be significant. The figures below include an interest charge for the assets as noted within the accounting policies.

2007/08 Surplus/ (Deficit) £000	Trading Account	Expenditure £000	Income £000	2008/09 Surplus/ (Deficit) £000
566	Housing Property Maintenance	14,284	15,495	1,211
	Grounds Maintenance & Street			
799	Cleaning	8,652	9,010	358
1,365		22,936	24,505	1,569

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 2 : Net Surplus on Trading Operations (cont'd)

It is the duty of a local authority to conduct each of its significant trading operations so that, taking every year with the two previous years, total revenue is not less than expenditure. The analysis for 2006/07 to 2008/09 is as follows:

Trading Account		Housing Property Maintenance £000	Grounds Maintenance/ Street Cleaning £000
Net surplus/(deficit) reported	2006/07	1,235	478
	2007/08	566	799
	2008/09	<u>1,211</u>	<u>358</u>
		<u>3,012</u>	<u>1,635</u>

Through annual review and evaluation the Council reduced its statutory trading operations to two services in 2007/08, namely grounds maintenance/street cleaning and housing property maintenance. The annual review confirms this is still appropriate.

The above table confirms that both trading accounts which have been statutory for three years have met the break even target.

A brief outline of the services delivered by the statutory trading accounts is provided below:

Housing Property Maintenance Trading Services - delivers an economic, efficient and effective housing repairs service to its customers.

Grounds Maintenance/Street Cleaning Services – aims to make a positive impact on the health and wellbeing of residents and visitors to the area through cleaner and well maintained Council areas.

Note 3 : Material Transactions with Related Parties

A requirement of the Accounting Code of Practice is that a local authority's Financial Statements should disclose material transactions with related parties i.e. organisations that the Council can influence or who can influence the Council. Transactions involving related parties in 2008/09 that are within the Council's group accounts are summarised below:

2007/08 Net Payment	Organisation	Description	2008/09 Receipts	2008/09 Payment	(Debtor)/ Creditor at 31.03.09
£000			£000	£000	£000
715	Dumbarton and Argyll & Bute Valuation Joint Board	Annual running costs	0	733	0
12,990	Strathclyde Police Joint Board	Annual running costs	0	13,959	0
9,151	Strathclyde Fire Joint Board	Annual running costs	0	9,800	0
1,683	Strathclyde Passenger Transport Authority	Annual running costs including concessionary fares scheme	0	1,837	0

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 3 : Material Transactions with Related Parties (cont'd)

Transactions with other related parties are summarised below:

2007/08 Net Payment/ (receipt) £000	Organisation	Description	2008/09 Receipts £000	2008/09 Payment £000	(Debtor)/ Creditor at 31.03.09 £000
7,394	Scottish Government	Teachers' pension fund contribution	0	7,441	(7)
(96,294)	Scottish Government	Revenue support grant	129,327	0	0
(46,822)	Scottish Government	Government grants	19,817	0	(543)
305	Clydebank Rebuilt	Contribution on regeneration of area	0	505	0
13,769	Strathclyde Pension Fund	Employee and employers' pension contributions	0	14,697	1,238
11,595	Scottish Water	Water and sewerage charges collected by Council and paid over	0	11,348	(73)
25,633	HM Revenue and Customs	VAT/Income tax and NI	6,899	32,313	3,169
(7,095)	NHS Greater Glasgow and Clyde	Care in the community services by the Council	7,781	1,088	79

The Council maintains a register of interests for members and reviews this for transactions carried out in the year with entities which members have an interest. In the year ended 31 March 2009, the Council has not had any transactions totalling more than £0.500m for any body in which members have an interest.

Note 4 : Housing Revenue Account Surplus : £0.301m (2007/08 £0.554m)

The Housing Revenue Account returned a surplus for the year of £0.301m (2007/08 £0.554m surplus) which was transferred to the Housing Revenue Account balance.

Note 5 : Local Government Act 1986 - Separate Publicity Account

Section 5 of this Act requires the Council to maintain a separate account for publicity. Expenditure of £165,333 was incurred during 2008/09 (2007/08 £219,136) in respect of the following items:

2007/08 £		2008/09 £
82,152	Recruitment	59,018
136,984	Advertising and other publications	106,315
<u>219,136</u>		<u>165,333</u>

Note 6 : Skillseekers

This scheme is primarily funded by Dunbartonshire Enterprise and £627,770 (2007/08 £735,002) was received from this agency during 2008/09 after successful completion of predefined training modules by participants in the scheme. The net income to the Council of operating the scheme was £1,216 (2007/08 £38,010 cost).

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 7 : Operating Lease Rentals

The Council leases a number of assets by operating leases. The cost of lease rentals is shown within service spending but no asset appears in the balance sheet. Operating leases cost £0.287m in 2008/09 (2007/08 £0.558m). The unexpired commitment on these leases totals £1.613m (2007/08 £1.774m), and is profiled by maturity below:

2007/08		2008/09
£000	Maturity Profile:	£000
161	0 – 1 year	0
0	1 - 2 years	0
0	2 - 5 years	0
0	5 – 10 years	0
<u>126</u>	More than 10 years	<u>126</u>
<u>287</u>		<u>126</u>

Note 8 : Local Authorities (Goods and Services) Act 1970

Councils must keep separate account of agreements entered into under this legislation. Income and expenditure on services during 2008/09 amounted to:

2007/08		2008/09
£000		£000
935	Expenditure	1,253
405	Income	384

Note 9 : Officers' Emoluments

The number of staff whose emoluments in the year exceeded £50,000 per annum (excluding severance costs but including realignment payments) was as follows:

2007/08				2008/09
28	£50,001	To	£60,000	64
14	£60,001	To	£70,000	2
5	£70,001	To	£80,000	14
1	£80,001	To	£90,000	0
1	£90,001	To	£100,000	4
1	£100,001	To	£110,000	1

Note 10 : Members' Salaries

The total of members' salaries paid in the year was £393,992 (2007/08 £384,790). In accordance with legislation, from 2008/09 members are no longer paid allowances and instead paid on a salaried basis.

Note 11 : Transfer from Housing Revenue Account

Under the terms of Schedule 15 (para 9.1) of the Housing (Scotland) Act 1987, local authorities may transfer funds from the HRA to the General Fund. The Council made no transfer (2007/08 – no transfer) from the HRA to the General Fund accordingly.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 12 : Pensions

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the following pension schemes:

The Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded 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. The employers' contribution rate is set by the Fund actuaries following valuation.

The Teachers' Pension Scheme (Scottish Teachers' Superannuation Scheme (STSS)) which is a defined benefit scheme administered by the Scottish Executive. The employer pays a set contribution rate each year, and this is charged directly to the revenue account for the Education Service.

In addition, the Council has responsibility for unfunded liabilities in respect of teachers' pensions. These liabilities are administered as part of the Strathclyde Pension Fund and since they are unfunded with no investment assets built up to meet the pensions liabilities, cash has to be generated to meet actual pensions payments as they eventually fall due.

In accordance with Financial Reporting Standard 17 (Retirement Benefits), the Council is required to disclose certain information concerning assets, liabilities, income and expenditure relating to pension schemes for its employees. These schemes have different reporting requirements arising from FRS17 and these are detailed below.

The following disclosures exclude any net pension liability that the Council may have to contribute to in respect of the Joint Boards disclosed within the group accounts. Assets, liabilities and transactions related to these retirement benefits are shown within each group entity's financial statements. The Council may be required to make an increased contribution in the years when the liabilities of the group entities fall due.

(a) Local Government Pension Scheme

In 2008/09, the Council paid an employer's contribution of £11.212m (2007/08 £11.099m) representing 17.42% (2007/08 17.4%) of employees' pensionable pay into the Strathclyde Pension Fund, which is managed by Glasgow City Council. This fund provides members with defined benefits related to pay and service.

The employer's contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations which determine whether employers are contributing sufficiently to maintain the Fund's solvency. The last valuation was undertaken as at 31 March 2008. The employer contribution rate for 2008/09 was 16.8% and in 2009/10 is to be set at 17.3%.

In addition, the Council is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. In 2008/2009, these amounted to £2.174m (2007/08 £2.301m) representing 2.1% (2007/08 2.2%) of employees' pensionable pay. Strain on the Fund costs are charged over the period to which they relate. In 2008/09, the charge was £0.955m (2007/08 £1.080m) and the liability to meet future payments was £2.383m (2007/08 £2.777m).

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 12 : Pensions (cont'd)

(a) Local Government Pension Scheme (cont'd)

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Authority. In 2008/2009 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2008/2009	988
In earlier years	<u>29,998</u>
Total	<u>30,986</u>

For the financial year 2008/09, the council recognised the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out the Income and Expenditure Account after net operating expenditure.

The Income and Expenditure Account on page 12 reflects the full cost of benefit entitlements earned by employees and not simply the cost of employers' contributions made to the Pension fund. These costs are reflected in the relevant department within Net Cost of Services. However, the charge we are required to make against council tax and rents is based on the cash payable to the pension fund during the year (in line with employers' contributions and unfunded benefits). Therefore the real cost of benefit entitlements is reversed out of the Income and Expenditure Account in the Statement of Movement in the General Fund Balance to ensure there is no impact on the overall cost to be funded by Council tax and government grants. In a similar way, the Housing Revenue Account (HRA) surplus on the face of the Income and Expenditure Account includes the current pension costs, and not contributions paid. However, these are also reversed out along with all other services, and the adjusted HRA surplus is the figure which is carried forward to the balance sheet

The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

2007/08		2008/09
£000	Net cost of services	£000
12,824	Current service cost	8,717
1,273	Past service cost	907
839	Curtailments and settlements	1,017
	Net operating expenses	
23,038	Interest cost	25,833
(26,290)	Expected return on assets	(25,744)
<u>11,684</u>	Net charge to the Income and Expenditure Account	<u>10,730</u>
(11,684)	Reversal of charges made for retirement benefits in accordance with FRS17	(10,730)
11,099	Employer contributions payable to scheme	11,212
<u>(585)</u>	Net movement through the Statement of Movement on General Fund	<u>482</u>

Current service costs relate to the real cost of benefit entitlement earned by current employees during 2008/09. This cost was provided as a total for West Dunbartonshire Council by the actuaries. The Council allocated those cost to the appropriate service divisions using an estimation technique. The technique chosen was to allocate pro rata to the pensionable pay per service.

Past service costs/gains are non-period costs/gains and they arise from decisions made in the year, but whose financial effect is derived from years of service in earlier years. In 2008/09 this relates to the capitalised cost of early retirals on efficiency grounds.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 12 : Pensions (cont'd)

(a) Local Government Pension Scheme (cont'd)

Curtailments are vents that reduce the number of expected years of future service of present employees, or reduce for a number of employees the accrual of defined benefits for some or all of their future service. In 2008/09 this relates to the capitalised cost of early retirements on efficiency grounds.

Interest cost is the amount needed to unwind the discount applied in calculating current service cost. As members of the Scheme are one year older and one year closer to receiving their pension, the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

Expected return on assets is a measure of the return on the investment assets held by the Scheme for the year. It is not intended to reflect the actual realised return, but a longer term measure, based upon the value of the assets at the start of the year and an expected return factor.

In order to ensure that accounting for the real costs of benefit entitlements has no impact on the overall cost borne by council tax and government grants, an adjustment is made in the Statement of Movement on the General Fund Balance.

Further details on pension liabilities are provided in (c). On page 46 the Statement of Total Movement in Reserves details the costs that arose through the year. Estimates made in preparing figures for the previous years have had to be revised. Prior to 2004/05, the method used to calculate the value of committed liabilities was based upon long term gilt yields. During 2004/05 this method was changed and now the valuation is based upon long dated corporate bonds. This has increased the committed liability by a significant amount.

The actuarial valuation states that assets held at the valuation date were sufficient to cover 85.38% (2007/08 – 97.23%) of accrued liabilities at that date.

(b) Teachers' Pension Scheme

In respect of the Teachers' Pension Scheme, administered by the Scottish Executive and which provides its members with defined benefits related to pay and service, the employer's contribution rate was 13.5%. The amount paid over in respect of employer's contributions was £5.049m (2007/08 £5.068m).

In respect of expenditure in respect of teachers added years, £0.007m payments were made (2007/08 nil).

(c) Pension Assets and Liabilities

In accordance with Financial Reporting Standard 17 – *Retirement Benefits* (FRS 17), the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained above, the Council participates in two formal schemes, the Local Government Pension Scheme (Scotland), which is administered by the Strathclyde Pension Fund, and the Teachers' Scheme. The Council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Government. In addition, the Council has liabilities for discretionary pension payments outside the main schemes.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 12 : Pensions (cont'd)

(c) Pension Assets and Liabilities (cont'd)

The underlying assets and liabilities for retirement benefits attributable to the Council as at 31 March are as follows:

	2008/09 £000	2007/08 £000	2006/07 £000	2005/06 £000
Share of assets in the Strathclyde Pension Fund	288,052	361,739	365,895	336,141
Estimated liabilities in the Strathclyde Pension Fund	(306,388)	(341,378)	(390,471)	(394,604)
Net assets in the Strathclyde Pension Fund	(18,336)	20,361	(24,576)	(58,463)
Present Value of Unfunded Liabilities				
Non-disaggregation LGPS and Teachers	0	0	0	(16,636)
LGPS Unfunded	(10,630)	(10,240)	(10,933)	0
Teachers' pensions	(11,543)	(11,490)	(10,602)	0
Pre Local Government Reorganisation	(8,813)	(8,929)	(10,294)	(11,504)
Net pension asset/(liability)	(49,322)	(10,298)	(56,405)	(86,603)

For the Local Government Pension Scheme at 31 March 2009 the Council has a net liability £18.336m and for the unfunded liabilities a net liability of £30.986m. The Council's net liability of £49.322m at 31 March 2009 reflects the future obligations to fund retirement benefits. This represents an increase in the net liability of £39.024m compared to the position at 31 March 2008. This change is a reflection of changed market conditions during 2008/09, as reflected in the different percentages shown in the tables following.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc discounted to their present value. Both the Local government Pension Scheme and unfunded teachers' pension scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, contracted by Glasgow City Council to provide all FRS17 calculations on behalf of the authorities within the Strathclyde Pension Fund.

As at 31 March 2009, assets are now held at bid value and the historic figures are at mid market value. The move to bid value will result in an actuarial loss in the revenue accounts.

The principal actuarial assumptions used at the balance sheet date are as follows:

	31/03/2009	31/03/2008
Expected rate of return	6.5%	7.1%
Inflation/pension increase rate	3.1%	3.6%
Salary increase rate	4.6%	5.1%
Discount rate	6.9%	6.9%
Breakdown of expected rate of return:		
Equity	7.0%	7.7%
Bonds	5.4%	5.7%
Property	4.9%	5.7%
Cash	4.0%	4.8%

Mortality

Based on these assumptions, the average future life expectancies at the age of 65 are:

	Males	Females
Current pensioners	20.3 years	23.2 years
Future Pensioners	21.7 years	24.6 years

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 12 : Pensions (cont'd)

(c) Pension Assets and Liabilities (cont'd)

The above excludes any Net Pension liability that the Council may have to contribute to in respect of the Joint Boards of Police, Fire, Passenger Transport and Valuation. These costs are shown within each Joint Board's balance sheet and the Council may be required to make an increased constituent contribution in the years when the liability fails to be met.

The local government pension scheme's assets consist of the following categories. As at 31 March 2009, assets are now held at bid value and the historic figures are at mid market value:

	2008/09	2007/08
Equity	73%	73%
Bonds	16%	14%
Property	8%	10%
Cash	3%	3%

The actuarial gains/losses identified as movements on the Pension Reserve in 2008/09 can be analysed into the following categories:

	2008/09 £000	2007/08 £000	2006/07 £000	2005/06 £000
Actual return less expected return in Pension Scheme Assets As a percentage of scheme assets	(101,696) (35.30%)	(37,454) (10.35%)	279 0.08%	52,985 15.76%
Experience gains and losses arising on the scheme liabilities As a percentage of scheme liabilities	34,375 10%	(1,316) (0.4%)	(1,625) (0.38%)	3,993 0.9%
Changes in financial assumptions underlying the present value of the scheme liabilities	25,695	83,374	32,304	(50,900)
Total actuarial gain/loss recognised in STRGL	(41,626)	44,604	30,958	6,078
(Cumulative)	14,539	56,165	11,561	(19,397)

The movement during the year on the defined obligation is noted as:

	2008/09 £000	2007/08 £000
Opening balance	372,037	422,300
Current service cost	8,717	12,824
Interest cost	25,833	23,038
Contributions by Members	3,779	3,740
Actuarial gains/losses	(60,070)	(82,058)
Past service costs/(gains)	907	1,273
Losses/(gains) on curtailment	1,017	839
Estimated unfunded benefits paid	(2,120)	(2,088)
Estimated benefits paid	<u>(12,726)</u>	<u>(7,831)</u>
	<u>337,374</u>	<u>372,037</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 12 : Pensions (cont'd)

(c) Pension Assets and Liabilities (cont'd)

The movement during the year regarding the fair value of the employer's assets is noted as:

	2008/09	2007/08
	£000	£000
Opening balance	361,739	365,895
Expected return on assets	25,744	26,290
	3,779	3,740
Contributions by employer	11,212	11,099
Contributions in respect of unfunded benefits	2,120	2,088
Actuarial gains/losses	(101,696)	(37,454)
Estimated unfunded benefits paid	(2,120)	(2,088)
Estimated benefit paid	<u>(12,726)</u>	<u>(7,831)</u>
	<u>288,052</u>	<u>361,739</u>

The total employee contributions expected to be made to the Local Government Pension Scheme for 2009/10 is £11.185m.

The Local Government Pension Scheme's assets consist of the following categories:

	2008/09	2007/08
Equity	73%	73%
Bonds	16%	14%
Property	8%	10%
Cash	3%	3%

Note 13 : Audit Fees

In 2008/09 the council incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit Practice:

2007/08		2008/09
£		£
309,120	Fees payable for external audit services and certification of grant claims.	311,801
<u>0</u>	Fees payable/refunds made in respect of past years	<u>(16,400)</u>
<u>309,120</u>		<u>295,401</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 14 : Items of Expenditure and Income

The Income and Expenditure Account on page 12 and the service summary on page 29 are presented below in a different layout to compare actual with budget.

2007/08 Revised Actual £000	What the money was spent on:-	2008/09 Budget £000	2008/09 Actual £000
149,000	Employee Costs	147,994	144,493
29,176	Property Costs	28,131	27,744
69,395	Supplies and Services and administration	55,038	54,565
7,393	Transport	7,113	7,883
63,628	Payment to Other Bodies	59,724	57,245
24,539	Requisitions from Joint Boards	25,764	25,783
<u>32,519</u>	Transfer Payments	<u>34,543</u>	<u>34,500</u>
375,650	Cost of Council Services	358,307	352,213
(36,232)	Appropriations	(13,009)	(9,580)
13,115	External interest Payable	12,295	12,295
<u>(1,554)</u>	Interest Charged on Revenue Balances	<u>(1,164)</u>	<u>(1,948)</u>
<u>350,979</u>	Total	<u>356,429</u>	<u>352,980</u>
2007/08 Actual £000	Where the money came from:-	2008/09 Budget £000	2008/09 Actual £000
28,061	Housing Rents	28,863	28,543
89,864	Other Income	71,000	68,401
5,731	Specific Government Grants	98	33
<u>31,732</u>	Housing Benefit Subsidy	<u>32,978</u>	<u>32,989</u>
155,388	Income From Council Services	132,939	129,966
154,131	Revenue Support Grant and Non-Domestic Rates	183,952	186,078
1,365	Trading Operations Surplus	1,030	1,569
38,837	Council Tax	38,508	37,095
<u>1,258</u>	Reserves and Surpluses	<u>0</u>	<u>(3,047)</u>
<u>350,979</u>	Total	<u>356,429</u>	<u>351,661</u>

This note is a restatement of the Income and Expenditure Account (which is shown on page 12). In order to reconcile the note to the Account, the cost of council services (above) of £352.213m less the income from council services (above) of £129.966m equals £222.247m. This is the value of net cost of services within the Income and Expenditure Account of £198.301m and precepts of £23.946m.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 15 : Service Summary

The service summary at page 12 is in accordance with the Best Value Accounting Code of Practice (BVACOP) and is re-presented below according to the reporting structure of the Council.

2007/08 Revised Actual £000	Services	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	2008/09 Budget £000
0	Central Support Services	16,617	16,617	0	0
115,982	Educational Services	105,562	8,649	96,913	95,764
45,142	Social Work	73,722	13,414	60,308	58,694
28,933	Housing, Environmental and Economic Development	73,573	37,854	35,719	33,939
(554)	Housing Revenue Account (HRA)	32,400	32,701	(301)	300
6,011	Corporate Services	41,569	36,526	5,043	5,656
13,974	Other Services	3,196	1,635	1,561	4,032
<u>209,488</u>	Net Cost of Services	<u>346,639</u>	<u>147,396</u>	<u>199,243</u>	<u>198,385</u>
Adjust for items charged to departments but accounted for below the net cost of services in the Income and Expenditure Account					
(6,317)	General Services			160	0
<u>(4,082)</u>	HRA			<u>(1,102)</u>	<u>(300)</u>
<u>199,089</u>	Adjusted Net Cost of Service			<u>198,301</u>	<u>198,085</u>

Note 16 : Corporate and Democratic Core Costs

In accordance with BVACOP, costs have been identified in respect of General Services Corporate and Democratic Core comprising of £1.191m (2007/08 £1.015m) for Corporate Management and £2.185m (2007/08 £2.096m) for Democratic Representation and Management.

Note 17 : Expenditure and Income Details

The information contained in the Income and Expenditure Account (page 12) is in summary format. Detailed information can be supplied on request by the Finance Service, Council Offices, Garshake Road, Dumbarton G82 3PU, by telephone to 01389 737191 or by e-mail to finance@west-dunbarton.gov.uk.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 18: Fixed Assets

1) Movement in Assets during 2008/09

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational* £000	Community £000	Intangibles £000	Total £000
Historic Cost	209,422	196,501	39,009	21,991	67,943	240	261	535,367
Historic Cost Depreciation	(14,489)	(14,870)	(9,744)	(9,456)	(29)	0	(60)	(48,648)
Historic Cost impairment	(1,965)	(35,945)	(212)	(60)	(99)	0	0	(38,281)
Depreciated Historic Cost at 1.4.08	192,968	145,686	29,053	12,475	67,815	240	201	448,438
Adjustments/Revaluations	123,564	28,691	0	0	1,272	0	0	153,527
Additions	17,805	5,230	3,211	3,471	2,175	0	5	31,897
Disposals	(2,428)	(100)	0	0	(651)	0	0	(3,179)
Impairment	(40,576)	(671)	(261)	(43)	(8,929)	0	0	(50,480)
Depreciation	(8,167)	(4,346)	(1,933)	(3,063)	(15)	0	(53)	(17,577)
Net Book Value at 31.3.09	283,166	174,490	30,070	12,840	61,667	240	153	562,626

* Further breakdown of non-operational assets shown within (iv)

Memorandum Notes

(i)

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost	209,422	196,501	39,009	21,991	67,943	240	261	535,367
Adjustments/Revaluations	123,564	28,691	0	0	1,272	0	0	153,527
Additions	17,805	5,230	3,211	3,471	2,175	0	5	31,897
Disposals	(2,428)	(100)	0	0	(651)	0	0	(3,179)
Impairment	(42,541)	(36,616)	(473)	(103)	(9,028)	0	0	(88,761)
Other Adjustments to Historic Cost	(13,668)	(8,515)	(193)	(3,429)	(16)	0	0	(25,821)
Current Cost at 31.3.09	292,154	185,191	41,554	21,930	61,695	240	266	603,030
Adjustment re Fully Depreciation Historic Cost Assets	0	144	193	3,429	11	0	0	3,777
Cumulative Depreciation	(8,988)	(10,845)	(11,677)	(12,519)	(39)	0	(113)	(44,181)
Net Book Value at 31.3.09	283,166	174,490	30,070	12,840	61,667	240	153	562,626

(ii)

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Depreciation	14,489	14,870	9,744	9,456	29	0	60	48,648
In Year Depreciation	8,167	4,346	1,933	3,063	15	0	53	17,577
Write out Depreciation on Revaluation/Disposal	(13,668)	(8,371)	0	0	(5)	0	0	(22,044)
Cumulative Depreciation	8,988	10,845	11,677	12,519	39	0	113	44,181

(iii)

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Impairment	1,965	35,945	212	60	99	0	0	38,281
In Year Impairment	40,576	671	261	43	8,929	0	0	50,480
Cumulative Impairment	42,541	36,616	473	103	9,028	0	0	88,761

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 18: Fixed Assets (cont'd)

(iv)	Investment Properties £000	Surplus Assets £000	Assets under Construction £000	Non operational Total £000
Historic Cost	53,101	13,820	1,022	67,943
Historic Cost Depreciation	0	(29)	0	(29)
Historic Cost impairment	(99)	0	0	(99)
Depreciated Historic Cost at 1.4.08	53,002	13,791	1,022	67,815
Adjustments/Revaluations	352	1,200	(280)	1,272
Additions	680	0	1,495	2,175
Disposals	(165)	(486)	0	(651)
Impairment	(6,382)	(2,547)	0	(8,929)
Depreciation	0	(15)	0	(15)
Net Book Value at 31.3.09	47,487	11,943	2,237	61,667

2) Analysis of Net Assets Employed

2007/08 £000		General Services £000	Housing Revenue Account £000	Trading Accounts £000	Total £000
192,968	Housing	0	283,166	0	283,166
145,686	Other land and buildings	173,614	603	273	174,490
29,053	Infrastructure	29,720	350	0	30,070
12,475	Vehicles, plant, furniture & fittings	10,552	1,656	632	12,840
67,815	Non operational	60,528	1,139	0	61,667
240	Community	240	0	0	240
201	Intangibles	153	0	0	153
448,438		274,807	286,914	905	562,626

3) Information on Assets Held

Operational Buildings	Operational Equipment	
Administrative buildings	14 Vehicles and heavy plant	246
Depots	11	
Social Work homes for the elderly	6 Community Assets	
Social Work children's homes	4 Playing fields	13
Social Work centres for learning disabilities	1 Bowling clubs and pavilions	10
Primary schools	34 Parks	14
Secondary schools	6 Pavillions	3
Special schools	3 Boat House	1
Nursery schools	22 Play areas	1
Halls	7 Other grounds	32
Sport centres	3 Works of Art	548
Swimming pools	1	
Libraries	10 Council Dwellings	11,436
Community centres	10	
Crematoriums and Cemeteries	11 Infrastructure Assets	
Public conveniences	2 Traffic light sets	93
Theatres	1 Roads in kilometres	343
Pavillions	2 Bridges	125
Indoor play areas	1 Joint ownership bridges	5
Golf courses	1 Lighting units	15,801
School and lodge houses	17 Illuminated bollards	188
Outdoor education centres	1	

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 19: Financial Instruments

(a) Types of Financial Instrument

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

	Long-term		Current	
	31.03.09 £000	31.03.08 £000	31.03.09 £000	31.03.08 £000
Lending				
Loans and receivables	412	515	45,188	50,998
Borrowing				
Financial liabilities at amortised cost	193,810	210,761	64,555	37,994

The Council does not have any of the following types of investments or borrowings:

- Available for sale financial assets
- Unquoted equity investments at cost
- Financial assets at fair value through profit and loss
- Financial liabilities at fair value through profit and loss

The Council has considered the SORP 2008 requirements for accounting for financial instruments and the following events have not taken place in 2008/09:

- Reclassification of financial assets carrying value between fair value and amortised cost
- Transfer of financial assets where part or all of the financial assets does not qualify for de-recognition
- Pledging of financial assets as collateral or liabilities or contingent liabilities, as a result no carrying or fair value exists
- Recording of impairment losses in a separate account which would require a reconciliation of changes during the year
- Default on any loans payable during 2008/09
- Breaches of long term loan agreements resulting in the liability being classed as current
- Offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis

The Council has considered the SORP 2008 requirements for accounting for financial instruments and the following disclosures are consistent with the SORP:

- Current liabilities are recognised as such even if refinanced post balance sheet or original term greater than 12 months
- If the Council has the discretion (contractually) and expects to roll forward current liabilities for over 12 months, then the obligation can be treated as long term.

(b) Fair Value of Assets and Liabilities carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) and are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions:

- The 2009 fair value of PWLB loans are calculated by reference to the premature repayment set of rates in force on 31 March 2009, the 2008 figure by reference to the set of interest rates in force on 31 March 2008. The fair value market loans and other loans and receivables are calculated using estimated interest rates of 4.45%, which is the average discount rate applied to market loans for calculation of premature repayment.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 19 : Financial Instruments (Cont'd)

(b) Fair Value of Assets and Liabilities carried at Amortised Cost (cont'd)

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- No guarantees are included in the fair value calculation.

	31.03.09		31.03.08	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Lending				
Loans and receivables	45,600	45,600	51,513	51,513
The fair value is equal to the carrying amount because all loans and receivables are either short term or at a fixed interest rate or a variable rate linked to base rate and without significant transaction costs. The Council does not hold any equity investments in an unquoted market and, therefore, this type of investment is excluded from the above table.				
	31.03.09		31.03.08	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Borrowing				
Financial liabilities	258,365	291,890	248,755	289,089
The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.				

(c) Gains and Losses on Financial Instruments

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

	Loans & receivables £000	Liabilities at amortised cost £000	Total £000
Income			
Interest and Investment Income	3,651	0	3,651
Expenditure			
Interest/expense*	0	(14,148)	(14,148)
Losses on de-recognition	0	(306)	(306)
Impairment losses	(1,974)	0	(1,974)
	1,677	(14,454)	(12,777)
Net (Gain)/loss for the year	0	306	306
Reversal via Statement of Movement on Fund balances	1,677	(14,148)	(12,471)
Net (gain)/loss for the year			

* Interest/Expense has been calculated on an EIR basis where appropriate for market instruments

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 19 : Financial Instruments (Cont'd)

(c) Gains and Losses on Financial Instruments (Cont'd)

There has been no gain/loss on either of the following class of financial instruments, as the Council does not own them:

- Available for sale financial assets
- Financial assets or liabilities at a fair value through profit and loss

(d) Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality UK banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31.03.09	Historical experience of non-payment adjusted for market conditions at 31.03.09	Estimated maximum exposure to default and uncollectibility
	£000	%	£000
Deposits with banks, building societies and local authorities	27,748	0	2
Customers and other income	<u>19,823</u>	11	<u>1,972</u>
Total Investments	<u>47,571</u>		<u>1,974</u>

The Council does not hold any of the following in relation to financial assets:

- Collateral as security in case of default of investment
- Financial assets that would otherwise be past due or impaired but have been renegotiated

The historical experience of default has been taken from Moody's (a credit rating organisation used by the Council) and applied to the period 1982 – 2008. Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. As a result of this high credit criteria, the Council has maintained historical default rates as a good indicator under the current conditions.

The Council does not generally allow credit for customers, such that under the definition of "trade", £8.618m is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	3,673
Three to six months	897
Six months to one year	731
More than one year	<u>3,317</u>
	<u>8,618</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 19 : Financial Instruments (cont'd)

(d) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

Credit Risk (Cont'd)

Provisions are made in accordance with SORP Guidance, whereby a judgement is made regarding the probability of collection for each category of debt. This judgement is based upon the past experience of collecting each category of debt to calculate the appropriate percentage of each debt that may not be eventually recovered.

No financial assets have been individually determined to be impaired and no collateral is held on past due or impaired financial assets, therefore the Council has not obtained financial or non financial assets during the financial year by taking possession of any collateral or calling on other credit enhancements.

Liquidity risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 15% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments. The maturity analysis of financial liabilities is as follows:

	Creditors	Bank Overdraft	Borrowing	Total
	£000	£000	£000	£000
Less than one year	37,495	1,575	25,485	64,555
Between one and two years	0	0	34	34
Between two and five years	0	0	2,554	2,554
More than five years	0	0	191,222	191,222
	37,495	1,575	219,295	258,365

Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charges on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 30% of what it borrows.
- During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.
- The Council takes advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.

Any potential for a financial impact on the Council is also significantly limited by the Scottish Government's grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the Council receives for "loan charges".

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 19 : Financial Instruments (cont'd)

(d) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

Market Risk (Cont'd)

The interest rate profile of the Council's borrowing is as follows:

	£000	%
Fixed Interest Debt	218,830	99.8
Variable Interest Debt	<u>465</u>	0.2
	<u>219,295</u>	

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2009, with all other variables held constant:

	£000
Impact on tax payers and rent payers	
Increase on interest payable on variable rate debt	5
Increase in interest receivable on variable rate investments	(346)
Increase in government grant receivable for 'loan charges'	<u>(51)</u>
Impact on Income and Expenditure Account	<u>(392)</u>
Share of overall impact due credited to the HRA	173
Other accounting presentational changes	
Decrease in fair value of fixed rate investments	0
Decrease in fair value of fixed rate debt	<u>(31,848)</u>

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.

Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Note 20 : Long Term Debtors

2007/08		2008/09
£000		£000
606	Opening balance at 01.04.08	515
(91)	Repayments	(103)
<u>0</u>	Additions	<u>0</u>
<u>515</u>	Closing balance at 31.03.09	<u>412</u>

Note 21 : Stocks and Work in Progress

2007/08		2008/09
£000		£000
770	Consumable stores	805
<u>79</u>	Work in progress	<u>47</u>
<u>849</u>		<u>852</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 22 : Debtors

2007/08 £000	2007/08 £000		2008/09 £000	2008/09 £000
27,055		Arrears of local taxation - council tax	27,499	
(19,070)	7,985	less bad debt provision	(19,663)	7,836
3,054		non domestic rates	2,822	
(2,549)	505	less bad debt provision	(2,081)	741
9,741		Community charge	9,221	
(9,741)	0	less bad debt provision	(9,221)	0
6,146		Statutory additions	6,282	
(3,796)	2,350	less bad debt provision	(3,891)	2,391
2,538		Housing rents receivable	2,425	
(1,672)	866	Less bad debt provision	(1,625)	800
	7,113	Central government grants		1,279
	1,052	VAT recoverable		2,000
	15,924	Prepayments and accruals		10,921
	<u>35,795</u>			<u>25,968</u>

Note 23 : Sundry Creditors

2007/08 £000		2008/09 £000
9,274	Accrued payrolls, PAYE, N. I. & superannuation	13,792
897	Advances from partner agencies	771
49	School resources carried-forward	17
1,000	Deferred Income	316
23,915	Other creditors and accruals	22,599
<u>35,135</u>		<u>37,495</u>

Note 24 : Provisions

2007/08 £000		2008/09 £000
13,532	Equal pay claims and single status payments	3,371
220	Early severance	180
<u>13,752</u>		<u>3,551</u>

Equal pay claims and single status payments – This issue has arisen from the Single Status job evaluation exercise. The Council had originally made provision for the estimated costs involved in implementing the single status agreement. Subsequent to the year end, however, and prior to the signing of these financial statements, Council agreed at its meetings on both 14 May and 19 August 2008 a revised package of options to facilitate a settlement. This revision included both a further compensatory payment to be made to those groups of predominately female workers who had equal pay claims as at 1 April 2006 together with a realignment payment to be made to all employees in recognition of acceptance of their new contract with revised terms and conditions. These payments were made during 2008-09. The estimated costing of these revised proposals did not require any change to the original provisions.

Early Severance – This provision is held for those staff accepting a severance or early retiral package with a view to leaving in 2009/10.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 25 : Deferred Grants

2007/08		2008/09
£000		£000
12,303	Opening balance at 01.04.08	17,871
(2,888)	Repayments	(1,330)
8,456	Additions	6,409
<u>17,871</u>	Closing balance at 31.03.09	<u>22,950</u>

Note 26 : Contingent Assets or Liabilities

The Council has a potential contingent liability relating to the risk that groups of workers not currently included in the equal pay provision may be successful in claiming compensation under the terms of the equal pay legislation.

Note 27 : Reserves and Deferred Income

Reserves and Earmarked Balances

The Council holds reserves on the Balance Sheet in respect of General Fund and HRA brought forward surpluses:

- (1) The General Fund balance stands at £5.036m on 31.03.09, none of which was applied to the 2009/10 budget and £4.778m is earmarked for ringfenced grant purposes, leaving an unearmarked balance of £0.258m.
- (2) The HRA balance is currently £1.839m as at 31.03.09, of which £0.380m was applied to the 2009/10 budget, leaving an unearmarked balance of £1.459m.

Deferred Income

The creditors' balance of £37.495m includes deferred income in connection with delays in spending government grants of £0.316m. The main grants affected by this delay are:-

2007/08		2008/09
£000		£000
99	Youth Crime	0
72	Literacy	61
304	Private Sector Housing	115
116	Fostering	0
215	Free school meals	0
0	Telecare	59

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 28 : Analysis of Other Government Grants (Cash Basis)

2007/08 £000		£000
	Revenue	
1,408	Housing Benefit Administration	1,380
26	Supported Employment	13
14,355	Supporting People	0
250	Social Work – Mental Illness	0
1,252	Other	293
116	Training	0
600	Working for Families	0
919	Housing, Environmental and Economic Development - Strategic Waste	656
59	- Other	20
1,407	Non HRA	52
119	Education - Pre 5	0
3,193	Other	1,296
5,330	National Priority Action Fund	0
25	Road Safety	21
7,014	Community Regeneration Fund/Fairer Scotland	9,470
887	Private Sector Housing Grant	2,087
0	Corporate Services	19
36,960		15,307
	Capital	
0	General Capital Grant	5,820
0	e-Procurement	166
204	20 mph at schools	202
159	Contaminated Land	2,518
0	Heritage Lottery	0
250	Alexandria Medical Centre	0
2	Alexandria Shop Fronts	12
12	Balloch Park lottery	168
10	Blaes pitch conversion	0
30	Dumbarton Signage Strategy	0
86	Strategic Waste	76
232	Warm Deal	275
0	Air Quality Monitoring	8
69	Levensgrove Community Growing facility	10
176	Cycle/Walk/Safer Streets grant	320
0	ERDF	0
3	West Trans	5
0	Argyll Pavillion	0
0	Sports Scotland	0
0	South Drumry Neighbourhood Association	0
290	SPT	190
2,811	School Fund	0
162	New Early Years, Childcare and Play Capital Fund	0
236	Big Lottery	77
89	Rediscovering Dumbarton	32
0	Schools Estate Management Plan	0
1,011	Scottish Government Efficiency Funding	0
189	NEED Funding	0
6	Scottish Natural Heritage Grant	0
118	Sustrans	0
142	Telecare	125
49	Workforce development funds	0
0	Balloch Interchanges	5
0	Access Improvements	2
6,336		10,011

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Core Statements (cont'd)

Note 29 :Reconciliation of Consolidated Revenue Account to Revenue Activities

2007/08 £000		2008/09 £000
1,258	(Surplus)/Deficit for year	(1,728)
	Non Cash Transactions	
(7,186)	Contribution to provisions	(10,201)
(9)	Contributions to reserves	29
(778)	Contributions to Capital	426
(13,559)	Non cash movement relating to loans fund	(13,378)
3,527	Adjustment not involving movement of funds	(709)
	Items on an Accruals Basis	
(115)	Increase/(Decrease) in stock and WIP	3
(1,399)	Increase/(Decrease) in Debtors	(6,493)
(13,282)	(Increase)/Decrease in Creditors	5,521
<u>(31,543)</u>	Net Cash Flow from Revenue Activities	<u>(26,530)</u>

Note 30 : Analysis of Net Debt

	Balance at 01.04.08 £000	SORP £000	Cash Flow £000	Balance at 31.03.09 £000
Bank Overdraft	(2,309)	0	734	(1,575)
Cash in Hand	51	0	(3)	48
Decrease in Cash	(2,258)	0	731	(1,527)
Debt due after 1 year	(210,761)	(3,851)	20,802	(193,810)
Debt due within 1 year	(79)	0	(24,941)	(25,020)
Total Debt	(210,840)	(3,851)	(4,139)	(218,830)
Temporary lending/short term deposits	23,171	12	4,100	27,283
Total	(189,927)	(3,839)	692	(193,074)

Reconciliation of Movement in Cash to Net Debt	£000
Increase/(Decrease) in cash	731
Increase/(Decrease) in debt financing	(4,139)
Increase/(Decrease) in liquid resources ⁽¹⁾	4,100
Movement in debt in period	692
SORP Adjustments	(3,839)
Net debt as at 31 March 2008	(189,927)
Net debt as at 31 March 2009	193,074

⁽¹⁾ Definition of liquid resources	
Movement in short term investment loans	29,041
Movement in short term on-call borrowings	(24,941)
Increase/(Decrease) in liquid resources	4,100

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Housing Revenue Account (Council Housing)

This account reflects the statutory requirement to account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure and capital financing costs, and how these are met by rents and other income.

2007/08 £000		2008/09 £000
	Income	
(28,061)	Dwelling rents	(28,544)
(325)	Other rents	(305)
<u>(1,909)</u>	Other income	<u>(1,918)</u>
(30,295)		(30,767)
	Expenditure	
9,037	Repairs and maintenance	9,057
5,911	Supervision & management	6,244
1,608	Void properties	1,343
7,858	Depreciation and impairment	11,555
293	Bad/doubtful debts	306
<u>904</u>	Other expenditure	<u>809</u>
25,611		29,314
(4,684)	Net costs of HRA services as included in the whole authority income and expenditure account	(1,453)
<u>50</u>	HRA share of corporate and democratic core	50
(4,634)	Net cost of HRA services	(1,403)
	HRA share of the operating income and expenditure included in the whole authority accounts	
(2,430)	(Gain) or loss on sale of HRA fixed assets	(69)
5,261	Interest payable and similar charges	5,434
359	Amortisation of premiums and discounts	66
(569)	Interest and investment income	(481)
<u>(68)</u>	Pensions interest cost and expected return on pension assets	<u>0</u>
(2,081)	(Surplus)/deficit for the year on HRA services	3,547

Statement of Movement on the HRA Fund Balance

(2,081)	(Surplus)/Deficit to be met from Balances b/f	3,547
<u>1,527</u>	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	<u>(3,848)</u>
(554)	(Increase)/Decrease in the HRA Fund Balance	(301)
(984)	HRA Balance brought forward	<u>(1,538)</u>
(1,538)	HRA Balance carried forward	(1,839)
	Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the HRA Fund Balance for the year	
(138)	Difference between the finance costs calculated in accordance with the SORP and the amount calculated in accordance with statute	(135)
(7,858)	Depreciation and impairment of fixed assets	(11,555)
2,430	Net loss/surplus on disposal of fixed assets	69
(12)	Net charges made for retirement benefits in accordance with FRS17	<u>99</u>
(5,578)		(11,522)
	Amounts not included in Income and Expenditure Account but require to be included by statute when determining the Movement on the HRA Fund Balance for the year	
7,105	Loans Fund Principle repayments	7,674
	Transfers to/from HRA Fund Balance that are required to be taken into account when determining the movement on the HRA Fund Balance for the year	
<u>0</u>	Transfer to the General Fund from the HRA Account	<u>0</u>
1,527	Net additional amount required to be credited to the HRA Fund Balance for the year	(3,848)

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Housing Revenue Account (Council Housing) (cont'd)

The total of rents lost due to void properties is shown net of the value of those properties that have been earmarked for demolition.

2007/08	Rental Information	2008/09
£45.82	Average weekly rent (52wks)	£47.67
£000	Rent arrears (houses only):-	£000
1,228	Current	1,131
<u>1,249</u>	Former	<u>1,294</u>
2,477		2,425
<u>(1,672)</u>	Less bad debt provision	<u>(1,625)</u>
<u>805</u>		<u>800</u>

Housing Stock as at 31 March 2009

	Dumbarton/ Alexandria	Clydebank	Total
Houses	1,899	1,681	3,580
High rise	436	1,333	1,769
4-in-a-block	1,853	1,609	3,462
Maisonette/Other flat	599	348	947
Tenement	<u>821</u>	<u>857</u>	<u>1,678</u>
	<u>5,608</u>	<u>5,828</u>	<u>11,436</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Council Tax Account

Council Tax: £37.095m (2007/08 £38.837m)

2007/08 £000		2008/09 £000
44,937	Gross council tax	45,082
	Less:	
102	Council tax benefit (net of government grant)	(92)
(5,581)	Other discounts and reductions	(5,788)
(1,284)	Provision for bad and doubtful debts	(1,183)
663	Adjustments for prior years	56
0	Duntocher & Hardgate Rebanding	(980)
<u>38,837</u>	Transfer to General Fund	<u>37,095</u>

The calculation of the council tax base

	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Dwellings Total	Ratio to Band D	Band D Equivalent
Band A(Disabled)	0	0	29	16	0	25	5/9	14
Band A	8,131	291	52	4,475	271	6,638	6/9	4,425
Band B	17,200	512	(35)	7,468	177	14,698	7/9	11,432
Band C	7,312	96	(12)	2,499	50	6,554	8/9	5,826
Band D	5,281	50	16	1,403	23	4,885	1	4,885
Band E	4,092	25	(34)	759	16	3,835	11/9	4,687
Band F	1,505	14	(8)	190	9	1,431	13/9	2,067
Band G	552	4	(8)	56	6	523	15/9	872
Band H	31	1	0	1	3	28	18/9	56
						Total		34,264
						Provision for bad debt		<u>1,028</u>
						Council Tax Base		<u>33,236</u>

The nature and actual amount of each charge fixed

Gross Charges

Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2008/09 was £1,163.

	2007/08 £ per year	2008/09 £ per year
Band A	775	775
Band B	905	905
Band C	1,034	1,034
Band D	1,163	1,163
Band E	1,421	1,421
Band F	1,680	1,680
Band G	1,938	1,938
Band H	2,326	2,326

Discounts, Reliefs and Exemptions

A council tax bill is reduced by 25% where a property has only one occupant or 50% where the property is empty. For council tax purposes certain students are not regarded as occupants. Certain properties may also qualify for relief if the property has been adapted for a disabled person. Properties undergoing major renovation or held pending demolition may be awarded exemption from council tax.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Non-Domestic Rates Account

Non-Domestic Rates Income £34.999m (2007/08 £33.363m)

Non-domestic rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £34.999m (2007/08 £33.363m) from the national pool. The amount deemed to be collected locally was £59.903m (2007/08 £58.236m). The sum actually collected locally and contributed to the pool was £57.694m (2007/08 £55.234m), made up as follows:

2007/08		2008/09
£000		£000
61,185	Gross rates levied	63,270
	Less:	
(3,670)	Reliefs and other deductions	(3,840)
<u>(611)</u>	Provision for bad and doubtful debts	<u>(633)</u>
56,904	Net non-domestic rate income	58,797
<u>(1,670)</u>	Adjustments for prior years	<u>(1,103)</u>
<u>55,234</u>	Contribution to National Non-Domestic Rate Pool	<u>57,694</u>

The non-domestic rates pool operates on a cash accounting basis and as such the non-domestic rate income account within West Dunbartonshire Council is calculated on a similar basis.

<i>Analysis of rateable Values:</i>	£	<i>An explanation of the nature and amount of each rate fixed</i>
Rateable value at 1/4/08	138,192,471	The amount paid for non-domestic rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £ announced each year by the government.
Running roll (full year RV)	680,754	The national non-domestic rate poundage set by the First Minister for Scotland for 2008/09 was £0.458.
Rateable value at 31/3/09	137,511,717	
Less: partially exempt	781,800	
Less: wholly exempt	<u>4,577,725</u>	
Net rateable value at 31/3/09	<u>132,152,192</u>	

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Capital Account

Budgetary Performance

2007/08 Actual as % of budget		2008/09 Budget £000	2008/09 Actual £000	Actual as a % of budget
82.11 %	Chief Executive/Other	1,219	782	64.15%
67.06%	Educational Services	3,525	2,785	79.01%
100.61%	Social Work	2,250	2,066	91.82%
84.45%	Housing, Environmental and Economic Development	8,805	7,507	85.26%
91.80%	Other Services	969	952	98.25%
82.47%	Total General Services	16,768	14,092	84.04%
95.12%	HRA	16,902	17,805	105.34%
88.48%	Gross Capital Expenditure	33,670	31,897	94.73%

Service Summary

	Capital debt at 31/03/08 £000	Net capital Expenditure 2008/09 £000	Repaid during 2008/09 £000	Capital debt at 31/03/09 £000
Chief Executive/other	5,884	583	438	6,029
Educational Services	30,453	1,200	1,867	29,786
Social Work	6,907	614	714	6,807
Housing, Environmental and Economic Development	71,811	5,051	3,992	72,870
Total General Services	115,055	7,448	7,011	115,492
HRA	83,817	12,413	7,777	88,453
Net Capital Debt	198,872	19,861	14,788	203,945

Financing of Capital Expenditure

2007/08 £000		General Services £000	Housing £000	Total £000
9,175	Receipts from sale of assets	1,161	2,665	3,826
6,132	Other receipts	6,655	103	6,758
15,307	Total receipts 2008/09	7,816	2,768	10,584
15,052	Unapplied receipts b/fwd 2007/08	8,335	2,624	10,959
(5,669)	Transfer to Sinking Fund	0	0	0
0	Transfer to Capital Fund	(1,000)	0	(1,000)
0	Revenue Contributions	0	0	0
24,690	Total resources available 2008/09	15,151	5,392	20,543
(10,959)	Unapplied receipts c/fwd 2008/09	(8,507)	0	(8,507)
13,731	Total receipts used to augment capital 2008/09	6,644	5,392	12,036
14,267	Capital financing requirement for year	7,448	12,413	19,861
27,998	Gross Capital Spend 2008/09	14,092	17,805	31,897

Commitments under Capital Contracts

As at 31 March 2009, the Council has commitments on capital contracts for housing and non-housing projects of £2.072m (2007/08 £3.501m) and £11.443m (2007/08 £6.010m) respectively.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Statement of Total Movement in Reserves

	Balance at 01.04.2008 £000	Net Movement £000	Balance at 31.03.2009 £000	Purpose of Reserve
Revaluation Reserve	(13,359)	(111,125)	(124,484)	Store of gains on revaluation of fixed assets not yet realised through sales
Capital Adjustment Account	(216,027)	7,634	(208,393)	Store of capital resources set aside to meet past expenditure
Financial Instruments Adjustment Account	22,374	(531)	21,843	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments.
Usable Capital Receipts Account	(10,959)	2,452	(8,507)	Proceeds of fixed asset sales available to meet future capital investment.
Pension Reserve	10,298	39,024	49,322	Balancing account to allow the inclusion of pension liability in the balance sheet.
General Fund Account	(3,308)	(1,728)	(5,036)	Resources available to meet future running costs for general services.
Housing Revenue Account Balance	(1,538)	(301)	(1,839)	Resources available to meet future running costs of council housing.
Capital Items Replacement Fund	(327)	(29)	(356)	Resources earmarked for specific purposes within Education.
Capital Reserve	(5,768)	(248)	(6,016)	Resources earmarked for Schools Regeneration
	<u>(218,614)</u>	<u>(64,852)</u>	<u>(283,466)</u>	

As the Council does not hold Available for Sale Assets, this related Financial Instrument Reserve is not required.

Revaluation Reserve	2008/2009 £000
Balance as at 01.04.08	(13,359)
Assets previously omitted	(595)
Revaluations of fixed assets	(156,364)
Impairment	43,277
Depreciation	2,557
Balance at 31.03.09	<u>(124,484)</u>

Capital Adjustment Account	
Balance as at 01.04.08	(216,027)
Repay external loans	(14,684)
Depreciation	15,020
Impairment	10,764
Government grants deferred withdrawn	(1,330)
Capital receipts applied	(5,290)
Disposal of Fixed Assets	3,051
Long term debtors repayments	103
Balance as at 31.03.09	<u>(208,393)</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Statement of Total Movement in Reserves (cont'd)

Financial Instruments Adjustment Account	2008/2009
	£000
Balance as at 01.04.08	22,374
Extinguishment of premiums and discounts held at 1.4.08	0
Annual write off of premiums and discounts	(837)
Stepped Interest Instruments to EIR	0
Annual EIR adjustment	306
Balance as at 31.03.09	<u>21,843</u>

Useable Capital Receipts Reserve	2008/2009
	£000
Balance as at 01.04.08	(10,959)
Capital Receipts available : General Services	(172)
HRA	(2,665)
Appropriation to Capital Reserve	0
Capital Receipts Applied: General Services	0
HRA	5,289
Other contributions	0
Balance as at 31.03.09	<u>(8,507)</u>

Pension Reserve	2008/2009
	£000
Balance as at 01.04.08	10,298
Payments to pension fund	(11,212)
Reversal of FRS17 composite entries	10,730
Actuarial Gain	41,626
Contributions for unfunded benefits	(2,120)
Balance as at 31.03.09	<u>49,322</u>

Capital Items Replacement Fund	2008/2009
	£000
Balance as at 01.04.08	(327)
Unrealised (gains)/losses on investments	(29)
Closing balance at 31.03.09	<u>(356)</u>

Schools Regeneration Sinking Fund	2008/2009
	£000
Balance as at 01.04.08	(5,768)
Appropriation from useable capital receipts account	0
Unrealised (gain)/loss on investment	(248)
Balance as at 31.03.09	<u>(6,016)</u>

Statement of Total Recognised Gains and Losses on the Pension Reserve

2007/08		2008/09
		£000
(37,454)	Actual return less expected return on pension scheme assets	(101,696)
(1,316)	Experience gains and losses arising on the scheme liabilities	34,375
83,374	Changes in financial assumptions underlying the present value of the scheme liabilities	25,695
<u>44,604</u>	Actuarial gain/ (loss) recognised	<u>(41,626)</u>

WEST DUNBARTONSHIRE COUNCIL

Financial Statements for the Year Ended 31 March 2009

Group Accounts

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice (the 2008 SORP) requires local authorities to consider their interests in all types of entities. This includes other local authorities or similar bodies defined in section 106 of the Local government (Scotland) Act 1973 e.g. statutory bodies such as Police, Fire and Valuation Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The disclosure requirements of the 2008 SORP are mandatory for accounting periods ending on or after 31 March 2009.

Combining Entities

The Group Accounts consolidate the results of the Council with five other entities:

- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Strathclyde Police Joint Board
- Strathclyde Fire and Rescue Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Joint Board

In addition to these entities, the Dumbarton Common Good and Sundry Trust Funds have also been consolidated.

The accounting period for all entities is 31 March 2009.

The Council would class an entity as an associate if they have significant influence over the financial and operating policies of the entity. The council would class an entity as a subsidiary if they have a major interest in the entity.

Under accounting standards, this Council includes the results of each of these organisations as 'associates' because it has a significant influence over their financial and operating policies. The council has no shares in nor ownership of any of these organisations which are entirely independent of the Council.

The Joint Boards are independent public bodies formed by an Act of Parliament. All local government functions that relate to these bodies have been delegated from the constituent councils that comprise the area of each Board. The members of each Board are elected councillors and are appointed by the councils in proportions specified by legislation.

Basis of Combination and Going Concern

The combination has been accounted for on an acquisition basis using the equity method – that is, the Council's share of the net assets and liabilities of each entity is incorporated and adjusted each year by the Council's share of the entities' results (recognised in the Group Income and Expenditure Account), and its share of other gains and losses.

For three of the five entities, the Council has a share in a net liability. The negative balances on Valuation, Police and Fire Boards arise from the inclusion of liabilities related to defined benefit pension schemes as required by FRS17.

The effects of inclusion of these associate bodies and the Common Good and Trust Funds on the Group Balance Sheet is to reduce reserves and Net Assets by £192.920m – representing the Council's share of net liabilities in these entities.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Group Accounts (cont'd)

Group Accounting Policies (cont'd)

All associates consider it appropriate that their Financial Statements should follow the 'going concern' basis of accounting. Statutory arrangements with the Scottish Executive for the funding of the Police Joint Board deficit and with the constituent local authorities for the deficit of Fire and Valuation Joint Boards means that the financial position of these Boards remain assured.

In common with these bodies, the Council's group accounts have been prepared on a going concern basis, as there is no reason to suggest that future funding will not continue.

Disclosure of differences with main Statement of Accounting Policies

The financial statements in the Group Accounts are prepared in accordance with the accounting policies set out on pages 7 to 11 with additions and exceptions noted below:

- **Group Income and Expenditure Account**
- Proceeds from Disposal of Fixed Assets – Profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the Council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group Income and Expenditure Reserve.
- **Group Balance Sheet**
- Valuation of Fixed Assets – The basis for valuation across the combining entries is in accordance with UK GAAP and there are no material inconsistencies with the policies adopted by this Council. The Strathclyde Passenger Concessionary Travel Scheme has no fixed assets. The valuation of the land and buildings held by SPT is based upon historic cost, whereas other land and building assets held by the Group are based upon an open market valuation. The difference is unlikely to be material to the group accounts.
- Stock – Valuation methods vary slightly across the Group. The Council uses weighted average cost. The difference in valuation methods does not have a material impact on the results of the group given the levels of stock held within the organisations.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Group Income and Expenditure Account for the year ended 31 March 2009

Revised 2007/08 £000	Service	Gross Expenditure 2008/09 £000	Gross Income 2008/09 £000	Net Expenditure 2008/09 £000
112,559	Education	101,767	7,973	93,794
3,840	Central Services	4,420	1,546	2,874
(1,437)	Planning and Development Services	10,147	5,602	4,545
7,531	Roads and Transport Services	17,615	9,255	8,360
45,578	Social Work Services	73,865	13,413	60,452
3,111	Corporate and Democratic Core	3,450	74	3,376
12,514	Cultural and Related Services	17,605	2,599	15,006
6,816	Environmental Services	15,254	6,077	9,177
(3,244)	Housing Services	74,664	72,126	2,538
10,138	Non Distributed Costs	2,359	4,180	(1,821)
66	Share of Operating Results of Common Good and Trusts	257	225	32
<u>2,513</u>	Share of Operating Results of Associates	<u>129</u>	<u>3,063</u>	<u>(2,934)</u>
199,985	Net Cost of Services	321,532	126,133	195,399
(1,365)	Surpluses on Trading Undertakings not included in net cost of services	0	1,569	(1,569)
22,856	Precepts and Levies	38,300	14,354	23,946
(3,658)	Profit or Losses on Disposal of Assets	19	604	(585)
12,953	Interest Payable	12,947	0	12,947
838	Gain on Early Settlement of Borrowing	150	0	150
(2,128)	Interest and Investment Income	0	2,384	(2,384)
<u>9,432</u>	Pension interest cost and expected return on pension assets	<u>41,497</u>	<u>27,251</u>	<u>14,246</u>
238,913	Net Expenditure	414,445	172,295	242,150
(38,837)	Revenue support grant			(151,074)
(33,363)	Non-Domestic Rates			(34,999)
<u>(120,768)</u>	<u>Council Tax</u>			<u>(37,095)</u>
<u>45,945</u>	(Surplus)/Deficit to be met from Balances b/f			<u>18,982</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Reconciliation of the Single Entity Deficit for the Year to the Group surplus or deficit

This statement shows how the deficit on the Council's single entity Income and Expenditure Account for the year reconciles to the deficit on the Group Accounts

Revised 2007/08 £000		2008/09 £000
30,528	(Surplus)/Deficit on the authority's single entity Income and Expenditure Account for the year	7,492
(936)	Less: associate income and any other distributions from group entities included within the single entity surplus or deficit on the Income and Expenditure account	(4,987)
37	Add: (surplus)/deficit arising from Common Good and Trusts included in the group accounts	13
16,316	Add: (Surplus)/Deficit arising from Associates included in the group accounts	16,464
<u>45,945</u>	Group Account (surplus)/deficit for the year	<u>18,982</u>

Group Statement of total Recognised Gains and losses

Revised 2007/08 £000		2008/09 £000
45,945	Net (surplus)/deficit for the year	18,982
(14,498)	(Surplus)/deficit on revaluation of fixed assets	(117,428)
(92,049)	Actuarial gains and losses on pension assets and liabilities	33,590
22,374	Adjustments to the Balance Sheet relating to Financial Instruments	(531)
<u>(38,228)</u>	Total recognised gains and losses for the year	<u>65,387</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Group Balance Sheet as at 31 March 2009

Revised 2007/08 £000		2008/09 £000	2008/09 £000
	Intangible Assets		
201	Software Licences		153
	Operational Assets		
192,968	Council Dwellings	283,166	
145,686	Other Land and Buildings	174,490	
12,475	Vehicles, Plant and Equipment	12,840	
29,053	Infrastructure Assets	30,070	
240	Community Assets	240	
380,422			500,806
	Non-Operational Assets		
53,002	Investment Property	47,487	
13,791	Assets surplus to requirements	2,237	
1,022	Assets under construction	11,943	
67,815			61,667
	Long-term Investments		
3,502	Investments in associates	3,652	
476	Investment in Trusts and Common Good	464	
515	Long-term debtors	412	
4,493			4,528
452,931	Total Long-term Assets		567,154
	Current Assets		
849	Stock and work in progress	852	
35,795	Debtors	25,968	
23,642	Short term investments	27,748	
51	Cash in hand	48	
60,337			54,616
	Current Liabilities		
(550)	Borrowing repayable on demand or within 12 months	(25,485)	
(35,135)	Creditors	(37,495)	
(2,309)	Bank Overdraft	(1,575)	
(37,994)			(64,555)
475,274	Total Assets Less Current Liabilities		557,215
(210,761)	Borrowing repayable within a period in excess of 12 months	(193,810)	
(197,433)	Investments in associates	(197,036)	
(13,752)	Provision	(3,551)	
1,192	Asset related to defined pension scheme	0	
(11,490)	Liability related to defined pension scheme	(49,322)	
(17,871)	Deferred Grants	(22,950)	
(450,115)			(466,669)
25,159	Net Assets Less Liabilities		90,546

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Group Balance Sheet as at 31 March 2009 (cont'd)

Revised 2007/08 £000		2008/09 £000	2008/09 £000
	Capital Reserves		
13,572	Revaluation Reserve	131,665	
216,027	Capital Adjustment Account	208,393	
(22,374)	Financial Instrument Adjustment Account	(21,843)	
<u>10,959</u>	Usable Capital Receipts Reserve	<u>8,507</u>	
218,184			326,722
	Revenue Provisions and Reserves		
(10,298)	Pension reserve	(49,322)	
3,308	General Fund reserve	5,036	
(193,668)	Income and expenditure reserve	(200,101)	
6,095	Other reserves	6,372	
<u>1,538</u>	Housing Revenue Account balance	<u>1,839</u>	
<u>(193,025)</u>			<u>(236,176)</u>
<u>25,159</u>	Total Balances and Reserves		<u>90,546</u>

Joyce White FCMA
Executive Director of Corporate Services
West Dunbartonshire Council
30 June 2009

WEST DUNBARTONSHIRE COUNCIL

Financial Statements for the Year Ended 31 March 2009

Notes to the Group Accounts

Note 1 Details of combining entities

The notes required for the Financial Statements of West Dunbartonshire Council are disclosed separately in the preceding pages. The following notes provide material additional amounts and details in relation to the other combining entities.

Strathclyde Police Joint Board is the statutory body established under the Strathclyde Combined Police Area Amalgamation Scheme Order 1995 and provides a vast range of policing services on behalf of the 12 local authorities in the West of Scotland. In 2008/09, the Council contributed (net of specific grant) £13.959m (2007/08 £12.990m) or 5.14% (2007/08 5.25%) of the Board's estimated running costs and its share of the year end net liability of £152.691m (2007/08 £151.630m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Police Joint Board, Glasgow City Chambers, Glasgow G2 1DU.

Strathclyde Fire and Rescue Joint Board is the statutory body responsible for overseeing the activities of Strathclyde Fire and Rescue, which provides fire and emergency cover on behalf of the 12 local authorities in the West of Scotland. In 2008/09, the Council contributed £9.800m (2007/08 £9.151m) or 6.52% (2007/08 6.52%) of the Board's estimated running costs and its share of the year end net liability of £44.333m (2007/08 £45.803m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Fire and Rescue Joint Board, Bothwell Road, Hamilton, ML03 0EA.

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. Most of its funding comes from the Scottish Executive to fund the Rail Franchise payment and to ensure delivery of rail services within the Board's area as specified in the rail franchise agreement. In 2008/09, the Council contributed £1.837m (2007/08 £1.513m) or 4.41% (2007/08 4.35%) of the Board's estimated running costs and its share of the year end net asset of £3.376m (2007/08 £2.694m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The costs of the scheme are funded through requisitions from the 12 councils and by the Scottish Executive via a 'section 70' grant. In 2008/09, the Council contributed £1.645m (2007/08 £0.128m) or 4.19% (2007/08 4.19%) of the Board's estimated running costs and its share of the year end net asset of £0.276m (2007/08 £0.388m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

Dunbartonshire and Argyll and Bute Valuation Joint Board was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Boards running costs are met by the three authorities, with surpluses and deficits on the Boards operations also shared between the councils. In 2008/09, the Council contributed £0.733m (2007/08 £0.715m) or 27.04% (2007/08 27.04%) of the Board's estimated running costs and its share of the year end net liability of £0.012m (2007/08 £0.420m net asset) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, Garshake Road, Dumbarton G82 3PU.

Dumbarton Common Good and Trust Funds are held in Trust by West Dunbartonshire Council. Although the Council does not contribute to these funds financially, they have been included within the Council's Group through materiality by nature. Net expenditure in 2008/09 was £0.023m (2007/08 deficit £0.052m) for the Common Good and net increase in funds of £0.010m (2007/08 £0.015m) for the Trust Funds. Copies of the accounts may be obtained from West Dunbartonshire Council, Garshake Road, Dumbarton G82 3PU.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Group Accounts (cont'd)

Note 1 Details of combining entities (cont'd)

The following disclosures are required under accounting regulations because the Council's share of the net asset of the Valuation Joint Board exceeds 25%.

2007/08		2008/09
£000		£000
(32)	Net Surplus/(deficit)	(8)
167	Fixed Assets	191
111	Current Assets	93
106	Current Liabilities	(93)
3	Loans outstanding	2
168	Capital Reserves	189
Nil	Contingent Liabilities	Nil
Nil	Capital commitments	Nil

Note 2 Non-Material Interest in Other Entities

The Council has an interest in a number of other organisations. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the Council is required to disclose the business nature of each organisation.

Scotland Excel is a joint committee established through Section 57 of the Local Government (Scotland) Act 1973. The main purpose of the committee includes co-ordination of collaborative buying initiatives, representation of interests in public sector contracts, and the development and operation of a centre of procurement expertise for Local Government in Scotland.

Clydebank Municipal Bank is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The Council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April.

Note 3 Financial Impact of Consolidation

The effect of inclusion of the entities on the Group Balance Sheet is to decrease reserves and net assets by £192.920m (2007/08 £193.455m revised) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net asset of £90.546m (2007/08 net asset of £27.909m).

Note 4 Reporting Authority Adjustments to align with UK GAAP

In accordance with UK accounting standards, no adjustments have been made for transactions carried out and balances held between the Council and its associates in the Group Accounts.

To align with UK GAAP, it has been necessary to include the deficit of £0.023m (2007/08 £0.052m deficit) for the Dumbarton Common Good and the surplus of £0.010m (2007/08 £0.015m surplus) for the trust funds administered by the Council as sole trustee.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Notes to the Group Accounts (cont'd)

Note 5 Analysis of Material Amounts in Income and Expenditure Account

The following table provides an analysis of the Council's share of the material amounts as a result of the inclusion of the associates.

Contribution to Group Income and Expenditure Reserve:

Revised 2007/08 £000		2008/09 £000
(151,630)	Police Joint Board	(152,691)
(45,803)	Fire Joint Board	(44,333)
2,694	Passenger Transport Authority	3,376
388	Concessionary Travel Board	276
420	Valuation Joint Board	(12)
476	Common Good and Trust Funds	464
(193,455)	Total	(192,920)

Note 6 Group Cash Flow Statement

The impact of the incorporation of the associates within the group cash flow statement is nil, therefore, no cashflow statement is noted within the Group Accounts. The cashflow of the group is equal to the cashflow of the Council, as shown on page 17.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Common Good Fund

The Council administers the Dumbarton Common Good Fund Account. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2009. The fund does not represent assets of the Council and has not been included within the Balance Sheet on pages 15 and 16.

Summary Income and Expenditure Account

2007/08 £000		2008/09 £000	2008/09 £000
	Expenditure		
137	Payments to Other Bodies		111
10	Municipal Buildings		10
56	Denny Tank		56
46	Libraries – Book Fund		46
<u>28</u>	General Expenditure		<u>30</u>
277			253
	Income		
212	Rent – Sites and Offices	224	
12	Interest on Revenue Balances	5	
<u>1</u>	Other Income	<u>1</u>	
225			<u>230</u>
(52)	Net surplus/(deficit) for year		(23)
<u>204</u>	Balance brought forward		<u>152</u>
<u>152</u>	Balance carried forward		<u>129</u>

Balance Sheet as at 31 March 2009

2007/08 £000		Note	2008/09 £000	2008/09 £000
	Fixed Assets			
2,586	Investment properties	1		2,586
	Current Assets			
0	Debtors		0	
160	Investments – West Dunbartonshire Council		<u>131</u>	131
	Current Liabilities			
<u>(8)</u>	Creditors falling due within one year	2		<u>(2)</u>
2,738	Total assets less liabilities			2,715
	Funds Available			
607	Revaluation Reserve			762
1,978	Capital Adjustment Account			1,824
<u>153</u>	Reserves			<u>129</u>
<u>2,738</u>				<u>2,715</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Common Good Fund (cont'd)

Notes to the Financial Statements

Note 1 Tangible fixed assets and depreciation

All assets valued over £6,000 are capitalised and valued at market value. Depreciation is charged on assets other than Investment assets on a straight line basis over their estimated life. The Fund only holds investment assets.

Note 2 Analysis of Sundry Creditors

2007/08		2008/09
£000		£000
6	Accrued expenditure	0
<u>2</u>	Prepayment of Rent	<u>2</u>
<u>8</u>		<u>2</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Sundry Trust Funds

The Council acts as sole or custodian trustee for a number of trust funds, which may be used for various purposes depending on the terms of the Trust. In all cases, the funds do not represent assets of the Council and they have not been included within the balance sheet on pages 15 and 16. Under the provisions of the "2005 Act" and the "Accounts Regulations" above, all registered charities in Scotland are required to prepare financial statements which must be externally scrutinised. The trust funds below are registered, under one registration, with the Office of the Scottish Charity Regulator. In 2008/09 this information is included in the Council's financial statements, but from 2008/09 more detailed compliance to the accounting requirements is required. Management have reviewed the current arrangements for the trust funds to ensure the current arrangements reflect the needs of the Council and ensure that all obligations are met. Responsibility for the compliance with the new regulations has been delegated to the Executive Director of Corporate Services.

Income and Expenditure Account

2007/08			2008/09		
Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000	Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000
4	0	4	3	0	3
1	0	1	1	0	1
8	1	7	6	0	6
1	1	0	1	0	1
1	0	1	1	0	1
0	0	0	0	0	0
1	0	1	1	3	(2)
1	0	1	1	0	1
<u>17</u>	<u>2</u>	<u>15</u>	<u>14</u>	<u>3</u>	<u>11</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Sundry Trust Funds (cont'd)

Statement of Balances as at 31 March 2009

	Note	Balance as at 1/4/08 £000	Surplus/ (deficit) for year £000	Balance as at 31/3/09 £000
Bank and Cash				
Dunbartonshire Educational Trust Scheme 1962		74	3	77
McAuley Prize for Mathematics		20	1	21
Alexander Cameron Bequest		147	6	153
Dr A K Glen Fund		24	1	25
War Memorial Dumbarton		14	1	15
Halkett Memorial Trust		2	0	2
Vale of Leven Fund		15	(2)	13
UIE Award		<u>22</u>	<u>1</u>	<u>23</u>
Total		<u>318</u>	<u>11</u>	<u>329</u>
Reserves				
Dunbartonshire Educational Trust Scheme 1962		<u>6</u>	<u>0</u>	<u>6</u>
Total		<u>6</u>	<u>0</u>	<u>6</u>
Grand Total		<u>324</u>	<u>11</u>	<u>335</u>

Notes to Financial Statements

Note 1 Market value of shares held

Market Value of Shares Held	Purchase Price £	Market Value £
Dunbartonshire Educational Trust Scheme 1962		
3 ½% War Stock	2,710	2,229
2 ½% Consolidated Stock	753	428
3 ½% Conversion Stock	2,504	1,980
4% Clydeport Authority	289	234
3% Clydeport Authority	<u>35</u>	<u>21</u>
	<u>6,291</u>	<u>4,892</u>

WEST DUNBARTONSHIRE COUNCIL

Financial Statements for the Year Ended 31 March 2009

Glossary of Terms

While much of the terminology used in this report is self explanatory, the following additional definitions and interpretation of the terms used are provided for assistance. The Glossary of Terms does not comprise part of the audited financial statements.

1. Employee Costs

This includes salaries, wages, overtime, bonus, enhancements, pensions, employer's national insurance, travelling and subsistence expenses and other staff allowances.

2. Property Costs

This includes rent and rates, property insurance, repair and maintenance of property, upkeep of grounds, heating and lighting, furnishings and fittings.

3. Supplies and Services

This includes food, materials, books, uniforms and protective clothing, the purchase and maintenance of equipment and tools and various services carried out by external contractors.

4. Transport and Plant Costs

This includes the costs of operating vehicles and plant such as fuel, repairs and maintenance, tyres, licences, insurance and procurement of transport for school children.

5. Administration Costs

This includes printing and stationery, advertising, postages, telephone costs and central support services allocations for administration.

6. Payments to Other Bodies

This includes grants to individuals and organisations, bursaries and payments to other local authorities, health boards, organisations and agencies providing services complementing or supplementing the Council's work.

7. Other Expenditure

This heading covers items of expenditure which cannot be accommodated in any of the above categories.

8. Loan Charges

This represents the annual costs of financing the sums borrowed by the Council to finance its capital repayment of loans, finance leasing charges, interest charges and debt management expenses.

9. Specific Government Grants

This includes grants received from Central Government in respect of a specific purpose or service, usually calculated as a predetermined percentage of the expenditure actually incurred e.g. National Priority Action Fund, Benefits Administration.

10. General Income

This includes the charges to persons and bodies for the direct use of the Council's services.

11. Capital Expenditure

This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing over a period of years, finance leases, or utilising the income from the sale of existing assets.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Glossary of Terms (cont'd)

12. Capital Financed from Current Revenue

This is expenditure incurred in creating, acquiring or improving assets where that expenditure is charged directly to the revenue account.

13. Fixed Assets

Fixed Assets are created as a result of the capital expenditure incurred by the Council. As such they comprise buildings and property, vehicles, plant and machinery, computer equipment, etc.

14. Deferred Asset

The deferred asset represents the net value of the premium paid/discounts received by the Council on the early repayment of external long term loans.

15. Fixed Asset Restatement Account

The Fixed Asset Restatement Account represents the balance between the historic cost or purchase price of a fixed asset and its market value as at 31 March 2009.

16. Useable Capital Receipts Reserve

The Useable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

17. Pension Interest Cost

The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

18. Expected Return of Pension Assets

The average rate of return expected over the remaining life of the related obligation on the actual assets held.

19. CIPFA

Chartered Institute of Public Finance and Accountancy

20. LASAAC

Local Authority (Scotland) Accounts Advisory Committee

21. Budget

The original revenue budget as set by Members at an appropriate Council meeting.

22. Precepts

Annual payments made to other government bodies for public services given in the local area (e.g. Police, Fire, Transport).

23. SORP/ACOP

Statement of Recommended Practice – Accounting Code of Practice.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2009

Glossary of Terms (cont'd)

24. Intangible Assets

Expenditure on assets such as software licences that do not have physical substance but are identifiable and controlled by the Council.

25. Corporate and Demographic Core Costs

This includes costs relating to policy making and other councillor based activities. Also includes costs relating to the general running of the Council.

26. Non Distributing Costs

These costs represent costs which cannot be easily allocated to services and under Best Value Accounting Code of Practice are excluded from total cost relating to service activity.

27. Revaluation Reserve

This fund is a store of gains on the revaluations of fixed assets. It is a reserve held for technical accounting purposes and is not available for distribution.

28. Capital adjustment account

This fund is a store of capital resources set aside to meet past expenditure. It is an account held for technical accounting purposes and is not available for distribution.

29. Financial Instrument Adjustment Account

This account is used to balance for differences in statutory requirements and proper accounting practices for borrowing and lending. It is an account held for technical accounting purposes and is not available for distribution.

30. Associate Body

An entity other than a subsidiary or a joint venture in which the Council has an interest and over whose operating and financial policies the Council is able to exercise significant influence.

31. Entity

A body that is delivering a service or carrying on a business. It should have a separate legal personality and is legally obliged to prepare its own financial statements.

32. Statutory Additions

Additional charges levied for late payment of Council Tax and Non Domestic rates.

33. Capital Items Replacement Fund

Reserve earmarked for specific purposes within Education.

34. Available for Sale Reserve

Assets that have a quoted market price and/or do not have fixed or determinable payments.

35. Realignment Payment

Payment made to staff who agreed a new contract with new Terms and Conditions as part of the pay modernisation and single status review.

