

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

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Foreword by the Head of Finance

WEST DUNBARTONSHIRE COUNCIL

Abstract of Accounts for the Year Ended 31 March 2007

Introduction

The purpose of these accounts is to provide clear information about the Council's financial position as at 31 March 2007. The foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the accounts.

Overview of Financial Statements

The accounts 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 three main accounts: the *Income and Expenditure Account, Statement of Movement on the General Fund* and the *Housing Revenue Account*. The Income and Expenditure Account summarises the income and expenditure relating to all Council services. It is shown on pages 11 and 12. The 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 33 and 34.

Capital expenditure is analysed for each department in the *Capital Account* on page 37. The Council's assets as at 31 March 2007 are shown in the *Balance Sheet* (page 13). The Statement on Movements in Reserves (pages 38 and 39) provides further information about some of the figures in the Balance Sheet.

Other information includes the *Cash Flow Statement* on page 15 which shows the cash the Council has received and used over the year.

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 £185.895m against a forecast of £185.880m. The net expenditure on services for the year was £181.180m (as shown on page 11 – Net Cost of Services £158.517m plus precepts £22.663m). This compares with the budgeted figure of £181.990m (as detailed within page 25, note 16)

The Council was required to increase its provision for the cost of both pay modernisation and residual equal pay claims to £6.440m. This was reported to council on 20 December 2006. Several actions were introduced during the year to help with the funding of this issue including a freeze on the filling of non essential vacancies, a review of the purchase of supplies and services and the transfer of £1.500m from the HRA balance. These actions were successful to the extent that ,taking account of earmarked balances brought forward, but excluding the HRA transfer, a small in year surplus was achieved.

When the overall General Services surplus for the year of £2.738m is added to the brought forward balance from the previous year, the accumulated surplus at 31 March 2007 is £4.566m (as shown on page 12). This includes an earmarked amount of £1.483m. 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 £4.305m and, following the settlement of equal pay claims, the Council is currently aiming to restore its reserve to this level over a three year period.

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 2007 was 11,720. The account shows a surplus (before the transfer to the General Fund of £1.500m) for the year of £0.018m. In line with the prudential reserves policy, the target reserves level for 2007/08 for the Housing Revenue Account is £0.612m.

Cash Flow Statement

The Council's cash flow statement shows a decrease of £6.817m during 2006/07 (note 35 page 32) 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.

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Foreword by the Head of Finance (cont'd)

Pension Assets and Liabilities

The Council participates in the Strathclyde Pension Fund and the FRS17 calculation (pages 21 - 23) show a deficit based on a snapshot valuation of the fund as at 31 March 2005, updated for the following year by the independent actuaries to the fund. The valuation states that assets held at the valuation date were sufficient to cover 86.64% of accrued liabilities

Long Term Borrowing

The Council's Treasury Strategy for 2006/07 was agreed by the Council in March 2006. In accordance with the strategy the Council rescheduled £79.966m of existing debt of which £56.666m was PWLB and £23.300m was market borrowing. The Council also raised a new long term loan of £4.500m and repaid naturally maturing debt of £0.534m. The total outstanding long term debt as at 31 March 2007 was £207.052m including £85.442m for the Council's housing stock. The interest and expenses rate charged by the Council's loans fund was 6.56%.

Trading Operations

The Council now maintains separate accounts for five statutory trading operations under the provisions of the Local Government Scotland Act 2003: Catering Services; Leisure Services; Housing Property Maintenance; Grounds Maintenance/Street Cleaning; Roads. An increase from three in 2005/06, these five operations returned a total collective surplus of £2.436m. All operations have achieved a surplus in 2006/07, two of the relevant three have achieved a break even performance over the last three years, consistent with their statutory requirements. The third, catering, incurred a deficit in 2005/06 due to the inclusion of a non-recurring item of £1.274m for equal pay settlements. However, excluding the costs of equal pay settlements, the three year financial position of the catering trading operation was £0.457m. This is further detailed on page 18 note 3.

Capital Finance

The year under review is the fourth year following the introduction of the Prudential System for Capital Finance. 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 2006/07 and beyond. Details of the capital budgets and expenditure are shown in the capital account on page 37. Total gross expenditure amounted to £29.658m. Expenditure was less than budget by £1.321m. This slippage was shared between General Services (£1.008m) and HRA (£0.313m). This slippage is primarily due to the timing of architectural, planning and tendering processes which was recognised in the Council's capital programme.

Group Accounts

This is the second year of the new requirement for local authorities to prepare group accounts in addition to their own accounts where they have material interest in other organisations. The group accounts on pages 40 - 47 consolidate the Council's accounts with six other entities. The effect of combining these entities on the group balance sheet is to reduce reserves and net assets by £228.152m, creating an overall net liability of £11.064m. 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.

Change in Accounting Policies

This year's accounts had a number of changes to the way in which they were presented previously. This has meant that some comparative figures have been adjusted. This is further explained on page 16.

Conclusion

I am pleased to note that, after allowing for the impact of the equal pay claims and single status, the Council's financial affairs have once again been managed successfully within the budget set and financial objectives prescribed and provide a sound platform from which to deliver vital services to the public in West Dunbartonshire.

The Council's Council Tax Team increased tax collection to record levels during the year. The in-year collection of Council tax increased to 92.1% which was 1.7% better than 2005/06 and 1.1% better than the target originally set for 2006/07.

Acknowledgement

The production of the Annual Accounts 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 accounts.

David Connell, CPFA
Head of Finance
West Dunbartonshire Council
28 September 2007

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Statement of Responsibilities
for the Statement of Accounts

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 Head of Finance
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Head of Finance's Responsibilities:

The Head of Finance is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in 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 2007.

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

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

The Head of Finance has also:

- kept proper accounting records which were up to date
- 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 2007. 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
- 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. 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 2007;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Council's external auditors, Audit Scotland, 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

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 which require to be addressed as a priority.

To this end a Best Value Improvement Plan has been put in place and remedial action is being 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. The Manager of Audit will continue to monitor progress on the improvement plan during 2007/08. The extent to which other outstanding recommendations for improvement, including the documentation of Control Objectives, are met by the Improvement Plan will also be monitored.

Signed	<u>David McMillan</u> Chief Executive	Signed	<u>David Connell</u> Head of Finance
Date	<u>28 September 2007</u>	Date	<u>28 September 2007</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Statement of Accounting Policies

The general principles adopted in compiling and presenting the Accounts 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).

1. Debtors

All specific and material sums payable to the Council have been brought into account.

2. Creditors

All salaries and wages earned up to 31 March 2007 have been included in the Abstract of Accounts for 2006/07 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 2007 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. Specific government grants are accounted for on an accruals basis when the conditions for receipt are complied with.

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 direct service activities have been differentiated as required by the Accounting Code of Practice.

5. Provision for the Redemption of Debt

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. The cost of interest is averaged over the year along with expenses of managing the fund.

6. Loans Fund Interest

Interest has been calculated and allocated to the Revenue Account in accordance with LASAAC note 2. Costs associated with debt restructuring are classified in accordance with the accounting code. They are held within the balance sheet and written off to revenue over the appropriate period.

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.

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.

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Abstract of Accounts for the Year Ended 31 March 2007

Statement of Accounting Policies (cont'd)

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 Accounts 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 2006/07, a de minimis asset value of £6,000 was applied prior to charging depreciation.

(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.

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 Director of Housing, Regeneration and Environmental Services, and are certified by his 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) Depreciation

All operational assets, other than non-depreciating land and community assets are being depreciated over their useful economic lives.

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Abstract of Accounts for the Year Ended 31 March 2007
Statement of Accounting Policies (cont'd)

(d) 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.

(e) Depreciation Charges

General Fund Services are charged for the use of assets no matter how financed and this charge equates to a provision for depreciation where appropriate.

In the case of the Housing Revenue Account the principal, interest and expenses elements of debt charges have been charged directly to the Housing Revenue Account as has the amount of capital expenditure financed from Capital Financed from Current Revenue.

(f) Valuation

The Consolidated 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. The basis of valuation has changed in 2006/07 to take 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.

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 2006/07 and each of the following four years is as follows:

2006/07	crematorium/cemeteries/operational offices & depots
2007/08	all council non-operational properties
2008/09	schools/Social Work homes
2009/10	housing stock/any other properties not previously revalued/general re-appraisal
2010/11	halls/public conveniences/leisure/sports centres and libraries

(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

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Statement of Accounting Policies (cont'd)

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.

11. Proceeds from 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'. The proceeds of disposals are appropriated out within the Statement of Movement on the General Fund Balance.

12. Leased Assets

Leases that do 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. Assets Financed by Covenant Scheme

Transactions have been recorded in the Balance Sheet to reflect repayments made to the financial institution. Depreciation in respect of covenant scheme expenditure is charged to the appropriate revenue account in anticipation of the appropriate life of the asset.

14. Government Grants

Grants and subsidies 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 2007. Government grants and third party contributions and donations are recognised as income at the date the Council satisfies the conditions of grant.

15. Pension Costs and Retirement Benefits

The accounting treatment followed by the Council is in accordance with the Financial Reporting Standard Number 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
- The Local Government Pensions Scheme, administered by Glasgow City Council

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 teachers' Pensions in the year.

16. Group Accounts

The Council has fully adopted the 2006 SORP accounting requirements for group accounts. Any deviation from the Council's main accounting policies are noted within page 41.

17. Grants and Contributions

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

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007
Statement of Accounting Policies (cont'd)

18. 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.

19. 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 2006. 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
- 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.

20. 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.

21. 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.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Income and Expenditure Account

2005/06 Net Expenditure Restated £000	Notes	Service	2006/07 Gross Expenditure £000	2006/07 Gross Income £000	2006/07 Net Expenditure £000
5,820		Central Services	35,318	32,964	2,354
2,824		Corporate and Democratic Core	2,654	39	2,615
3,285		Non distributed costs	1,405	0	1,405
11,854		Cultural and Related Services	15,297	2,753	12,544
81,228		Education	107,406	19,212	88,194
8,456		Environmental Services	15,816	6,794	9,022
(7,613)		Housing Services	66,118	70,117	(3,999)
(1,572)		Planning and Development Services	4,976	6,188	(1,212)
9,014		Roads and Transport Services	12,350	4,966	7,384
40,472		Social Work Services	78,982	38,772	40,210
153,768		Net Cost of Services	340,322	181,805	158,517
(2,136)		Gain or Loss on Disposal of Fixed Assets	0	1,906	(1,906)
21,990		Precepts	36,113	13,450	22,663
(546)	3	Surpluses on Trading Undertakings not included in net cost of services	32,526	35,080	(2,554)
11,675		External Interest Payable and similar charges	11,338	0	11,338
836		Gain/loss early settlement of borrowing	837	0	837
(457)		Interest Earned on Revenue Balances	0	671	(671)
597	13	Pension Interest Cost and Expected return on Pension Assets	20,320	22,425	(2,105)
185,727		Net Operating Expenditure	441,456	255,337	186,119
(35,835)		Council Tax	0	36,769	(36,769)
(34,630)		Non-Domestic Rates	0	34,123	(34,123)
(111,936)		Revenue Support Grant	0	115,003	(115,003)
3,326		(Surplus)/Deficit to be met from Balances b/f	441,456	441,232	224

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Statement of Movement on the General Fund Balance

2005/06 £000	Notes	2006/07 £000	2006/07 £000
3,326	(Surplus)/Deficit to be met from Balances b/f		224
<u>(913)</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>(2,962)</u>
2,413	(Increase)/decrease in the General Fund Balance		(2,738)
<u>(4,241)</u>	General Fund Balance brought forward		<u>(1,828)</u>
<u>(1,828)</u>	General Fund Balance carried forward		<u>(4,566)</u>
Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the General Fund Balance for the year			
0	Amortisation of intangible assets	(30)	
(10,834)	Depreciation and impairment of fixed assets	(20,656)	
571	Government Grants Deferred amortisation	3,928	
2,136	Net loss/surplus on Disposal of Fixed Assets	1906	
<u>0</u>	13 Net charges made for retirement benefits in accordance with FRS17	<u>2,905</u>	(11,947)
<u>(8,127)</u>			
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			
12,289	Loans Fund Principal repayments	12,930	
<u>112</u>	Capital Expenditure charged in-year to the General Fund Balance	<u>407</u>	13,337
12,401			
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			
(1,250)	Contribution from HRA Balance to General Fund	(1,500)	
1,554	12, 5 Surplus transferred to/(from) HRA Account	18	
138	29 Transfers to (from) capital items replacement fund	11	
<u>(5,629)</u>	Movement on pension reserve	<u>(2,881)</u>	(4,352)
<u>(5,187)</u>			
<u>(913)</u>	Net additional amount required to be (credited)/debited to the General Fund balance for the year*		<u>(2,962)</u>

Statement of Total Recognised Gains and Losses

2005/06 £000		2006/07 £000
3,326	Deficit for the year on the Income and Expenditure Account	224
32,894	Deficit/ (Surplus) arising on the revaluation of fixed assets	(19,469)
<u>(7,749)</u>	Actuarial (gains)/losses on pension fund assets and liabilities	<u>(30,174)</u>
<u>28,471</u>	Total recognised gains and losses for the year	<u>(49,419)</u>

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Abstract of Accounts for the Year Ended 31 March 2007

Balance Sheet as at 31 March 2007

2005/06 £000	Note		2006/07 £000	2006/07 £000
		Intangible Assets		
151	19	Software Licenses		121
		Operational Assets		
186,542	19	Council Dwellings	189,434	
176,931	19	Other Land and Buildings	172,560	
10,060	19	Vehicles, Plant and Equipment	12,770	
26,183	19	Infrastructure	27,699	
<u>104</u>	19	Community	<u>240</u>	<u>402,703</u>
399,820				402,824
	19	Non Operational Assets		
47,885		Investment Properties	50,328	
<u>100</u>		Surplus Assets held for Disposal	<u>13,432</u>	63,760
47,985				
		Investments		
768	20	Long Term Debtors		606
22,708	21	Deferred Premiums on Early Repayment of Debt		21,900
471,432		Total Long Term Assets		489,090
		Current Assets		
908	22	Stocks and Work in Progress	964	
35,479	23	Sundry Debtors	35,186	
4,419		Short Term Investments	14,611	
<u>50</u>		Cash in Hand	<u>51</u>	50,812
40,856				
		Current Liabilities		
(36,058)	25	Sundry Creditors	(37,046)	
(3,503)		Bank Overdraft	(2,904)	
<u>(537)</u>	24	Borrowing repayable on demand or within 1 year	<u>(538)</u>	<u>(40,488)</u>
(40,098)				
472,190		Total Assets less Current Liabilities		499,414
(202,921)	27	Borrowing Repayable after 12 Months	(207,052)	
(2,400)	26	Provisions	(6,566)	
(158)		Covenant	0	
(86,603)		Liability relating to Defined Pension Scheme	(56,405)	
<u>(12,439)</u>	28	Deferred Grants	<u>(12,303)</u>	<u>(282,326)</u>
(304,521)		Total Long Term Liabilities		
<u>167,669</u>		Total Assets Less Liabilities		<u>217,088</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Balance Sheet as at 31 March 2007 (cont'd)

2005/06 £000	Note		2006/07 £000	2006/07 £000
		Represented by:		
	29	Capital Reserves		
134,484		Fixed Asset Restatement Account	144,136	
103,733		Capital Financing Account	108,833	
<u>11,436</u>		Usable Capital Receipts Reserve	<u>14,638</u>	267,607
249,653				
		Revenue Provisions and Reserves		
1,828		General Fund	4,566	
(86,603)		Pension Reserve	(56,405)	
325		Other Reserves	336	
<u>2,466</u>		Housing Revenue Account	<u>984</u>	
<u>(81,984)</u>				<u>(50,519)</u>
<u>167,669</u>		Total Net Worth		<u>217,088</u>

David Connell
Head of Finance
West Dunbartonshire Council
28 September 2007

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007
Cash Flow Statement

2005/06 £000	Notes	<u>REVENUE ACTIVITIES</u>	2006/07 £000	2006/07 £000
		Cash Outflow		
134,610		Cash paid to and on behalf of employees	146,815	
178,421		Other operating cash payments	144,086	
<u>14,064</u>		Housing Benefit paid out	<u>14,281</u>	
327,095				305,182
		Cash Inflow		
(10,616)		Rents (after rebates)	(10,395)	
(37,042)		Council Tax income	(37,293)	
(111,936)		Revenue Support Grant	(115,003)	
(33,917)		Non Domestic Rates	(35,346)	
(31,723)		DSS Grants for rebates	(31,796)	
(29,031)	33	Other Government Grants	(38,246)	
(41,194)		Cash received for goods and services	(50,843)	
<u>(39,715)</u>		Other operating cash receipts	<u>(14,908)</u>	
<u>(335,174)</u>				<u>(333,830)</u>
<u>(8,079)</u>	34	Net Cash Inflow from Revenue Activities		<u>(28,648)</u>
		<u>SERVICING OF FINANCE</u>		
		Cash Outflow		
11,108		Interest etc. paid		11,967
		Cash Inflow		
<u>(322)</u>		Interest received		<u>(575)</u>
<u>10,786</u>		Net Cash Outflow from Servicing of Finance		<u>11,392</u>
		<u>CAPITAL ACTIVITIES</u>		
		Cash Outflow		
21,574		Purchase/Improvement of fixed assets	<u>26,979</u>	26,979
		Cash Inflow		
(6,393)		Sale of fixed assets	(12,588)	
(5,144)	33	Capital grants received	(3,972)	
<u>(2,022)</u>		Other capital cash receipts	<u>(579)</u>	
<u>(13,559)</u>				<u>(17,139)</u>
<u>8,015</u>		Net Cash Outflow from Capital Activities		<u>9,840</u>
<u>10,722</u>		Net Cash Outflow/(Inflow) before Financing		<u>(7,416)</u>
		Management of Liquid Resources		
(6,311)		Net increase/(decrease) in Short Term Deposits		10,192
<u>0</u>		Net increase/(decrease) in Other Liquid Resources		<u>599</u>
<u>(6,311)</u>		Net Cash Outflow/(Inflow) from Management of Liquid Resources		<u>10,791</u>
		<u>FINANCING</u>		
		Cash Outflow		
30,450		Repayment of amounts borrowed		57,200
		Cash Inflow		
<u>(35,100)</u>		New loans raised		<u>(61,174)</u>
<u>(4,650)</u>	35	Net Cash Outflow/(Inflow) from Financing		<u>(3,974)</u>
<u>(239)</u>	35	(Increase)/Decrease in Cash		<u>(599)</u>

Notes to the Core Statements

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Note 1 : Prior year adjustments

In the 2006/07 Statement of Accounts, the Council has adopted three significant new accounting policies that impact on the comparative figures for 2005/06 in the Income and Expenditure Account:

Capital financing charges for the use of fixed assets are no longer made to service revenue accounts, support services and trading accounts.

Credits for government grants deferred are now posted to service revenue accounts, support services and trading accounts rather than credits as a corporate income item.

Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account.

These charges have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of accounts (only figures that have changed are included in the table).

	Consolidated Revenue Account in 2005/06 Statement of accounts £000	Removal of capital financing charges £000	Relocation of precepts and levies £000	Relocation of HRA interest income and depreciation £000	Relocation of government grants deferred credits £000	Recognition of gains/ losses on disposal of fixed assets £000	2005/06 comparatives £000
Education	86,048	(4,540)	0	0	(280)	0	81,228
Central Services	6,009	(39)	0	0	(150)	0	5,820
Planning and Development Services	(1,329)	(108)	0	0	(135)	0	(1,572)
Roads and Transport Services	10,080	(1,060)	0	0	(6)	0	9,014
Social Work Services	40,906	(434)	0	0	0	0	40,472
Corporate and Democratic Core	2,855	(31)	0	0	0	0	2,824
Cultural and Related Services	13,026	(1,172)	0	0	0	0	11,854
Environmental Services	8,567	(111)	0	0	0	0	8,456
Housing Services	(532)	(11,781)	0	4,700	0	0	(7,613)
Precepts and Levies	21,990	0	(21,990)	0	0	0	0
Net Cost of Service	190,905	(19,276)	(21,990)	4,700	(571)	0	153,768
Precepts and Levies	0	0	21,990	0	0	0	21,990
Surpluses on Trading Operations	(451)	(95)	0	0	0	0	(546)
Profit or Losses on Disposal of Assets	0	0	0	0	0	(2,136)	(2,136)
External Interest Payable	(3,012)	19,371	0	(4,419)	571	0	12,511
Interest Earned on Revenue Balances	(176)	0	0	(281)	0	0	(457)
Net Operating Expenditure	187,863	0	0	0	0	(2,136)	185,727
Additional amounts adjusted by statute	0	0	0	0	0	2,136	187,863

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 2 : Central Support Services

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

2005/06				2006/07	
Net Allocation		Gross Costs	Income	Net Allocation	
£000	Service	£000	£000	£000	
189	Chief Executive	203	0	203	
418	Director of Corporate Services	151	0	151	
1,385	Legal & Administration	1,415	124	1,291	
48	Central Purchasing	49	0	49	
3,325	Finance	3,660	151	3,509	
1,041	Personnel	891	0	891	
2,436	Information Services	2,909	221	2,688	
459	Policy Unit	489	33	456	
212	Public Relations	226	1	225	
1,285	Architectural and Related Services	1,518	570	948	
62	Canteen	101	0	101	
29	Courier Service	33	0	33	
1,660	Office Accommodation	1,826	65	1,761	
0	Procurement	180	0	180	
0	Risk management	275	3	272	
<u>12,549</u>		<u>Total</u>	<u>1,168</u>	<u>12,758</u>	

Note 3 : 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. This charge is not included within the income and Expenditure Account on page 11.

2005/06				2006/07	
Surplus/ (Deficit)		Expenditure	Income	Surplus/ (Deficit)	
£000	Trading Account	£000	£000	£000	
(1,064)	Catering Services	3,502	3,777	275	
218	Leisure Services	4,478	4,733	255	
1,392	Housing Property Maintenance	14,177	15,412	1,235	
0	Roads	3,980	4,173	193	
	Grounds Maintenance & Street				
0	Cleaning	6,507	6,985	478	
<u>546</u>		<u>32,644</u>	<u>35,080</u>	<u>2,436</u>	

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 3 : 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 2004/05 to 2006/07 is as follows:

Trading Account		Catering £000	Leisure £000	Housing Property Maintenance £000	Grounds	Roads
					Maintenance / Street Cleaning £000	£000
Net surplus/(deficit) reported	2004/05	13	(26)	1,363	0	0
	2005/06	199	228	1,320	0	0
	2006/07	<u>275</u>	<u>255</u>	<u>1,235</u>	<u>478</u>	<u>193</u>
Deduct Adjustments for FRS17 Income 2004/05		487	457	3,918	478	193
		<u>(30)</u>	<u>(49)</u>	<u>(158)</u>	<u>0</u>	<u>0</u>
Add: Equal Pay 2005/06		457	408	3,760	478	193
		<u>(1,274)</u>	<u>(22)</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>(817)</u>	<u>386</u>	<u>3,760</u>	<u>478</u>	<u>193</u>

Through annual review and evaluation the Council extended its statutory trading operations to two further services in 2006/07, namely grounds maintenance/street cleaning and roads.

The above table confirms that before taking account of the income in 2005/06 in respect of compensation for the FRS17 methodology change and before the exceptional item of equal pay compensation in 2006/07, all three trading accounts which have been statutory for three years have met their break even targets.

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

Catering Services - catering to schools, catering for the elderly (including Meals on Wheels) and other catering such as staff canteens. The main objective of the service is to provide healthy catering to its customers.

Leisure Services - aims to make a positive impact on the health and wellbeing of residents within West Dunbartonshire Council through continually developing leisure services.

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.

Roads – aims to manage and maintain roads to allow the safe movement of people, goods and services for the social and economic benefit of all the people in the area.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 4 : Material Transactions with Related Parties

A requirement of the Accounting Code of Practice is that a local authority's accounts 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 2006/07 that are within the Council's group accounts are summarised below:

2005/06 Net	Organisation	Description	2006/07 Receipts	2006/07 Payment	(Debtor)/ Creditor at 31.03.07
£000			£000	£000	£000
703	Dumbarton and Argyll & Bute Valuation Joint Board	Annual running costs		712	0
12,581	Strathclyde Police Joint Board	Annual running costs		13,073	0
8,706	Strathclyde Fire Joint Board	Annual running costs		8,878	0
3,542	Strathclyde Passenger Transport Authority	Annual running costs including concessionary fares scheme		1,698	0

Transactions with other related parties are summarised below:

2005/06 Net	Organisation	Description	2006/07 Receipts	2006/07 Payment	(Debtor)/ Creditor at 31.03.07
£000			£000	£000	£000
4,400	Scottish Executive	Teachers' pension fund contribution		4,907	0
(111,936)	Scottish Executive	Revenue support grant	114,753		0
(28,935)	Scottish Executive	Government grants	30,471		(2,330)
1,011	Clydebank Rebuilt	Contribution on regeneration of area		1,150	970
9,294	Strathclyde Pension Fund	Employee and employers' pension contributions		13,498	1,165
10,144	Scottish Water	Water and sewerage charges collected by Council and paid over		11,466	87
25,285	HM Revenue and Customs	VAT/Income tax and NI	10,018	35,985	(916)
(6,592)	NHS Greater Glasgow and Clyde	Care in the community services by the Council	7,600	948	76

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 2007, the Council has not had any transactions totalling more than £0.500m for any body in which members have an interest.

Note 5 : Housing Revenue Account Deficit : £1.482m (2005/06 £0.304m)

The Housing Revenue Account returned a deficit for the year of £1.482m (2005/06 £0.304m surplus) which was transferred from the Housing Revenue Account balance. This was calculated from an in-year surplus of £0.018m and a transfer of £1.500m to the General Fund.

Note 6 : Local Government Act 1986 - Separate Publicity Account

Section 5 of this Act requires the Council to maintain a separate account for publicity. Expenditure of £310,685 was incurred during 2006/07 (2005/06 £294,846) in respect of the following items:

2005/06		2006/07
£		£
150,760	Recruitment	165,146
144,086	Advertising and other publications	145,539
<u>294,846</u>		<u>310,685</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 7 : Skillseekers

This scheme is primarily funded by Dunbartonshire Enterprise and £678,600 (2005/06 £640,680) was received from this agency during 2006/07 after successful completion of predefined training modules by participants in the scheme. The net cost to the Council of operating the scheme was £44,150 (2005/06 income of £7,760).

Note 8 : 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 £0.698m in 2006/07 (2005/06 £0.882m). The unexpired commitment on these leases totals £2.206m (2005/06 £2.778m) , with £0.558m falling due in 2007/08 and is profiled by maturity below:

Maturity Profile:	2006/07
	£000
0 – 1 year	269
1 - 2 years	163
2 - 5 years	0
5 – 10 years	0
More than 10 years	<u>126</u>
	<u>558</u>

Note 9 : 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 2006/07 amounted to :

2005/06		2006/07
£000		£000
1018	Expenditure	382
658	Income	566

Note 10 : Officers' Emoluments

The number of staff whose emoluments in the year exceeded £40,000 per annum (excluding severance costs) was as follows:

2005/06				2006/07	
11	£50,001	To	£60,000	21	
14	£60,001	To	£70,000	11	
3	£70,001	To	£80,000	3	
2	£80,001	To	£90,000	1	
2	£90,001	To	£100,000	1	
1	£100,001	To	£110,000	0	

Note 11 : Members' Allowances

The total of members' allowances paid in the year was £306,423 (2005/06 £344,522).

Note 12 : 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 has transferred £1.500m (2005/06 £1.250m) from the HRA to the General Fund accordingly.

Notes to the Core Statements (cont'd)

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Note 13 : Pensions

(a) Non Teachers

In 2006/07, the Council paid an employer's contribution of £10.190m (2005/06 £9.294m) representing 16.5% (2005/06 15.3%) 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 2005. The valuation showed that the required level of contributions to be paid to the Fund by West Dunbartonshire Council for the three years of the intervaluation period should be set at 260% - 2006/07, 270% - 2007/08 and 280% - 2008/09 of the employee's rate. There is a valuation due in the financial year 2008/09.

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 2006/2007, these amounted to £1.836m (2005/06 £1.574m) representing 1.8% (2005/06 1.8%) of employees' pensionable pay. Strain on the Fund costs are charged to the General Fund over the period to which they relate. In 2006/07, the charge was £1.067m (2005/06 £0.742m) and the liability to meet future payments was £3.351m (2005/06 £2.019m).

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Authority. In 2006/2007 the capitalised costs that would have arisen from the early retirement of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2006/2007	6,179
In earlier years	<u>25,650</u>
Total	<u>31,829</u>

For the financial year 2006/07, 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 following transactions have been made in the Income and Expenditure Account during the year.

2005/06		2006/07
£000	Net cost of services	£000
11,041	Current service cost	13,955
935	Past service cost	1,328
2,350	Curtailments and settlements	77
	Net operating expenses	
18,517	Interest cost	20,591
(17,920)	Expected return on assets	(22,724)
	Amount to be met from government grants and local taxation	
(5,629)	Movement on pension reserve	(2,901)
	Actual amount charged against council tax for pensions in year	
9,294	Employer contributions payable to scheme	10,326

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 13 : Pensions (cont'd)

(a) Non Teachers (cont'd)

Further details on pension liabilities are provided in (c) below. On page 38 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 86.64% (2005/06 – 79.51%) of accrued liabilities at that date.

(b) Teachers

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 12.5%. The amount paid over in respect of employer's contributions was £4.907m (2005/06 £4.440m).

In respect of expenditure in respect of teachers added years, no payments were made (2005/06 £0.018m).

(c) Pension Assets and Liabilities

In accordance with Financial Reporting Standard No 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 Executive. In addition, the Council has liabilities for discretionary pension payments outside the main schemes.

The Council's assets and liabilities amounted to:

	2006/07	2005/06	2004/05
	£000	£000	£000
Share of assets in the Strathclyde Pension Fund	365,895	336,141	255,778
Estimated liabilities in the Strathclyde Pension Fund	<u>(390,471)</u>	<u>(394,604)</u>	<u>(322,257)</u>
Net liabilities in the Strathclyde Pension Fund	(24,576)	(58,463)	(66,479)
Estimated liabilities for discretionary pensions	<u>(31,829)</u>	<u>(28,140)</u>	<u>(22,244)</u>
Net pension asset/(liability)	<u>(56,405)</u>	<u>(86,603)</u>	<u>(88,723)</u>

Assets (employer's share) are valued at fair value, principally market value for investments, and consist of:

	£000		Rate of	2005/06	2004/05
			Return	Return	Return
Equity investments	268,533	73.39%	7.8%	7.4%	7.7%
Bonds	44,857	12.26%	4.9%	4.6%	4.8%
Property	36,487	9.97%	5.8%	5.5%	5.7%
Cash	<u>16,018</u>	<u>4.38%</u>	4.9%	4.6%	4.8%
	<u>365,895</u>	<u>100.00%</u>	7.1%	6.8%	7.0%

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 13 : Pensions (cont'd)

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

Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. The rate used to value liabilities changed in 2004/05 and they are now valued on the ASB basis (long dated high quality corporate bonds). In previous years the liabilities have been valued using the CIPFA discount rate (based on long term gilt yields). The change in the rate used to value liabilities has resulted in an increase in past service liabilities and future service costs of approximately 33%. They are based on a valuation as at 31 March 2005 updated for the following year, by the independent actuaries to the Strathclyde Pension Fund. The main assumptions used in the calculations are:

	2006/07	2005/06	2004/05
Rate of price inflation	3.2%	3.1%	2.9%
Rate of increase in salaries	4.7%	4.6%	4.4%
Rate of increase in pensions	3.2%	3.1%	2.9%
Rate for discounting scheme liabilities	5.4%	4.9%	5.4%

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 falls to be met.

2005/06		2006/07
£000		£000
52,985	Actual return less expected return in Pension Scheme Assets	279
13.43%	As a percentage of scheme liabilities	0.71%
3,995	Experience Gains and losses arising on the scheme liabilities	(1,625)
1.01%	As a percentage of scheme liabilities	(0.42%)

Note 14 : Audit Fees

In 2006/07 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:

2005/06		2006/07
£		£
279,900	Fees payable for external audit services and certification of grant claims.	300,920
3,300	Fees payable/refunds made in respect of past years	(28,130)
<u>5,801</u>	Fees payable in respect of other services provided by the appointed auditor.	<u>0</u>
<u>289,001</u>		<u>272,790</u>

The fees for other services provided in 2005/06 relate to audit comment in respect of PPP schools.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 15 : Items of Expenditure and Income

The Income and Expenditure Account on page 11 and the service summary on page 25 are presented below in a different layout to compare actual with budget.

2005/06		2006/07	2006/07
Actual		Budget	Actual
Restated			
£000	What the money was spent on:-	£000	£000
124,635	Employee Costs	130,265	135,567
29,239	Property Costs	29,287	32,353
27,276	Supplies and Services and administration	36,806	41,133
2,931	External Services	2,962	3,090
3,167	Transport	5,476	6,153
67,058	Payment to Other Bodies	57,502	56,698
25,532	Requisitions from Joint Boards	24,671	24,362
<u>30,557</u>	Housing Benefit	<u>33,513</u>	<u>31,366</u>
310,395	Cost of Council Services	320,482	330,722
(2,452)	Appropriations	(1,089)	(7,386)
12,230	External interest Payable	7,045	12,175
<u>(457)</u>	Interest Charged on Revenue Balances	<u>(260)</u>	<u>(258)</u>
<u>319,716</u>		Total	<u>335,253</u>
2005/06		2006/07	2006/07
Actual		Budget	Actual
£000	Where the money came from:-	£000	£000
27,354	Housing Rents	28,283	27,602
72,009	Other Income	73,195	85,206
4,259	Specific Government Grants	4,292	5,368
<u>30,829</u>	Housing Benefit Subsidy	<u>32,551</u>	<u>31,366</u>
134,451	Income From Council Services	138,321	149,542
146,566	Revenue Support Grant and Non-Domestic Rates	148,879	149,126
451	Trading Operations Surplus	1,977	2,554
35,835	Council Tax	37,001	36,769
<u>2,413</u>	Reserves and Surpluses	<u>0</u>	<u>(2,738)</u>
<u>319,716</u>		Total	<u>335,253</u>

This note is a restatement of the Income and Expenditure Account (which is shown on page 11). In order to reconcile the note to the Account, the cost of council services (above) of £330.722m less the income from council services (above) of £149.542m equals £181.180m. This is the value of net cost of services within the Income and Expenditure Account of £158.517m and precepts of £22.663m

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 16 : Service Summary

The service summary at page 11 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.

2005/06 Actual Restated £000	Notes	Services	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	2006/07 Budget £000
0		Central Support Services	13,918	13,918	0	0
83,539		Education & Cultural Services	103,083	16,568	86,515	84,197
40,374		Social Work	74,236	38,337	35,899	38,200
22,799 (1,462)		Housing, Regeneration and Environmental Services Housing Revenue Account (HRA)	92,122 33,617	68,417 31,992	23,705 1,625	24,312 0
1,611		Corporate Services	3,265	1,921	1,344	3,198
10,446		Other Services	8,647	859	7,788	7,412
		Requisitions -				
12,581		Police	26,523	13,450	13,073	13,071
8,706		Fire	8,878	0	8,878	8,933
3,542		Strathclyde Passenger Transport Executive	1,698	0	1,698	1,972
<u>703</u>		Valuation Joint Board	712	0	712	695
182,839		Net Cost of Services	366,699	185,462	181,237	181,990
		Adjust for items charged to departments but accounted for below the net cost of services in the Income and Expenditure Account				
0		General Services	7,393	0	7,393	0
<u>(7,081)</u>		HRA	<u>(8,138)</u>	<u>(688)</u>	<u>(7,450)</u>	<u>0</u>
<u>175,758</u>			<u>365,954</u>	<u>184,774</u>	<u>181,180</u>	<u>181,990</u>

Note 17 : Corporate and Democratic Core Costs

In accordance with BVACOP, costs have been identified in respect of Corporate and Democratic Core comprising of £1.048m (2005/06 £1.125m) for Corporate Management and £1.567m (2005/06 £1.730m) for Democratic Representation and Management.

Note 18 : Expenditure and Income Details.

The information contained in the Income and Expenditure Account (page 11) 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
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 20 : Long Term Debtors

2005/06		2006/07
£000		£000
910	Opening balance at 01.04.06	768
(142)	Repayments	(162)
<u>0</u>	Additions	<u>0</u>
<u>768</u>	Closing balance at 31.03.07	<u>606</u>

Note 21 : Deferred Premiums

The outstanding premiums rising from debt rescheduling exercises amount to £21.900m. In year movement was as noted below:

2005/06		2006/07
£000		£000
23,544	Opening Balance 01.04.06	22,708
836	Repayments	837
<u>0</u>	Additions	<u>29</u>
<u>22,708</u>	Closing Balance 31.03.07	<u>21,900</u>

Note 22 : Stocks and Work in Progress

2005/06		2006/07
£000		£000
776	Consumable stores	827
<u>132</u>	Work in progress	<u>137</u>
<u>908</u>		<u>964</u>

Note 23 : Debtors

2005/06	2005/06		2006/07	2006/07
£000	£000		£000	£000
26,531		Arrears of local taxation - council tax	26,288	
(17,972)	8,559	less bad debt provision	(18,253)	8,035
5,096		non domestic rates	4,418	
(1,886)	3,210	less bad debt provision	(2,431)	1,987
10,575		Community charge	10,240	
(10,575)	0	less bad debt provision	(10,240)	0
2,387		Housing rents receivable	2,348	
(1,587)	800	Less bad debt provision	(1,567)	781
	4,725	Central government grants		5,067
	1,976	VAT recoverable		3,145
	<u>16,209</u>	Other income due		<u>16,171</u>
	<u>35,479</u>			<u>35,186</u>

Note 24 : Temporary Borrowing

Repayable on demand or within 12 months

2005/06		2006/07
£000		£000
508	Banks	508
<u>29</u>	Public Works Loans Board	<u>30</u>
<u>537</u>		<u>538</u>

Notes to the Core Statements (cont'd)

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Note 25 : Sundry Creditors

2005/06		2006/07
£000		£000
2,455	Loan interest, etc. accrued	2,522
8,484	Accrued payrolls, PAYE, N. I. & superannuation	9,072
1,292	Advances from partner agencies	1,595
124	School resources carried-forward	49
4,005	Deferred Income	3,293
<u>19,698</u>	Other	<u>20,515</u>
<u>36,058</u>		<u>37,046</u>

Note 26 : Provisions

2005/06		2006/07
£000		£000
1,600	Equal pay claims and single status payments	6,440
<u>800</u>	Early severance	<u>126</u>
<u>2,400</u>		<u>6,566</u>

Equal pay claims and single status payments – This issue has arisen from the Single Status job evaluation exercise. The provision charges revenue in 2006/07 with the first year's single status payments as well as holding the remainder of the equal pay claims provision for those employees still to settle.

Early Severance – This provision is held for those staff accepting a severance or early retiral package in 2006/07 with a view to leaving in 2007/08.

Note 27 : Analysis of Borrowing

Long Term Borrowing

Source of loans:

2005/06		2006/07
£000		£000
132,903	Public Works Loan Board	137,381
118	European Investment Bank	71
<u>69,900</u>	Market Loans	<u>69,600</u>
<u>202,921</u>		<u>207,052</u>

Maturity Profile:

377	1 - 2 years	79
170	2 - 5 years	127
14,846	5 – 10 years	20,904
<u>187,528</u>	More than 10 years	<u>185,942</u>
<u>202,921</u>		<u>207,052</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 28 : Deferred Grants

2005/06		2006/07
£000		£000
7,395	Opening balance at 01.04.06	12,439
(571)	Repayments	(3,928)
<u>5,615</u>	Additions	<u>3,792</u>
<u>12,439</u>	Closing balance at 31.03.07	<u>12,303</u>

Note 29 : Reserves

The reserve funds are used as follows:

Fixed Asset Restatement Account

This account contains the surplus arising from the restatement of assets. It is adjusted each year for asset disposals and debited or credited with any differences arising from asset revaluations. This account cannot be used to support spending.

Capital Financing Account

This account contains the amount of capital expenditure financed from revenue and capital receipts. It also contains any difference between the amounts provided for depreciation and that required to be recharged to revenue to repay the principal element of advances from the Loans Fund. As above, this account cannot be used to support spending.

Usable Capital Receipts Reserve

This reserve is available to be spent on capital projects and other approved expenses. All capital receipts are credited to it and the reserved portions are transferred to the Capital Financing Account. The balance is transferred to the Capital Financing Account as it is applied on capital expenditure.

Pension Reserve

This reserve shows the pension scheme surpluses and deficits. This fund is separate from the authorities General Fund and means that pension fund surpluses or deficits will have no impact on local taxation.

Other Reserves

The other reserves are made up as follows:

2005/06		2006/07
£000		£000
<u>325</u>	Capital Items Replacement Fund	<u>336</u>
<u>325</u>		<u>336</u>

Details of the movements in the above reserves are contained in the Statement of Total Movement in Reserves on page 38.

Note 30 : Contingent Assets or Liabilities

The Council is currently in negotiations with a contractor over the responsibility of payment of sums in addition to the agreed tender price for supplementary works required on the refurbishment of Dumbarton Bridge. The final cost to the Council, if any, is unknown.

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.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 31 : 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 £4.566m on 31.03.07, of which £2.020m was applied to the 2007/08 budget and £1.483m is earmarked for ringfenced grant purposes.
- (2) The HRA balance is currently £0.984m as at 31.03.07, of which £0.603m was applied to the 2007/08 budget.

Deferred Income

The creditors' balance of £37.046m includes deferred income in connection with delays in spending government grants of £1.810m. The main grants affected by this delay are:-

2005/06		2006/07
£000		£000
196	Youth Crime	164
625	Working for families	218
449	Anti Social Behaviour Order	356
292	Adult Literacy	211
133	Young Choirs	0
164	Education Accessibility	88
122	Active Schools	0
123	Changing Children's Services	0
0	Private Sector Housing	502
0	Fostering	89

Note 32 : Authorised for Issue

As the responsible officer controlling the financial affairs of the Council, the Head of Finance signed the unaudited Accounts on 29 June 2007. Events which have taken place after the Balance Sheet date of 31 March 2007 and up to the date of the signing of the Accounts have been considered in the production of these Accounts.

The unaudited Accounts were signed, issued and open for inspection within the statutory period and the audited version will be presented to Council on 31 October 2007.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 33 : Analysis of Other Government Grants

2005/06		£000
£000		£000
	<u>Revenue</u>	
1,144	Housing Benefit Administration	1,468
7	Supported Employment	17
16,375	Supporting People	15,575
256	Social Work – Mental Illness	250
1,972	Other	2,152
101	Training	116
600	Working for Families	600
27	HRA	0
999	Housing, Regeneration and Environmental Services - Strategic Waste	771
86	- Other	59
635	Non HRA	797
120	Education - Pre 5	119
1,331	Other	3,634
0	In-Service Teachers Training	0
1,406	National Priority Action Fund	7,470
0	Road Safety	22
1,289	Social Inclusion Partnership	0
60	Communities Voices Programme	0
1,721	Community Regeneration Fund	4,726
902	Private Sector Housing Grant	470
<u>29,031</u>		<u>38,246</u>
	<u>Capital</u>	
101	Contaminated Land	0
73	Communities Scotland	0
845	Heritage Lottery	59
166	Modernising Government	0
76	Economic Regeneration	0
103	Social Work Adaptations	0
63	Connecting Dumbarton	0
3	Estates Management	0
583	Strategic Waste	1
69	Warm Deal	0
40	Air Quality Monitoring	42
217	DIP Work Flow	0
371	Cycle/Walk/Safer Streets grant	154
0	ERDF	48
0	West Trans	101
0	Argyll Pavillion	11
0	Sports Scotland	89
0	South Drumry Neighbourhood Association	45
0	SPT	110
1,967	School Fund	3,078
0	School Estate Management Plan	20
467	Big Lottery	214
<u>5,144</u>		<u>3,972</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Core Statements (cont'd)

Note 34 :Reconciliation of Consolidated Revenue Account to Revenue Activities

2005/06 £000		2006/07 £000
3,326	(Surplus)/Deficit for year	224
	Non Cash Transactions	
(2,400)	Contribution to provisions	(4,826)
212	Contributions to reserves	(11)
(24,876)	Contributions to Capital	(905)
46	Non cash movement relating to loans fund	(12,930)
12,006	Adjustment not involving movement of funds	(8,771)
	Items on an Accruals Basis	
(89)	Increase/(Decrease) in stock and WIP	56
4,113	Increase/(Decrease) in Debtors	1,081
<u>(417)</u>	(Increase)/Decrease in Creditors	<u>(2,566)</u>
<u>(8,079)</u>	Net Cash Flow from Revenue Activities	<u>(28,648)</u>

Note 35 : Analysis of Net Debt

	Balance at 01.04.06 £000	Cash Flow £000	Balance at 31.03.07 £000
Bank Overdraft	(3,503)	598	(2,905)
Cash in Hand	<u>50</u>	<u>1</u>	<u>51</u>
Decrease in Cash	<u>(3,453)</u>	<u>599</u>	<u>(2,854)</u>
Debt due after 1 year	(203,079)	(3,973)	(207,052)
Debt due within 1 year	<u>(77)</u>	<u>(1)</u>	<u>(78)</u>
Total Debt	<u>(203,156)</u>	<u>(3,974)</u>	<u>(207,130)</u>
Temporary lending/short term deposits	<u>3,959</u>	<u>10,192</u>	<u>14,151</u>
Total	<u>(202,650)</u>	<u>6,817</u>	<u>(195,833)</u>
			£000
Reconciliation of Movement in Cash to Net Debt			599
Increase/(Decrease) in cash			(3,974)
Increase/(Decrease) in debt financing			<u>10,192</u>
Increase/(Decrease) in liquid resources ⁽¹⁾			6,817
Movement in debt in period			<u>(202,650)</u>
Net debt as at 31 March 2006			<u>(195,833)</u>
Net debt as at 31 March 2007			
			£000
⁽¹⁾ Definition of liquid resources			10,192
Movement in short term investment loans			<u>0</u>
Movement in short term on-call borrowings			<u>10,192</u>
Increase/(Decrease) in liquid resources			

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

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.

2005/06		2006/07
Restated		£000
£000		
	Income	
(27,743)	Dwelling rents	(27,913)
(390)	Other rents	(328)
<u>(1,871)</u>	Other income	<u>(1,808)</u>
(30,004)		(30,049)
	Expenditure	
8,575	Repairs and maintenance	10,298
5,457	Supervision & management	5,624
1,876	Void properties	1,632
7,070	Depreciation and impairment	5,329
348	Bad/doubtful debts	413
<u>809</u>	Other expenditure	<u>878</u>
24,135		24,174
(5,869)	Net costs of HRA services as included in the whole authority income and expenditure account	(5,875)
<u>25</u>	HRA share of corporate and democratic core	<u>50</u>
(5,844)	Net cost of HRA services	(5,825)
	HRA share of the operating income and expenditure included in the whole authority accounts	
(1,651)	Gain or loss on sale of HRA fixed assets	(1648)
5,132	Interest payable and similar charges	4,905
368	Amortisation of premiums and discounts	360
(281)	Interest and investment income	(366)
<u>11</u>	Pensions interest cost and expected return on pension assets	<u>(80)</u>
(2,265)	(Surplus)/deficit for the year on HRA services	(2,654)
	Statement of Movement on the HRA Fund Balance	
(2,265)	(Surplus)/Deficit to be met from Balances b/f	(2,654)
<u>1,961</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>4,136</u>
(304)	Decrease in the HRA Fund Balance	1,482
<u>(2,162)</u>	HRA Balance brought forward	<u>(2,466)</u>
(2,466)	HRA Balance carried forward	(984)
	Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the HRA Fund Balance for the year	
(7,070)	Depreciation and impairment of fixed assets	(5,329)
1,651	Net loss/surplus on disposal of fixed assets	1,648
<u>(103)</u>	Net charges made for retirement benefits in accordance with FRS17	<u>(109)</u>
(5,522)		(3,790)
	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	
<u>6,233</u>	Loans Fund Principle repayments	<u>6,426</u>
6,233		6,426
	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>1,250</u>	Transfer to the General Fund from the HRA Account	<u>1,500</u>
1,250		1,500
1,961	Net additional amount required to be credited to the HRA Fund Balance for the year	4,136

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

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.

2005/06	Rental Information	2006/07
£43.84	Average weekly rent (52wks)	£44.83
£000	Rent arrears (houses only):-	£000
1,397	Current	1,271
<u>990</u>	Former	<u>1,078</u>
<u>2,387</u>		<u>2,349</u>
	Provision made towards	
£1,587	Uncollectable debts (houses)	£1,567

Housing Stock as at 31 March 2007

	Dumbarton/ Alexandria	Clydebank	Total
Houses	1,964	1,666	3,630
High rise	438	1,339	1,777
4-in-a-block	1,890	1,721	3,611
Maisonette/Other flat	602	362	964
Tenement	<u>865</u>	<u>873</u>	<u>1,738</u>
	<u>5,759</u>	<u>5,961</u>	<u>11,720</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Council Tax Account

Council Tax: £36.769m (2005/06 £35.835m)

2005/06 £000		2006/07 £000
42,766	Gross council tax	43,796
	Less:	
0	Council tax benefit (net of government grant)	(48)
0	Discounts for prompt payment	0
(5,400)	Other discounts and reductions	(5,638)
(1,738)	Provision for bad and doubtful debts	(1,647)
<u>207</u>	Adjustments for prior years	<u>306</u>
<u>35,835</u>	Transfer to General Fund	<u>36,769</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	17	9	0	15	5/9	8
Band A	8,132	307	58	4,740	310	6,543	6/9	4,362
Band B	17,230	444	(29)	7,930	303	14,623	7/9	11,373
Band C	7,408	100	(11)	2,627	47	6,617	8/9	5,882
Band D	4,642	57	9	1,315	20	4,255	1	4,255
Band E	4,448	23	(29)	759	16	4,198	11/9	5,131
Band F	1,470	8	(5)	196	7	1,405	13/9	2,029
Band G	520	3	(10)	52	3	493	15/9	822
Band H	30	0	0	1	3	28	18/9	<u>56</u>
						Total		33,918
							Provision for bad debt	<u>1,357</u>
							Council Tax Base	<u>32,561</u>

The nature and actual amount of each charge fixed

Gross Charges	2005/06 £ per year	2006/07 £ per year
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 2006/07 was £1,138.		
Band A	742	759
Band B	866	885
Band C	989	1,012
Band D	1,113	1,138
Band E	1,360	1,391
Band F	1,608	1,644
Band G	1,855	1,897
Band H	2,226	2,276

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
Abstract of Accounts for the Year Ended 31 March 2007

Non-Domestic Rates Account

Non-Domestic Rates Income £34.123m (2005/06 £34.630m)

Non-domestic rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £34.123m (2005/06 £34.630m) from the national pool. The amount deemed to be collected locally was £59.690m (2005/06 £59.205m). The sum actually collected locally and contributed to the pool was £56.675m (2005/06 £58.845m), made up as follows:

2005/06		2006/07
£000		£000
64,036	Gross rates levied	63,187
	Less:	
(4,176)	Reliefs and other deductions	(3,956)
<u>(640)</u>	Provision for bad and doubtful debts	<u>(632)</u>
59,220	Net non-domestic rate income	58,599
<u>(375)</u>	Adjustments for prior years	<u>(1,924)</u>
<u>58,845</u>	Contribution to National Non-Domestic Rate Pool	<u>56,675</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 1/4/06	140,687,547	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)	1,482,175	The national non-domestic rate poundage set by the First Minister for Scotland for 2006/07 was £0.449.
Rateable value at 31/3/07	139,205,372	
Less: partially exempt	801,050	
Less: wholly exempt	<u>5,060,380</u>	
Net rateable value at 31/3/07	<u>133,343,942</u>	

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Capital Account

Budgetary Performance

2005/06		2006/07	2006/07	Actual as a
Actual as		Budget	Actual	% of budget
% of		£000	£000	
budget				
87.07%	Chief Executive	829	725	87.41%
54.47%	Education and Cultural Services	3,473	3,771	108.58%
63.73%	Social Work	927	993	107.12%
74.80%	Housing, Regeneration & Environmental Services	9,085	7,890	86.85%
<u>98.36%</u>	<u>Other Services</u>	<u>948</u>	<u>875</u>	<u>92.30%</u>
71.06%	Total General Services	15,262	14,254	93.39%
<u>102.50%</u>	<u>HRA</u>	<u>15,310</u>	<u>14,997</u>	<u>97.96%</u>
82.65%	Gross Capital Expenditure	30,572	29,251	95.59%
155.55%	General Services – Capital from Current Revenue	407	407	100.00%
<u>0%</u>	<u>HRA – Capital from Current Revenue</u>	<u>0</u>	<u>0</u>	<u>0</u>
82.78%	Gross Capital Spend	30,979	29,658	95.73%

Service Summary

	Capital debt at 31/03/06	Net capital Expenditure 2006/07	Repaid during 2006/07	Capital debt at 31/03/07
	£000	£000	£000	£000
Chief Executive/other	6,607	397	670	6,334
Education and Cultural Services	29,795	4,026	1,597	32,224
Social Work	6,931	100	650	6,381
Housing, Regeneration & Environmental Services	69,734	5,597	3,587	71,744
Total General Services	113,067	10,120	6,504	116,683
HRA	<u>81,832</u>	<u>6,656</u>	<u>6,587</u>	<u>81,901</u>
Net Capital Debt	194,899	16,776	13,091	198,584

Financing of Capital Expenditure

2005/06		General Services	Housing	Total
£000		£000	£000	£000
8,508	Receipts from sale of assets	2,339	8,796	11,135
<u>7,167</u>	<u>Other receipts</u>	<u>4,380</u>	<u>161</u>	<u>4,541</u>
15,675	Total receipts 2006/07	6,719	8,957	15,676
11,994	Unapplied receipts b/fwd 2005/06	10,235	1,202	11,437
<u>112</u>	<u>Revenue Contributions</u>	<u>407</u>	<u>0</u>	<u>407</u>
27,781	Total resources available 2006/07	17,361	10,159	27,520
<u>(11,437)</u>	<u>Unapplied receipts c/fwd 2007/08</u>	<u>(12,820)</u>	<u>(1,818)</u>	<u>(14,638)</u>
16,344	Total receipts used to augment capital 2006/07	4,541	8,341	12,882
<u>17,601</u>	<u>Capital financing requirement for year</u>	<u>10,120</u>	<u>6,656</u>	<u>16,776</u>
33,945	Gross Capital Spend 2006/07	14,661	14,997	29,658

Commitments under Capital Contracts

As at 31 March 2007, the Council has commitments on capital contracts for housing and non-housing projects of £2.422m (2005/06 £4.460m) and £2.451m (2005/06 £2.910m) respectively.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Statement of Total Movement in Reserves

	CAPITAL RESERVES			REVENUE RESERVES				TOTAL £000
	Fixed Asset Restatement Account £000	Capital Financing Account £000	Usable Capital Receipts £000	General Fund £000	Specific Reserves £000	HRA £000	Pension Reserve £000	
Balance as at 1.4.06	(134,484)	(103,733)	(11,436)	(1,828)	(325)	(2,466)	86,603	(167,669)
Net movement in year	(9,652)	(5,100)	(3,202)	(2,738)	(11)	1,482	(30,198)	(49,419)
Balance as at 31.3.07	<u>(144,136)</u>	<u>(108,833)</u>	<u>(14,638)</u>	<u>(4,566)</u>	<u>(336)</u>	<u>(984)</u>	<u>56,405</u>	<u>(217,088)</u>

Notes to the Above:

(1) Fixed Asset Restatement Account*	General Fund £000	HRA £000	TOTAL £000
Opening Balance as at 1.4.06			(134,484)
Deficit/(Surplus) on Revaluations etc.	(19,516)	932	(18,584)
Disposal of Fixed Assets	<u>2,081</u>	<u>6,851</u>	<u>8,932</u>
Balance as at 31.3.07			<u>(144,136)</u>

* Historic information to separate this is not available

(2) Capital Financing Account	General Fund £000	HRA £000	Subtotal £000	TOTAL £000
Opening Balance as at 1.4.06*				(103,733)
Appropriations –				
Capital Financed from Current Revenue	(407)	0	(407)	
Repayment of External Loans	(6,342)	(6,426)	(12,768)	
Depreciation	7,317	4,809	12,126	
Impairment	8,032	529	8,561	
Government Grants Deferred Written Down	<u>(3,928)</u>	<u>0</u>	<u>(3,928)</u>	3,584
Capital Receipts Applied	<u>(342)</u>	<u>(8,342)</u>		(8,684)
Balance as at 31.3.07				<u>(108,833)</u>

* Historic information to separate this is not available

(3) Further Breakdown of Specific Reserves	Opening Balance £000	Contributions to Reserves £000	Reserves Used £000	Closing Balance £000
Capital Items Replacement Fund	325	169	158	336
Total	<u>325</u>	<u>169</u>	<u>158</u>	<u>336</u>

(4) Pension Reserve	£000
Opening Balance	86,603
Pension payments to the pension fund	(10,190)
Reversing FRS17 composite entries and appropriation to pensions reserve	13,071
Actuarial (gain)/loss	(30,958)
Past Service Costs	(2,166)
Miscellaneous Accounts	<u>45</u>
Total	<u>56,405</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Statement of Total Movement in Reserves (cont'd)

2005/06	Statement of Total Recognised Gains and Losses on the Pension Reserve	2006/07
£000		£000
52,985	Actual return less expected return on pension scheme assets	279
3,993	Experience gains and losses arising on the scheme liabilities	(1,625)
(50,900)	Changes in financial assumptions underlying the present value of the scheme liabilities	32,304
<u>6,078</u>	Actuarial gain/ (loss) recognised	<u>30,958</u>

WEST DUNBARTONSHIRE COUNCIL

Abstract of Accounts for the Year Ended 31 March 2007

Group Accounts

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice (the 2006 SORP) requires local authorities to consider their interests in all types of entity. 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 2006 SORP are mandatory for accounting periods ending on or after 31 March 2007.

Combining Entities

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

- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Strathclyde Police Joint Board
- Strathclyde Fire Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Joint Board
- Argyll, Bute and Dunbartonshires Criminal Justice Social Work Partnership Joint Committee

The accounting period for all entities is 31 March 2007.

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.

The nominated members of Argyll, Bute and the Dumbartonshires' Criminal Justice Social work Partnership are actively involved and participate in the meetings of the Board at which the policy and direction of the service is considered. It is under this remit of influence that the Joint Committee is included within these Group Accounts.

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 six entities, the Council has a share in a net liability. The negative balances on Police and Fire Boards arise from the inclusion of liabilities related to defined benefit pension schemes as required by FRS17. For the SPT, this liability arises from long term borrowing to fund improvements to passenger transport facilities that cannot be classed as capital investment under accounting regulations.

The effects of inclusion of these associate bodies on the Group Balance Sheet is to reduce reserves and Net Assets by £ 228.152m – representing the Council's share of net liabilities in these entities.

WEST DUNBARTONSHIRE COUNCIL

Abstract of Accounts for the Year Ended 31 March 2007

Group Accounting Policies (cont'd)

All associates consider it appropriate that their Statement of Accounts 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 Joint Board means that the financial position of these Boards remain assured. The net liability of the SPT is due to accounting conventions and its underlying funding position with the Scottish Executive and constituent local authorities remains sound.

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 – other than Argyll, Bute and Dunbartonshires Criminal Justice Social Work Partnership Joint Committee, which has not been prepared on a going concern basis as the body is being superseded during 2007/08 with a new organisation.

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 6 to 10 with additions and exceptions noted below:

- **Group income and Expenditure Account**
- Capital charges – The change to the accounting policy for the single entity accounts in respect of notional interest means that these are now in line with the group accounts, with depreciation only being charged to the net cost of services.
- Government Grants and Capital Contributions – These are amortised to services, and due to the change in the accounting policy for the single entity accounts, these are now in line with the group accounts.
- 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 proceed associated with the disposal of the Council's assets, appropriation is to the Fixed Asset Restatement Account within the Group Reserves. For those proceed associated with the disposal of associates' assets, appropriation is to the Group income and Expenditure Reserve.
- The changes in the accounting policy for the single entity accounts as noted above in 2006/07 were manually adjusted in the group accounts 2005/06.
- **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. Strathclyde Police Joint Board uses a combination of average weighted cost for uniforms, clothing and stationery, and replacement cost for vehicle parts, communications equipment and other materials. Strathclyde Fire Joint board uses the lower of cost or net realisable value. The SPT and concessionary travel Scheme joint boards hold no stock. 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.
- Goodwill – The Council has not paid any consideration for its interests and thus no goodwill is involved in the acquisition.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Group Income and Expenditure Account for the year ended 31 March 2007

2005/06		Gross	Gross	Net
Restated		Expenditure	Income	Expenditure
£000	Service	2006/07	2006/07	2006/07
		£000	£000	£000
81,228	Education	107,406	19,212	88,194
5,820	Central Services	35,318	32,964	2,354
(1,572)	Planning and Development Services	4,976	6,188	(1,212)
9,014	Roads and Transport Services	12,350	4,966	7,384
40,472	Social Work Services	78,982	38,772	40,210
2,824	Corporate and Democratic Core	2,654	39	2,615
11,854	Cultural and Related Services	15,297	2,753	12,544
8,456	Environmental Services	15,816	6,794	9,022
(7613)	Housing Services	66,118	70,117	(3,999)
3,285	Non Distributed Costs	1,405	0	1,405
<u>561</u>	Share of Operating Results of Associates	<u>2,549</u>	<u>724</u>	<u>1,825</u>
154,329	Net Cost of Services	342,871	182,529	160,342
(546)	Surpluses on Trading Undertakings not included in net cost of services	32,526	35,080	(2,554)
21,990	Precepts and Levies	36,113	13,450	22,663
(2,142)	Profit or Losses on Disposal of Assets	0	1,932	(1,932)
12,473	Interest Payable	11,992	0	11,992
836	Gain on Early Settlement of Borrowing	837	0	837
(789)	Interest and Investment Income	0	1,046	(1,046)
<u>11,749</u>	Pension interest cost and expected return on pension assets	<u>32,163</u>	<u>22,536</u>	<u>9,627</u>
197,900	Net Expenditure	456,502	256,573	199,929
(111,936)	Revenue support grant	0	36,769	(36,769)
(34,630)	Non-Domestic Rates	0	34,123	(34,123)
<u>(35,835)</u>	Council Tax	<u>0</u>	<u>115,003</u>	<u>(115,003)</u>
<u>15,499</u>	(Surplus)/Deficit to be met from Balances b/f	<u>456,502</u>	<u>442,468</u>	<u>14,034</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

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

2005/06 £000		2006/07 £000
3,326	(Surplus)/Deficit on the authority's single entity Income and Expenditure Account for the year	224
(1,201)	Less: associate income and any other distributions from group entities included within the single entity surplus or deficit on the Income and Expenditure account	(1,236)
13,374	Add: (Surplus)/Deficit arising from Associates included in the group accounts	15,046
<u>15,499</u>	Group Account (surplus)/deficit for the year	<u>14,034</u>

Group Statement of total Recognised Gains and losses

2005/06 £000		2006/07 £000
15,499	Net (surplus)/deficit for the year	14,034
33,863	(Surplus)/deficit on revaluation of fixed assets	(48,080)
<u>14,858</u>	Actuarial gains and losses on pension assets and liabilities	<u>(21,650)</u>
<u>64,220</u>	Total recognised gains and losses for the year	<u>(55,696)</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Group Balance Sheet as at 31 March 2007

2005/06 £000		2006/07 £000	2006/07 £000
	Intangible Assets		
151	Software Licences		121
	Operational Assets		
186,542	Council Dwellings	189,434	
176,931	Other Land and Buildings	172,560	
10,060	Vehicles, Plant and Equipment	12,770	
26,183	Infrastructure Assets	27,699	
<u>104</u>	Community Assets	<u>240</u>	
399,820			402,703
	Non-Operational Assets		
47,885	Investment Property	50,328	
<u>100</u>	Assets surplus to requirements	<u>13,432</u>	
47,985			63,760
	Long-term Investments		
536	Investments in associates	662	
<u>768</u>	Long-term debtors	<u>606</u>	
1,304			1,268
22,708	Deferred premiums on early settlement of borrowing		21,900
471,968	Total Long-term Assets		489,752
	Current Assets		
908	Stock and work in progress	964	
35,479	Debtors	35,186	
4,419	Short term investments	14,611	
<u>50</u>	Cash in hand	<u>51</u>	
40,856			<u>50,812</u>
	Current Liabilities		540,564
(537)	Borrowing repayable on demand or within 12 months	(538)	
(36,058)	Creditors	(37,046)	
<u>(3,503)</u>	Bank Overdraft	<u>(2,904)</u>	
(40,098)			(40,488)
472,726	Total Assets Less Current Liabilities		500,076
(203,079)	Borrowing repayable within a period in excess of 12 months	(207,052)	
(234,965)	Investments in associates	(228,814)	
(2,400)	Provision	(6,566)	
(86,603)	Liability related to defined pension scheme	(56,405)	
<u>(12,439)</u>	Deferred Grants	<u>(12,303)</u>	
(539,486)			(511,140)
(66,760)	Net Assets Less Liabilities		(11,064)
	Capital Reserves		
134,484	Fixed Asset Restatement Account	144,136	
103,733	Capital Financing Account	108,833	
<u>11,436</u>	Usable Capital Receipts Reserve	<u>14,638</u>	
249,653			267,607
	Revenue Provisions and Reserves		
(86,603)	Pension reserve	(56,405)	
1,828	General Fund reserve	4,566	
(234,429)	Income and expenditure reserve	(228,152)	
325	Other reserves	336	
<u>2,466</u>	Housing revenue account balance	<u>984</u>	
(316,413)			(278,671)
(66,760)	Group Balances and Reserves		(11,064)

David Connell
Head of Finance
West Dunbartonshire Council
28 September 2007

WEST DUNBARTONSHIRE COUNCIL

Abstract of Accounts for the Year Ended 31 March 2007

Note 1 Details of combining entities

The notes required for the accounts 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 2006/07, the Council contributed (net of specific grant) £13.073m (2005/06 £12.581m) or 5.25% (2005/06 5.25%) of the Board's estimated running costs and its share of the year end net liability of £176.077m (2005/06 £179.728m) 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 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 2006/07, the Council contributed £8.878m (2005/06 £8.706m) or 6.51% (2005/06 6.5%) of the Board's estimated running costs and its share of the year end net liability of £51.390m (2005/06 £52.562m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Joint Fire 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 2006/07, the Council contributed £1.491m (2005/06 £0.490m) or 4.35% (2005/06 4.44%) of the Board's estimated running costs and its share of the year end net liability of £1.347m (2005/06 £2.675m) 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 2006/07, the Council contributed £0.164m (2005/06 £2.052m) or 4.15% (2005/06 4.19%) of the Board's estimated running costs and its share of the year end net asset of £0.414m (2005/06 £0.464m) 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 2006/07, the Council contributed £0.712m (2005/06 £0.703m) or 27.03% (2005/06 27.44%) of the Board's estimated running costs and its share of the year end net asset of £0.207m (2005/06 £0.035m) 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.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

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 Board exceeds 25%.

2005/06 £000		2006/07 £000
3	Net Surplus/(deficit)	(16)
173	Fixed Assets	166
94	Current Assets	115
88	Current Liabilities	109
9	Loans outstanding	7
168	Capital Reserves	164
Nil	Contingent Liabilities	Nil
Nil	Capital commitments	Nil

Argyll, Bute and Dunbartonshires Criminal Justice Social Work Partnership Joint Committee was formed in 2002 by mutual agreement between the member authorities. The Partnership delivers assessments for Courts, Prison Service and Procurator Fiscals and the supervision of offenders in the community in relation to sentences imposed by courts or as a consequence of post custodial licences on behalf of the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Boards running costs are met by Scottish Executive grant, with deficits on the Boards operations being funded equally between the three councils. Copies of its accounts may be obtained from the Treasurer to the Criminal Justice Partnership, Garshake Road, Dumbarton G82 3PU.

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

2005/06 £000		2006/07 £000
(28)	Net Surplus/(deficit)	11
37	Fixed Assets	41
234	Current Assets	166
234	Current Liabilities	166
37	Capital Reserves	Nil
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.

Authorities Buying Consortium is a joint committee of all councils in the West of Scotland. It is a non-profit making purchasing agency and serves the buying needs of the public sector, charities and voluntary organisations.

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 £228.152m (2005/06 £234.429m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net liability of £11.064m (2005/06 £66.760m).

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Notes to the Group Accounts (cont'd)

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.

The Dumbarton Common Good Accounts have not been incorporated within the group accounts as it is considered non-material in relation to Council services - this deviates from UK GAAP requirements.

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:

2005/06		2006/07
£000		£000
(179,728)	Police Joint Board	(176,077)
(52,562)	Fire Joint Board	(51,390)
(2,675)	Passenger Transport Authority	(1,347)
464	Concessionary Travel Board	414
35	Valuation Joint Board	207
<u>37</u>	Criminal Justice Social Work Partnership	<u>41</u>
<u>(234,429)</u>	Total	<u>(228,152)</u>

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 15.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Common Good and Trust Funds

The Council acts as sole or custodian trustee for the Dumbarton Common Good Fund and for a number of trust funds. The Dumbarton Common Good Fund must be applied for the benefit of the people of Dumbarton and the Trust Funds 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 13 - 14. All charities noted below are registered with the Office of the Scottish Charities Regulator.

Summary of Common Good and Trust Funds :

	Opening Balance £000	Receipts £000	Payments £000	Closing Balance £000
Dunbartonshire Educational Trust	73	3	0	76
McAuley Prize for Mathematics	18	1	0	19
Alexander Cameron Bequest	138	6	4	140
DR AK Glen Fund	23	1	0	24
War Memorial Dumbarton	13	1	0	14
Halkett Memorial Trust	2	0	0	2
Vale of Leven Fund	13	1	0	14
UIE Award	20	1	0	21
Dumbarton Common Good	209	237	242	204
Closing Balance 31 March 2007	<u>509</u>	<u>251</u>	<u>246</u>	<u>514</u>

Balance Sheet as at 31 March 2007

2005/06 £000		2006/07 £000	2006/07 £000
1,912	Fixed Assets Non Operational Assets		1,978
6	Current Assets Investments – General	6	
502	Investments – West Dunbartonshire Council	518	
<u>1</u>	Sundry Debtors	<u>5</u>	
509		529	
<u>1</u>	Less Current Liabilities Sundry Creditors	<u>16</u>	<u>513</u>
<u>508</u>			
<u>2,420</u>	Total Assets Less Liabilities		<u>2,491</u>
	Represented by		
1,912	Fixed Asset Restatement Account		1,978
209	Dumbarton Common Good Fund		204
<u>299</u>	Trust Funds		<u>309</u>
<u>2,420</u>			<u>2,491</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007
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 Abstract of Accounts.

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.

Glossary of Terms (cont'd)

WEST DUNBARTONSHIRE COUNCIL

Abstract of Accounts for the Year Ended 31 March 2007

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 2007.

16. Capital Financing Account

The Capital Financing Account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans, as well as the amount of capital expenditure financed from revenue and from capital receipts. It also provides the difference between the amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

17. 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.

18. Asset Management Revenue Account

The Asset Management Revenue Account was set up to administer the technical accounting adjustments required to be made in relation to fixed assets so that there is no impact on the council tax through these adjustments.

19. 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.

20. Expected Return of Pension Assets

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

21. CIPFA

Chartered Institute of Public Finance and Accountancy

22. LASAAC

Local Authority (Scotland) Accounts Advisory Committee

23. Budget

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

Glossary of Terms (cont'd)

24. Precepts

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

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

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Independent auditors' report to the members of West Dunbartonshire Council and the Accounts Commission for Scotland

We certify that we have audited the accounts of West Dunbartonshire Council and its group for the year ended 31 March 2007 under Part VII of the Local Government (Scotland) Act 1973. These comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Fund Balance, the Council Tax Income Account, the Non-Domestic Rate Income Account, the Capital Account, the Statement of Total Movement in Reserves, Common Good and Trust Funds, and the Group Accounts and the related notes. These accounts have been prepared under the accounting policies set out within them.

This report is made solely to the members of West Dunbartonshire Council and to the Accounts Commission for Scotland, in accordance with Part VII of the Local Government (Scotland) Act 1973. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than West Dunbartonshire Council and the Accounts Commission, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of the head of finance and auditors

The head of finance's responsibilities for preparing the accounts in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2006 - A Statement of Recommended Practice (the 2006 SORP) are set out in the Statement of Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

We report our opinion as to whether the accounts present fairly the financial position of the local authority and its group in accordance with applicable laws and regulations and the 2006 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. We also report if, in our opinion, the Foreword is not consistent with the accounts, if the local authority has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the Statement on the System of Internal Financial Control reflects the local authority's compliance with the 2006 SORP. We report if, in our opinion, it does not comply with the 2006 SORP or if it is misleading or inconsistent with other information we are aware of from our audit of the accounts. We are not required to consider, nor have we considered, whether the statement covers all risk and controls. Neither are we required to form an opinion on the effectiveness of the local authority's corporate governance procedures or its risk and control procedures.

We read the other information published with the Abstract of Accounts, and consider whether it is consistent with the audited accounts. This other information comprises only the Foreword and the Glossary of Terms. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the head of finance in the preparation of the accounts, and of whether the accounting policies are appropriate to the local authority's and its group circumstances, consistently applied and adequately disclosed.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2007

Independent auditors' report to the members of West Dunbartonshire Council and the Accounts Commission for Scotland (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion

- the accounts present fairly, in accordance with applicable laws and regulations and the 2006 SORP, the financial position of the local authority and its group as at 31 March 2007 and its income and expenditure for the year then ended; and
- the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Emphasis of matter - failure to comply with a statutory requirement

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 3 concerning the local authority's duty under section 10 of the Local Government in Scotland Act 2003 in respect of their significant trading operations. Local authorities have a duty under section 10 of the Local Government in Scotland Act 2003 to conduct each of their significant trading operations so that income is not less than expenditure over each three year period. As disclosed in note 3 the local authority failed to comply with this statutory requirement for the three year period ending 31 March 2007 in respect of the catering significant trading operation.

KPMG LLP
Chartered Accountants
Registered Auditor
28 September 2007

191 West George Street
Glasgow
G2 2LJ