



# **FINANCIAL STATEMENTS**

**Year ended  
31 March 2008**

THE UNIVERSITY OF CHICAGO

CHICAGO, ILLINOIS

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THE UNIVERSITY OF CHICAGO

**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2008***

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# **WEST DUNBARTONSHIRE COUNCIL**

## **Financial Statements for the Year Ended 31 March 2008**

### **Foreword by the Executive Director of Corporate Services**

#### **Introduction**

The purpose of these Financial Statements is to provide clear information about the Council's financial position as at 31 March 2008. The foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the Financial Statements.

#### **Overview of Core Financial Statements**

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

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

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

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

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

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

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

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

#### **Income and Expenditure Account**

This account covers the day to day operational expenditure for each department of the Council. It shows where the money came from and what it was spent on. Income from council tax, non domestic rates and revenue support grant was £192.968m against a forecast of £191.824m. The net expenditure on services for the year was £220.262m (as shown on page 12 - Net Cost of Services £197.406m plus precepts £22.856m). This compares with the budgeted figure of £195.895m (as detailed within page 29, note 16)

The Council was required to increase its provision for the cost of both pay modernisation and residual equal pay claims to £13.752m. This was reported to Council 19 December 2007. 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 and a review of the purchase of supplies and services. These actions were successful to the extent that, after taking account of earmarked balances, a small in year surplus was achieved.

# **WEST DUNBARTONSHIRE COUNCIL**

## **Financial Statements for the Year Ended 31 March 2008**

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

When the overall General Services deficit for the year of £1.258m is added to the brought forward balance from the previous year, the accumulated surplus at 31 March 2008 is £3.308m (as shown on page 13). This includes an earmarked amount of £1.031m, leaving £2.277m available for future use. This un-earmarked balance compares with that of £1.063m as at 31 March 2007 and confirms that the reserve position has improved by £1.214m during the year.

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 £4.826m 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 2008 was 11,525. The account shows a surplus for the year of £0.554m. In line with the prudential reserves policy, the target reserves level for 2008/09 for the Housing Revenue Account is £0.627m. Taking account of an in year surplus (£0.554m), the brought forward balance from the previous year (£0.984m) and the amount applied to the 2008/09 budget (£0.300m), the balance available to the HRA for future use is £1.238m.

#### **Cash Flow Statement**

The Council's cash flow statement shows a decrease of £9.617m during 2007/08 (note 32, page 40) mainly as a result of an increase in temporary investments held due to both deferred revenue income and income held from the sale of assets not yet re-invested.

#### **Principal Sources of Finance**

The principal sources of finance utilised by the Council in 2007/08 were as follows :

Revenue support grant	£115.037 million	provided by the Scottish Government
Specific Government grants	£5.731 million	provided by the Scottish Government
Non-domestic rate income	£33.363 million	provided by the Scottish Government
Council tax/community charge	£38.837 million	raised from local taxpayers
Housing rents	£28.061 million	raised from tenants
Other income	£89.864 million	sales fees & charges and other contributions for services

Although the Council received £33.363m non domestic income from the Scottish Government £55.234 million was paid to the Scottish Government from non domestic rates collected in West Dunbartonshire which represents a net contribution to central government of £21.871 million.

The Council's Council Tax Team increased tax collection to record levels during the year. The in-year collection of Council tax increased to 92.8% which was 0.7% better than 2006/07 and 0.1% better than the target originally set for 2007/08.

#### **Pension Assets and Liabilities**

The Council participates in the Strathclyde Pension Fund and the FRS17 calculation (pages 23 to 26) 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 97.23% of accrued liabilities

#### **Long Term Borrowing**

The Council's Treasury Strategy for 2007/08 was agreed by the Council in March 2006. In accordance with the strategy the Council rescheduled £7.164m of existing debt which was all PWLB. The Council did not raised any long term loans and repaid naturally maturing debt of £0.077m. The total outstanding long term debt as at 31 March 2008 was £210.761m including £90.331m for the Council's housing stock. The interest and expenses rate charged by the Council's loans fund was 6.89%.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

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

**Trading Operations**

The Council now maintains separate accounts for two statutory trading operations under the provisions of the Local Government Scotland Act 2003: Housing Property Maintenance and Grounds Maintenance/Street Cleaning. These two operations returned a total collective surplus of £1.365m. Both operations have achieved a break even performance over the last three years, consistent with their statutory requirements. Further details are provided on pages 19 and 20.

**Capital Finance**

The Council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing Capital programmes for 2007/08 and beyond. Details of the capital budgets and expenditure are shown in the capital account on page 45. Total gross expenditure amounted to £27.998m. Expenditure was less than budget by £3.647m. This slippage was shared between General Services (£2.913m) and HRA (£0.734m). 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 third year of the new requirement for local authorities to prepare group accounts in addition to their own Financial Statements where they have material interest in other organisations. The group accounts on pages 48 to 56 consolidate the Council's Financial Statements with five other entities, together with the Common Good and Trust Funds. The effect of combining these entities on the group balance sheet is to reduce reserves and net assets by £190.705m, creating an overall net asset of £27.909m. 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 Financial Statements 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 18.

**Conclusion**

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

**Acknowledgement**

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

Joyce White FCMA  
Executive Director of Corporate Services  
West Dunbartonshire Council  
30 September 2008





**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Responsibilities  
for the Financial Statements**

**The Authority's Responsibilities:**

The Authority is required:

- ☐ to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Corporate Services; and
- ☐ to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

**The Executive Director of Corporate Services' Responsibilities:**

The Executive Director of Corporate Services is responsible for the preparation of the Authority's Financial Statements which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2008.

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

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

The Executive Director of Corporate Services has also:

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



# **WEST DUNBARTONSHIRE COUNCIL**

## ***Financial Statements for the Year Ended 31 March 2008***

### **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 2008. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources at the Council's disposal.

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

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

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

The Manager of Audit produces an annual audit plan based on a risk assessment of the Council's systems and processes. 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 2008;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Council's external auditors, KPMG LLP, and other review agencies;
- knowledge of the Council's governance, risk management and performance monitoring arrangements; and
- statements of internal financial control produced by those authorities which the Council has determined will be included in the preparation of Group Accounts:

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

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

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

Following a follow up review which was carried out during the year by Audit Scotland (published January 2008), an updated Best Value Improvement Plan and monitoring framework have been put in place and remedial action 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 2008/09.

Signed W Clark  
Acting Chief Executive

Signed J White  
Executive Director of Corporate Services

Date 30 September 2008

Date 30 September 2008



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Accounting Policies**

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

**1. Debtors**

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

**2. Creditors**

All salaries and wages earned up to 31 March 2008 have been included in the Financial Statements for 2007/08 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 2008 together with specific accruals in respect of further material items.

**3. Revenue Grants**

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

**4. Allocation of Central Support Expenses**

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

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

**5. Financing costs**

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

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

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

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Accounting Policies (cont'd)**

**6. Repurchase of Borrowing**

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

**7. Provisions**

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

**8. Valuation of Assets and Investments**

**(a) Stores and Materials**

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

**(b) Work in Progress**

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

**(c) Investments**

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

**9. Capital Accounting**

**(a) Accounting Policy Statement**

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

- (i) The definition of capital in relation to the purchase and construction of new assets and the enhancement of existing assets.
- (ii) The type of expenditure that can be capitalised.
- (iii) A summary explanation of the Council's Asset Register and depreciation policies.
- (iv) For 2007/08, 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.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Accounting Policies (cont'd)**

**(b) Fixed Assets (cont'd)**

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

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

**(c) Deferred Charges**

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

**(d) Depreciation**

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

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

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

**(e) Impairment**

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

**(f) Valuation**

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

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

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

**Infrastructure** - depreciated historic cost.

**Community Assets** - depreciated historic cost.

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

**Intangible Assets** – depreciated historic cost.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Accounting Policies (cont'd)**

**9. Capital Accounting (cont'd)**

**(f) Valuation (cont'd)**

<b>Non Operational Assets -</b>	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 2007/08 and each of the following four years is as follows:

<b>2007/08</b>	all council non-operational properties
<b>2008/09</b>	schools/Social Work homes
<b>2009/10</b>	housing stock/any other properties not previously revalued/general re-appraisal
<b>2010/11</b>	halls/public conveniences/leisure/sports centres and libraries
<b>2011/12</b>	crematorium/cemeteries/operational offices & depots

**(g) Useful Lives**

The useful lives of the assets are as follows:

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

**10. Receipts arising from the sale of Capital Assets**

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

**11. Profit or loss on Disposal of Assets**

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

**12. Leased Assets**

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

**13. Government Grants**

Grants, subsidies and donations have been credited to the appropriate revenue and capital accounts and accruals have been made for the balances known to be receivable for the period to 31 March 2008.

**14. Pension Costs and Retirement Benefits**

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

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

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



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Accounting Policies (cont'd)**

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

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

**15. Group Accounts**

The Council has fully adopted the 2007 SORP accounting requirements for group accounts. Any deviation from the Council's main accounting policies are noted within page 49.

**16. Grants and Contributions**

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

**17. VAT**

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

**18. Overheads and Support Services**

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Code of Practice 2007. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional democratic Organisation; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

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

**19. Reserves**

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

**20. Trading Operations**

The Local Government in Scotland Act 2003 repealed performance duties under the Government's compulsory competitive tendering legislation and replaced them with reporting results of significant trading operations. Details of these operations are detailed in Note 3 in the Notes to the Core Financial Statements. In accordance with the SORP and Council policy, the surplus or deficit on each trading operation has been taken to the Income and Expenditure Account.

**21. Financial Guarantees**

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



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Income and Expenditure Account**

2006/07			2007/08	2007/08	2007/08
Net			Gross	Gross	Net
Expenditure	Notes	Service	Expenditure	Income	Expenditure
£000			£000	£000	£000
2,354		Central Services	5,488	1,648	3,840
2,615		Corporate and Democratic Core	3,185	74	3,111
1,405		Non distributed costs	10,138	0	10,138
12,544		Cultural and Related Services	13,719	1,205	12,514
88,194		Educational Services	127,971	15,412	112,559
9,022		Environmental Services	13,696	6,880	6,816
(3,999)		Housing Services	67,701	70,945	(3,244)
(1,212)		Planning and Development Services	5,307	6,744	(1,437)
7,384		Roads and Transport Services	16,886	9,355	7,531
40,210		Social Work Services	82,587	37,009	45,578
<b>158,517</b>		<b>Net Cost of Services</b>	<b>346,678</b>	<b>149,272</b>	<b>197,406</b>
(1,906)		Gain or Loss on Disposal of Fixed Assets	0	3,710	(3,710)
22,663		Precepts	36,550	13,694	22,856
(2,554)	3	Surpluses on Trading Undertakings not included in net cost of services	0	1,365	(1,365)
11,338		External Interest Payable and similar charges	12,277	0	12,277
837		Gain/loss early settlement of borrowing	838	0	838
(671)		Interest Earned	0	1,554	(1,554)
(2,105)	13	Pension Interest Cost and Expected return on Pension Assets	23,038	26,290	(3,252)
<b>186,119</b>		<b>Net Operating Expenditure</b>	<b>419,381</b>	<b>195,885</b>	<b>223,496</b>
(36,769)		Council Tax			(38,837)
(34,123)		Non-Domestic Rates			(33,363)
(115,003)		Revenue Support Grant			(120,768)
<b>224</b>		<b>(Surplus)/Deficit to be met from Balances b/f</b>			<b>30,528</b>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Movement on the General Fund Balance**

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

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

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

2006/07 £000	Notes		2007/08 £000	2007/08 £000
224		<b>(Surplus)/Deficit for the year on the Income and Expenditure Account</b>		30,528
		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>(29,270)</u>
<u>(2,962)</u>		<b>(Increase)/decrease in the General Fund Balance</b>		1,258
<u>(2,738)</u>		General Fund Balance brought forward		<u>(4,566)</u>
<u>(1,828)</u>		General Fund Balance carried forward		<u>(3,308)</u>
<u>(4,566)</u>				
<b>Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the General Fund Balance for the year</b>				
(30)		Amortisation of intangible assets	(30)	
(20,656)		Depreciation and impairment of fixed assets	(52,625)	
3,928		Government Grants Deferred amortisation	2,888	
1,906		Net loss/surplus on Disposal of Fixed Assets	3,710	
<u>2,905</u>	13	Net charges made for retirement benefits in accordance with FRS17	<u>3,189</u>	(42,868)
(11,947)				
<b>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</b>				
12,930		Loans Fund Principal repayments	13,559	
<u>407</u>		Capital Expenditure charged in-year to the General Fund Balance	<u>0</u>	13,559
13,337				
<b>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</b>				
(1,500)		Contribution from HRA Balance to General Fund	0	
18	5, 12	Surplus transferred to/(from) HRA Account	554	
11		Transfers to (from) capital items replacement fund	(9)	
<u>(2,881)</u>		Movement on pension reserve	<u>(506)</u>	
<u>(4,352)</u>				<u>39</u>
<u>(2,962)</u>		<b>Net additional amount required to be (credited)/debited to the General Fund balance for the year*</b>		<u>(29,270)</u>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Total Recognised Gains and Losses**

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

2006/07			2007/08
£000	Note		£000
224		Deficit for the year on the Income and Expenditure Account	30,528
(19,469)	19	Deficit/ (Surplus) arising on the revaluation of fixed assets	(11,005)
(30,174)	13	Actuarial (gains)/losses on pension fund assets and liabilities	(43,423)
0	20	Adjustment made to Balance Sheet relating to Financial Instruments	<u>22,374</u>
<u>(49,419)</u>		<b>Total recognised gains and losses for the year</b>	<b><u>(1,526)</u></b>





**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Balance Sheet as at 31 March 2008**

2006/07 £000	Note		2007/08 £000	2007/08 £000
		<b>Intangible Assets</b>		
121	19	Software Licenses		201
		<b>Operational Assets</b>		
189,434	19	Council Dwellings	192,968	
172,560	19	Other Land and Buildings	145,686	
12,770	19	Vehicles, Plant and Equipment	12,475	
27,699	19	Infrastructure	29,053	
240	19	Community	240	380,422
402,824				380,623
		<b>Non Operational Assets</b>		
50,328	19	Investment Properties	53,002	
13,432	19	Surplus Assets Held for Disposal	13,791	
0	19	Assets under construction	1,022	67,815
63,760				
		<b>Investments</b>		
606	21	Long Term Debtors		515
21,900		<b>Deferred Premiums on Early Repayment of Debt</b>		0
489,090		<b>Total Long Term Assets</b>		448,953
		<b>Current Assets</b>		
964	22	Stocks and Work in Progress	849	
35,186	23	Sundry Debtors	35,795	
14,611		Short Term Investments	23,642	
51		Cash in Hand	51	60,337
50,812				
		<b>Current Liabilities</b>		
(37,046)	20, 24	Sundry Creditors	(35,135)	
(2,904)	20	Bank Overdraft	(2,309)	
(538)	20	Borrowing repayable on demand or within 1 year	(550)	(37,994)
(40,488)				
499,414		<b>Total Assets less Current Liabilities</b>		471,296
(207,052)	20	Borrowing Repayable after 12 Months	(210,761)	
(6,566)	25	Provisions	(13,752)	
0		Asset relating to Defined Pension Scheme	1,192	
(56,405)		Liability relating to Defined Pension Scheme	(11,490)	
(12,303)	26	Deferred Grants	(17,871)	(252,682)
(282,326)		<b>Total Long Term Liabilities</b>		
217,088		<b>Total Assets Less Liabilities</b>		218,614

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Balance Sheet as at 31 March 2008 (cont'd)**

2006/07 £000	Note	Represented by:	2007/08 £000	2007/08 £000
		<b>Capital Reserves</b>		
0		Revaluation Reserve	13,359	
0		Capital Adjustment Account	216,027	
0		Financial Instruments Adjustment Account	(22,374)	
144,136		Fixed Asset Restatement Account	0	
108,833		Capital Financing Account	0	
<u>14,638</u>		Usable Capital Receipts Reserve	<u>10,959</u>	
267,607				217,971
		<b>Revenue Provisions and Reserves</b>		
(56,405)		Pension Reserve	(10,298)	
4,566	28	General Fund	3,308	
984	28	Housing Revenue Account	1,538	
336		Capital Items Replacement Fund	327	
<u>0</u>		Capital Reserve	<u>5,768</u>	
<u>(50,519)</u>				<u>643</u>
<b><u>217,088</u></b>		<b>Total Net Worth</b>		<b><u>218,614</u></b>

The unaudited Financial Statements were issued on 30 June 2008 and the audited Financial Statements were authorised for issue on 30 September 2008.

Joyce White FCMA  
Executive Director of Corporate Services  
West Dunbartonshire Council  
30 September 2008

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Cash Flow Statement**

2006/07 £000	Notes		2007/08 £000	2007/08 £000
		<b><u>REVENUE ACTIVITIES</u></b>		
		<b>Cash Outflow</b>		
146,815		Cash paid to and on behalf of employees	154,076	
144,086		Other operating cash payments	123,360	
<u>14,281</u>		Housing Benefit paid out	<u>14,790</u>	
305,182				292,226
		<b>Cash Inflow</b>		
(10,395)		Rents (after rebates)	(10,262)	
(37,293)		Council Tax income	(38,887)	
(115,003)		Revenue Support Grant	(98,897)	
(35,346)		Non Domestic Rates	(56,716)	
(31,796)		DSS Grants for rebates	(31,325)	
(38,246)	29	Other Government Grants	(36,960)	
(50,843)		Cash received for goods and services	(35,589)	
<u>(14,908)</u>		Other operating cash receipts	<u>(15,133)</u>	
<u>(333,830)</u>				<u>(323,769)</u>
<u>(28,648)</u>	30	<b>Net Cash (Inflow) from Revenue Activities</b>		<u>(31,543)</u>
		<b><u>SERVICING OF FINANCE</u></b>		
		<b>Cash Outflow</b>		
11,967		Interest etc. paid		11,601
		<b>Cash Inflow</b>		
<u>(575)</u>		Interest received		<u>(1,554)</u>
<u>11,392</u>		<b>Net Cash Outflow from Servicing of Finance</b>		<u>10,047</u>
		<b><u>CAPITAL ACTIVITIES</u></b>		
		<b>Cash Outflow</b>		
26,979		Purchase/Improvement of fixed assets	<u>28,309</u>	28,309
		<b>Cash Inflow</b>		
(12,588)		Sale of fixed assets	(7,474)	
(3,972)	29	Capital grants received	(6,336)	
<u>(579)</u>		Other capital cash receipts	<u>(1,430)</u>	
<u>(17,139)</u>				<u>(15,240)</u>
<u>9,840</u>		<b>Net Cash Outflow from Capital Activities</b>		<u>13,069</u>
<u>(7,416)</u>		<b>Net Cash Outflow/(Inflow) before Financing</b>		<u>(8,427)</u>
		<b>Management of Liquid Resources</b>		
<u>10,791</u>		Net increase/(decrease) in Liquid Resources		<u>8,951</u>
<u>10,791</u>		<b>Net Cash Outflow/(Inflow) from Management of Liquid Resources</b>		<u>8,951</u>
		<b><u>FINANCING</u></b>		
		<b>Cash Outflow</b>		
57,200		Repayment of amounts borrowed		7,241
		<b>Cash Inflow</b>		
(61,174)		New long term loans raised		<u>(7,170)</u>
<u>(3,974)</u>	31	<b>Net Cash Outflow/(Inflow) from Financing</b>		<u>71</u>
<u>(599)</u>	31	<b>(Increase)/Decrease in Cash</b>		<u>595</u>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements**

**Note 1 : Major Changes in Accounting Practice**

The 2007 Statement of Recommended Practice (the SORP) introduced a number of presentational changes to the main or "core" financial statements. This is a result of the greater convergence between the Accounting Code of Practice (ACOP) and the wider UK Generally Accepted Accounting Practices (GAAP). Although there is no impact on the overall reported financial position of the Council, the content of the financial statements is amended.

The following changes have been introduced this year for the first time:

- i. The re-measurement of "financial instruments" (investments, lending, borrowing and guarantees). Loans receivable and payable are now carried at amortised cost in the Balance Sheet. Guarantees are carried at "fair value". Premiums on debt restructuring are written-off completely to the Income and Expenditure Account. The interest receivable or payable that is recognised in the Income and Expenditure Account is based on the carrying amount of the lending or borrowing multiplied by its effective rate of interest.
- ii. The introduction of a new accounting reserve that arises from the restatement to amortised cost or fair value – the Financial Instruments Adjustment Account. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the Council.
- iii. The replacement of the Fixed Asset Restatement Account and Capital Financing Account by a Revaluation Reserve and Capital Adjustment Account. The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sales and the Capital Adjustment Account relates to amounts set aside from capital resources to meet past expenditure.

The 2006/07 comparative figures have been brought forward unchanged from the 2006/07 Financial Statements in accordance with the SORP requirements. All adjustments to balances as a result of the recognition, extinguishments and re-measurement of financial instruments have been made to the opening balances for 2007/2008 i.e. disclosed as a "prior year" adjustment in the Balance Sheet. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. Downward revaluations have been treated as impairment in accordance with the SORP.

Due to these changes in accounting policies, there are no changes in the comparative figures for 2006/07 within the Income and Expenditure Account (page 12) and Note 16 – Service Summary (page 29)

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**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:

2006/07 Net Allocation £000	Service	Gross Costs £000	Income £000	2007/08 Net Allocation £000
203	Chief Executive	198	0	198
151	Executive Director of Corporate Services	167	0	167
1,291	Legal, Administrative & Regulatory Services	1,416	135	1,281
49	Central Purchasing	47	0	47
5,751	Finance & ICT	6,511	422	6,089
891	Personnel	915	0	915
456	Policy Unit	524	31	493
225	Public Relations	301	18	283
948	Architectural and Related Services	1,445	271	1,174
101	Canteen	91	0	91
33	Courier Service	30	0	30
1,761	Office Accommodation	1,700	70	1,630
180	Procurement	190	0	190
272	Risk management	278	2	276
446	Internal Audit	441	0	441
<b>12,758</b>	<b>Total</b>	<b>14,254</b>	<b>949</b>	<b>13,305</b>

**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 as noted within the accounting policies.

2006/07 Surplus/ (Deficit) £000	Trading Account	Expenditure £000	Income £000	2007/08 Surplus/ (Deficit) £000
1,235	Housing Property Maintenance	13,079	13,645	566
	Grounds Maintenance & Street			
478	Cleaning	7,567	8,366	799
<b>1,713</b>		<b>20,646</b>	<b>22,011</b>	<b>1,365</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**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 2005/06 to 2007/08 is as follows:

Trading Account		Housing Property Maintenance	Grounds Maintenance/ Street Cleaning
		£000	£000
Net surplus/(deficit) reported	2005/06	1,320	0
	2006/07	1,235	478
	2007/08	566	799
		<u>3,121</u>	<u>1,277</u>

Through annual review and evaluation the Council reduced its statutory trading operations to two services in 2007/08, namely grounds maintenance/street cleaning and housing property maintenance

The above table confirms that the trading account which has been statutory for three years (i.e. housing property maintenance) has met the break-even target. The grounds maintenance/street cleaning trading operation has only been statutory for two years.

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

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

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**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 Financial Statements should disclose material transactions with related parties i.e. organisations that the Council can influence or who can influence the Council. Transactions involving related parties in 2007/08 that are within the Council's group accounts are summarised below:

2006/07 Net	Organisation	Description	2007/08 Receipts	2007/08 Payment	(Debtor)/ Creditor at 31.03.08
£000			£000	£000	£000
712	Dumbarton and Argyll & Bute Valuation Joint Board	Annual running costs	0	715	0
13,073	Strathclyde Police Joint Board	Annual running costs	0	12,990	(232)
8,878	Strathclyde Fire Joint Board	Annual running costs	0	9,151	0
1,698	Strathclyde Passenger Transport Authority	Annual running costs including concessionary fares scheme	0	1,683	0

Transactions with other related parties are summarised below:

2006/07 Net	Organisation	Description	2007/08 Receipts	2007/08 Payment	(Debtor)/ Creditor at 31.03.08
£000			£000	£000	£000
6,703	Scottish Executive	Teachers' pension fund contribution	0	7,394	(651)
(114,753)	Scottish Executive	Revenue support grant	96,294	0	0
(30,471)	Scottish Executive	Government grants	46,822	0	(2,848)
1,150	Clydebank Rebuilt	Contribution on regeneration of area	0	305	0
13,498	Strathclyde Pension Fund	Employee and employers' pension contributions	0	13,769	1,185
11,466	Scottish Water	Water and sewerage charges collected by Council and paid over	0	11,595	130
25,967	HM Revenue and Customs	VAT/Income tax and NI	6,724	32,357	1,111
(6,652)	NHS Greater Glasgow and Clyde	Care in the community services by the Council	7,915	820	25

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 2008, 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 Surplus : £0.554m (2006/07 £1.482m)**

The Housing Revenue Account returned a surplus for the year of £0.554m (2006/07 £1.482m surplus) which was transferred to the Housing Revenue Account balance.

**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 £219,136 was incurred during 2007/08 (2006/07 £310,685) in respect of the following items:

2006/07		2007/08
£		£
165,146	Recruitment	82,152
<u>145,539</u>	Advertising and other publications	<u>136,984</u>
<u>310,685</u>		<u>219,136</u>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 7 : Skillseekers**

This scheme is primarily funded by Dunbartonshire Enterprise and £735,002 (2006/07 £678,600) was received from this agency during 2007/08 after successful completion of predefined training modules by participants in the scheme. The net cost to the Council of operating the scheme was £38,010 (2006/07 £44,150).

**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 £0.558m in 2007/08 (2006/07 £0.698m). The unexpired commitment on these leases totals £1.774m (2006/07 £2.206m), with £0.287m falling due in 2007/08 and is profiled by maturity below:

2006/07		2007/08
£000	Maturity Profile:	£000
269	0 – 1 year	161
163	1 - 2 years	0
0	2 - 5 years	0
0	5 – 10 years	0
126	More than 10 years	126
<u>558</u>		<u>287</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 2007/08 amounted to:

2006/07		2007/08
£000		£000
382	Expenditure	935
566	Income	405

**Note 10 : Officers' Emoluments**

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

2006/07				2007/08
21	£50,001	To	£60,000	28
11	£60,001	To	£70,000	14
3	£70,001	To	£80,000	5
1	£80,001	To	£90,000	1
1	£90,001	To	£100,000	1
0	£100,001	To	£110,000	1

**Note 11 : Members' Allowances/ Salaries**

The total of members' allowances paid in the year was £384,790 (2006/07 £306,423). In accordance with legislation, from 2008/09 members will no longer be paid allowances and instead be paid on a salaried basis.

**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 made no transfer (2006/07 £1.500m) from the HRA to the General Fund accordingly.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 13 : Pensions**

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

The authority participates in the following pension schemes:

The Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The employers' contribution rate is set by the Fund actuaries following valuation.

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

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

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

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

**(a) Local Government Pension Scheme**

In 2007/08, the Council paid an employer's contribution of £11.099m (2006/07 £10.190m) representing 17.4% (2006/07 16.5%) 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 intervalation 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 2007/2008, these amounted to £2.301m (2006/07 £1.836m) representing 2.2% (2006/07 1.8%) of employees' pensionable pay. Strain on the Fund costs are charged over the period to which they relate. In 2007/08, the charge was £1.080m (2006/07 £1.067m) and the liability to meet future payments was £2.777m (2006/07 £3.351m).

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 13 : Pensions (cont'd)**

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

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Authority. In 2007/2008 the capitalised costs that would have arisen from the early retirement of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2007/2008	2,643
In earlier years	<u>28,016</u>
<b>Total</b>	<b><u>30,659</u></b>

For the financial year 2007/08, the council recognised the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out the Income and Expenditure Account after net operating expenditure.

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

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

2006/07		2007/08
£000	Net cost of services	£000
13,955	Current service cost	12,824
1,328	Past service cost	1,273
77	Curtailments and settlements	839
	<b>Net operating expenses</b>	<b>23,038</b>
20,591	Interest cost	
(22,724)	Expected return on assets	(26,290)
<u>13,227</u>	<b>Net charge to the Income and Expenditure Account</b>	<b><u>11,684</u></b>
(13,227)	Reversal of charges made for retirement benefits in accordance with FRS17	(11,684)
<u>10,326</u>	Employer contributions payable to scheme	<u>11,099</u>
<u>(2,901)</u>	<b>Net movement through the Statement of Movement on General Fund</b>	<b><u>(585)</u></b>

Current service costs relate to the real cost of benefit entitlement earned by current employees during 2007/08. This cost was provided as a total for West Dunbartonshire Council by the actuaries. The Council allocated those cost to the appropriate service divisions using an estimation technique. The technique chosen was to allocate pro rata to the pensionable pay per service.

Past service costs/gains are non-period costs/gains and they arise from decisions made in the year, but whose financial effect is derived from years of service in earlier years. In 2007/08 this relates to the capitalised cost of early retirements on efficiency grounds.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 13 : Pensions (cont'd)**

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

Curtailments are vents that reduce the number of expected years of future service of present employees, or reduce for a number of employees the accrual of defined benefits for some or all of their future service. In 2007/08 this relates to the capitalised cost of early retirements on efficiency grounds.

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

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

In order to ensure that accounting for the real costs of benefit entitlements has no impact on the overall cost borne by council tax and government grants, an adjustment is made in the Statement of Movement on the General Fund Balance. The net movement for 2007/08 is £1.293m.

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

The actuarial valuation states that assets held at the valuation date were sufficient to cover 97.23% (2006/07 – 86.64%) of accrued liabilities at that date.

**(b) Teachers' Pension Scheme**

In respect of the Teachers' Pension Scheme, administered by the Scottish Executive and which provides its members with defined benefits related to pay and service, the employer's contribution rate was 13.5%. The amount paid over in respect of employer's contributions was £5.068m (2006/07 £4.907m).

In respect of expenditure in respect of teachers added years, no payments were made (2006/07 nil).

**(c) Pension Assets and Liabilities**

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 13 : Pensions (cont'd)**

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

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

	Local Government Pension Scheme		Unfunded Teachers' Liabilities		Total	
	31 March 2007	31 March 2008	31 March 2007	31 March 2008	31 March 2007	31 March 2008
	£000	£000	£000	£000	£000	£000
Estimated liabilities	(411,698)	(360,547)	(10,602)	(11,490)	(422,300)	(372,037)
Estimated assets	<u>365,895</u>	<u>361,739</u>	<u>0</u>	<u>0</u>	<u>365,895</u>	<u>361,739</u>
Net asset / (liability)	<u>(45,803)</u>	<u>1,192</u>	<u>(10,602)</u>	<u>(11,490)</u>	<u>(56,405)</u>	<u>(10,298)</u>

For the Local Government Pension Scheme at 31 March 2008 the Council has a net asset £1.192m and for the Teachers' scheme a net liability of £11.490m. These have been disclosed separately in the balance sheet. The Council's net liability of £10.298m at 31 March 2008 reflects the future obligations to fund retirement benefits. This represents a decreased net liability of £46.107m compared to the position at 31 March 2007. This change is a reflection of changed market conditions during 2007/08, as reflected in the different percentages shown in the tables following. In terms of scheme assets, the expected long term return is only slightly lower than the previous year which has not had a material impact on the net liability position. In terms of the liability of the scheme, the discount rate is important and FRS17 prescribes that the yield on AA rated corporate bonds prevailing at the year end is used. As shown in the table following, the discount rate in 2007/08 (6.9%) is higher than in 2006/07 (5.4%). This has an impact on the net rate applied to liabilities, with an increase in the net discount rate resulting in a decrease in the assessed value of liabilities. This is the main reason for the improved net liability being reported at the balance sheet date.

The common position for employers participating in the Strathclyde Pension Fund is that the FRS17 calculation, based upon a snapshot valuation at 31 March 2008, discloses a deficit as a result of prevailing market conditions at that date. Employer contributions are based on the longer term funding valuations as at 31 March 2005, and this has determined the rate at which the employers should contribute in the future to ensure that the existing assets and future contributions will be sufficient to meet future benefit payments from the Fund. Therefore, the formal funding valuation, which is carried out every three years, will take into account any deficit on the fund and ensure that contributions are adjusted to ensure that future benefit payments are met.

Finance is only required to be raised to cover unfunded teachers' pension liabilities when the pensions are actually paid.

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

The latest formal valuation was at 31 March 2005, with the next formal valuation due as at 31 March 2008. In order to assess the actuarial value of the Fund's assets and liabilities, the actuarial values as at 31 March 2005 have been rolled forward, allowing for changes in financial assumptions, as prescribed in FRS17. In addition, consideration was also given to the effect of contributions paid into and estimated benefits paid from the Fund, by the Council and its employees.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 13 : Pensions (cont'd)**

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

The main assumptions used in the calculations are:

	<b>Both Schemes</b>	
	<b>2007/08</b>	<b>2006/07</b>
<b>Rate of price inflation</b>	3.6%	3.2%
<b>Rate of increase in salaries</b>	5.1%	4.7%
<b>Rate of increase in pensions</b>	3.6%	3.2%
<b>Rate for discounting scheme liabilities</b>	6.9%	5.4%
<b>Take-up of option to convert annual pension into lump sum</b>	25%	25%

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

Assets in the Local government Pension Scheme are valued at fair value, principally market value for investments. The Scheme's assets consist of the following categories, by proportion of the total assets held by the Strathclyde Pension Fund and expected rate of return.

	<b>Fair Value</b>		<b>Proportion of Total</b>		<b>Expected Return</b>	
	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Equities	268,534	262,625	73%	73%	7.8%	7.7%
Bonds	44,857	52,072	12%	14%	4.9%	5.7%
Property	36,487	35,598	10%	10%	5.8%	5.7%
Cash	16,018	11,444	4%	3%	4.9%	4.8%
	<b>365,895</b>	<b>361,739</b>				

The actuarial gains/losses identified as movements on the Pension Reserve in 2007/08 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2008:

		<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
Difference between expected and actual return on assets	£000	32,789	8,604	52,985	279	37,454
	% assets	9.1%	2.4%	14.6%	0.1%	10.4%
Experience gains and losses arising from scheme liabilities	£000	0	(2,478)	3,993	(1,625)	(1,316)
	% liabilities	0.0%	0.7%	(1.1%)	0.4%	0.4%
Total actuarial gain/(loss) recognised in STRGL	£000	32,789	(58,264)	6,078	30,958	44,604
	% liabilities	(8.8%)	15.7%	(1.6%)	(8.3%)	(12.0%)

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 14 : Audit Fees**

In 2007/08 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:

2006/07		2007/08
£		£
300,920	Fees payable for external audit services and certification of grant claims.	309,120
<u>(28,130)</u>	Fees payable/refunds made in respect of past years	<u>0</u>
<b>272,790</b>		<b>309,120</b>

**Note 15 : Items of Expenditure and Income**

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

2006/07		2007/08	2007/08
Actual		Budget	Actual
£000	What the money was spent on:-	£000	£000
135,567	Employee Costs	145,904	149,000
32,353	Property Costs	30,199	29,176
41,133	Supplies and Services and administration	48,384	68,183
3,090	External Services	2,813	3,389
6,153	Transport	6,466	7,393
56,698	Payment to Other Bodies	59,858	62,253
24,362	Requisitions from Joint Boards	25,073	24,539
<u>31,366</u>	Housing Benefit	<u>32,505</u>	<u>31,717</u>
<b>330,722</b>	<b>Cost of Council Services</b>	<b>351,202</b>	<b>375,650</b>
(7,386)	Appropriations	(14,317)	(36,232)
12,175	External interest Payable	12,162	13,115
<u>(258)</u>	Interest Charged on Revenue Balances	<u>(500)</u>	<u>(1,554)</u>
<b>335,253</b>	<b>Total</b>	<b>348,547</b>	<b>350,979</b>

  

2006/07		2007/08	2007/08
Actual		Budget	Actual
£000	Where the money came from:-	£000	£000
27,602	Housing Rents	28,114	28,061
85,206	Other Income	87,566	89,864
5,368	Specific Government Grants	5,804	5,731
<u>31,366</u>	Housing Benefit Subsidy	<u>31,585</u>	<u>31,732</u>
<b>149,542</b>	<b>Income From Council Services</b>	<b>153,069</b>	<b>155,388</b>
149,126	Revenue Support Grant and Non-Domestic Rates	153,619	154,131
2,554	Trading Operations Surplus	1,634	1,365
36,769	Council Tax	38,205	38,837
<u>(2,738)</u>	Reserves and Surpluses	<u>2,020</u>	<u>1,258</u>
<b>335,253</b>	<b>Total</b>	<b>348,547</b>	<b>350,979</b>

This note is a restatement of the Income and Expenditure Account (which is shown on page 12). In order to reconcile the note to the Account, the cost of council services (above) of £375.650m less the income from council services (above) of £155.388m equals £220.262m. This is the value of net cost of services within the Income and Expenditure Account of £197.406m and precepts of £22.856m.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 16 : Service Summary**

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

2006/07 Actual £000	Notes	Services	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	2007/08 Budget £000
0		Central Support Services	14,254	14,254	0	0
86,515		Educational Services	130,341	16,149	114,192	86,063
35,899		Social Work	77,218	36,215	41,003	40,705
23,705		Housing, Environmental and Economic Services	61,050	35,626	25,424	22,285
1,625		Housing Revenue Account (HRA)	33,807	34,361	(554)	603
1,344		Corporate Services	39,029	35,440	3,589	4,094
7,788		Other Services	10,488	1,195	9,293	10,855
13,073		Requisitions - Police	26,684	13,694	12,990	13,476
8,878		Fire	9,151	0	9,151	9,199
1,698		Strathclyde Passenger Transport Executive	1,683	0	1,683	1,683
712		Valuation Joint Board	715	0	715	715
<b>181,237</b>		<b>Net Cost of Services</b>	<b>404,420</b>	<b>186,934</b>	<b>217,486</b>	<b>189,678</b>
<b>Adjust for items charged to departments but accounted for below the net cost of services in the Income and Expenditure Account</b>						
7,393		General Services	(16,776)	0	(16,776)	6,820
(7,450)		HRA	(7,297)	(3,215)	(4,082)	(603)
<b>181,180</b>			<b>380,347</b>	<b>183,719</b>	<b>196,628</b>	<b>195,895</b>

**Note 17 : Corporate and Democratic Core Costs**

In accordance with BVACOP, costs have been identified in respect of General Services Corporate and Democratic Core comprising of £1.015m (2006/07 £1.048m) for Corporate Management and £2.096m (2006/07 £1.567m) for Democratic Representation and Management.

**Note 18 : Expenditure and Income Details**

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



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 19: Fixed Assets**

**1) Movement in Assets during 2007/08**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational* £000	Community £000	Intangibles £000	Total £000
Historic Cost	198,516	191,363	35,672	19,558	63,978	240	151	509,478
Historic Cost Depreciation	(9,082)	(11,589)	(7,973)	(6,788)	(103)	0	(30)	(35,565)
Historic Cost impairment	0	(7,214)	0	0	(115)	0	0	(7,329)
<b>Depreciated Historic Cost at 1.4.07</b>	<b>189,434</b>	<b>172,560</b>	<b>27,699</b>	<b>12,770</b>	<b>63,760</b>	<b>240</b>	<b>121</b>	<b>466,584</b>
Adjustments/Revaluations	0	(269)	0	0	4,329	0	0	4,060
Additions	13,905	6,119	3,337	2,433	2,094	0	110	27,998
Disposals	(2,999)	(226)	0	0	(2,240)	0	0	(5,465)
Impairment	(1,965)	(28,731)	(212)	(60)	(99)	0	0	(31,067)
Depreciation	(5,407)	(3,767)	(1,771)	(2,668)	(29)	0	(30)	(13,672)
<b>Net Book Value at 31.3.08</b>	<b>192,968</b>	<b>145,686</b>	<b>29,053</b>	<b>12,475</b>	<b>67,815</b>	<b>240</b>	<b>201</b>	<b>448,438</b>

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

**Memorandum Notes**

**(i)**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost	198,516	191,363	35,672	19,558	63,978	240	151	509,478
Adjustments/Revaluations	0	(269)	0	0	4,329	0	0	4,060
Additions	13,905	6,119	3,337	2,433	2,094	0	110	27,998
Disposals	(2,999)	(226)	0	0	(2,240)	0	0	(5,465)
Impairment	(1,965)	(28,731)	(212)	(60)	(99)	0	0	(31,067)
Other Adjustments to Historic Cost	0	(7,713)	(193)	(3,041)	(218)	0	0	(11,165)
<b>Current Cost at 31.3.08</b>	<b>207,457</b>	<b>160,543</b>	<b>38,604</b>	<b>18,890</b>	<b>67,844</b>	<b>240</b>	<b>261</b>	<b>493,839</b>
Adjustment re Fully Depreciation Historic Cost Assets	0	13	193	3,041	0	0	0	3,247
Cumulative Depreciation	(14,489)	(14,870)	(9,744)	(9,456)	(29)	0	(60)	(48,648)
<b>Net Book Value at 31.3.08</b>	<b>192,968</b>	<b>145,686</b>	<b>29,053</b>	<b>12,475</b>	<b>67,815</b>	<b>240</b>	<b>201</b>	<b>448,438</b>

**(ii)**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Depreciation	9,082	11,589	7,973	6,788	103	0	30	35,565
In Year Depreciation	5,407	3,767	1,771	2,668	29	0	30	13,672
Write out Depreciation on Revaluation/Disposal	0	(486)	0	0	(103)	0	0	(589)
<b>Cumulative Depreciation</b>	<b>14,489</b>	<b>14,870</b>	<b>9,744</b>	<b>9,456</b>	<b>29</b>	<b>0</b>	<b>60</b>	<b>48,648</b>

**(iii)**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Impairment	0	7,214	0	0	115	0	0	7,329
In Year Impairment	1,965	28,731	212	60	99	0	0	31,067
<b>Cumulative Impairment</b>	<b>1,965</b>	<b>35,945</b>	<b>212</b>	<b>60</b>	<b>214</b>	<b>0</b>	<b>0</b>	<b>38,396</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 19: Fixed Assets (cont'd)**

(iv)	Investment Properties £000	Surplus Assets £000	Assets under Construction £000	Non operational Total £000
Historic Cost	50,332	13,646	0	63,978
Historic Cost Depreciation	(4)	(99)	0	(103)
Historic Cost impairment	0	(115)	0	(115)
<b>Depreciated Historic Cost at 1.4.07</b>	<b>50,328</b>	<b>13,432</b>	<b>0</b>	<b>63,760</b>
Adjustments/Revaluations	1,701	2,628	0	4,329
Additions	1,072	0	1,022	2,094
Disposals	0	(2,240)	0	(2,240)
Impairment	(99)	0	0	(99)
Depreciation	0	(29)	0	(29)
<b>Net Book Value at 31.3.08</b>	<b>53,002</b>	<b>13,791</b>	<b>1,022</b>	<b>67,815</b>

**2) Analysis of Net Assets Employed**

2006/07 £000		General Services £000	Housing Revenue Account £000	Trading Accounts £000	Total £000
189,434	Housing	0	192,968	0	192,968
172,560	Other land and buildings	144,915	536	235	145,686
27,699	Infrastructure	28,681	372	0	29,053
12,770	Vehicles, plant, furniture & fittings	9,880	2,187	408	12,475
63,760	Non operational	66,626	1,189	0	67,815
240	Community	240	0	0	240
121	Intangibles	201	0	0	201
<b>466,584</b>		<b>250,543</b>	<b>197,252</b>	<b>643</b>	<b>448,438</b>

**3) Information on Assets Held**

Operational Buildings	Operational Equipment	
Administrative buildings	14 Vehicles and heavy plant	246
Depots	11	
Social Work homes for the elderly	6 Community Assets	
Social Work children's homes	4 Playing fields	13
Social Work centres for learning disabilities	2 Bowling clubs and pavilions	10
Primary schools	34 Parks	14
Secondary schools	7 Pavillions	3
Special schools	1 Boat House	1
Nursery schools	13 Play areas	1
Halls	7 Other grounds	32
Sport centres	3 Works of Art	548
Swimming pools	1	
Libraries	8 Council Dwellings	11,525
Community centres	11	
Crematoriums and Cemeteries	11 Infrastructure Assets	
Public conveniences	2 Traffic light sets	89
Theatres	1 Roads in kilometres	343
Pavilions	2 Bridges	125
Indoor play areas	1 Joint ownership bridges	5
Golf courses	1 Lighting units	15,578
School and lodge houses	17 Illuminated bollards	190
Outdoor education centres	1	

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 20 : Financial Instruments**

**(a) Types of Financial Instrument**

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

	Long-term		Current	
	31.03.08 £000	31.03.07 £000	31.03.08 £000	31.03.07 £000
<b>Lending</b>				
Loans and receivables	515	606	50,998	39,826
<b>Borrowing</b>				
Financial liabilities at amortised cost	210,761	207,005	37,994	40,488

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

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

The Council has considered the SORP 2007 requirements for accounting for financial instruments and the following events have not taken place in 2007/08:

- Reclassification of financial assets carrying value between fair value and amortised cost
- Transfer of financial assets where part or all of the financial assets does not qualify for de-recognition
- Pledging of financial assets as collateral or liabilities or contingent liabilities, as a result no carrying or fair value exists
- Recording of impairment losses in a separate account which would require a reconciliation of changes during the year
- Default on any loans payable during 2007/08
- Breaches of long term loan agreements resulting in the liability being classed as current
- Offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis

The Council has considered the SORP 2007 requirements for accounting for financial instruments and the following disclosures are consistent with the SORP:

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

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

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

- The 2008 fair value of PWLB loans are calculated by reference to the premature repayment set of rates in force on 31 March 2008, the 2007 figure by reference to the set of interest rates in force on 30 March 2007. The fair value market loans and other loans and receivables are calculated using estimated interest rates of 4%, which is the average discount rate applied to market loans for calculation of premature repayment.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 20 : Financial Instruments (Cont'd)**

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

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

	31.03.08		31.03.07	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Lending</b>				
Loans and receivables	51,513	51,513	40,432	40,432
The fair value is equal to the carrying amount because all loans and receivables are either short term or at a fixed interest rate or a variable rate linked to base rate and without significant transaction costs.				
	31.03.08		31.03.07	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Borrowing</b>				
Financial liabilities	248,755	289,089	247,493	272,614
The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.				

**(c) Gains and Losses on Financial Instruments**

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

	Loans & receivables £000	Liabilities at amortised cost £000	Total £000
<b>Income</b>			
Interest and Investment Income	2,698	0	2,698
<b>Expenditure</b>			
Interest/expense*	0	(14,259)	(14,259)
Losses on de-recognition	0	(329)	(329)
Impairment losses	(2,204)	0	(2,204)
	<b>(2,204)</b>	<b>(14,588)</b>	<b>(16,792)</b>
Net (Gain)/loss for the year	494	(14,588)	(14,094)
Reversal via Statement of Movement on Fund balances	0	329	329
<b>Net (gain)/loss for the year</b>	<b>494</b>	<b>(14,259)</b>	<b>(13,765)</b>

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**  
**Notes to the Core Statements (cont'd)**

**Note 20 : Financial Instruments (Cont'd)**

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

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

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

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

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

**Credit Risk**

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

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

	Amount at 31.03.08	Historical experience of non-payment adjusted for market conditions at 31.03.08	Estimated maximum exposure to default and uncollectibility
	£000	%	£000
Deposits with banks, building societies and local authorities	23,642	0%	0
Customers and other income	30,075	11%	2,204
<b>Total Investments</b>	<b>53,717</b>		<b>2,204</b>

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

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

The historical experience of default has been taken from Moody's (a credit rating organisation used by the Council) and applied to the period 1982 – 2005. Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. As a result of this high credit criteria, the Council has maintained historical default rates as a good indicator under the current conditions.

The Council does not generally allow credit for customers, such that under the definition of "trade", £7.642m is past its due date for payment. The past due amount can be analysed by age as follows:

	<b>£000</b>
Less than three months	2,885
Three to six months	354
Six months to one year	879
More than one year	<u>3,524</u>
	<b><u>7,642</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 20 : Financial Instruments (cont'd)**

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

**Credit Risk (Cont'd)**

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

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

**Liquidity risk**

The Council's main source of borrowing is the Treasury's Public Works Loans Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 10% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments. The maturity analysis of financial liabilities is as follows:

	<b>Creditors</b>	<b>Bank Overdraft</b>	<b>Borrowing</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	35,135	2,309	550	37,994
Between one and two years	0	0	58	58
Between two and five years	0	0	1,107	1,107
More than five years	0	0	209,596	209,596
	<b><u>35,135</u></b>	<b><u>2,309</u></b>	<b><u>211,311</u></b>	<b><u>248,755</u></b>

**Market risk**

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

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

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

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

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 20 : Financial Instruments (cont'd)**

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

**Market Risk (Cont'd)**

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

	<b>£000</b>	<b>%</b>
Fixed Interest Debt	210,840	99.8
Variable Interest Debt	<u>471</u>	0.2
	<b><u>211,311</u></b>	

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2008, with all other variables held constant:

	<b>£000</b>
<b>Impact on tax payers and rent payers</b>	
Increase on interest payable on variable rate debt	5
Increase in interest receivable on variable rate investments	(182)
Increase in government grant receivable for 'loan charges'	<u>(52)</u>
Impact on Income and Expenditure Account	<u>(229)</u>
Share of overall impact due credited to the HRA	(76)
<b>Other accounting presentational changes</b>	
Decrease in fair value of fixed rate investments	0
Decrease in fair value of fixed rate debt	<u>(37,091)</u>

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

**Foreign Exchange Risk**

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

**Note 21 : Long Term Debtors**

<b>2006/07</b>		<b>2007/08</b>
<b>£000</b>		<b>£000</b>
768	Opening balance at 01.04.07	606
(162)	Repayments	(91)
<u>0</u>	Additions	<u>0</u>
<b><u>606</u></b>	Closing balance at 31.03.08	<b><u>515</u></b>

**Note 22 : Stocks and Work in Progress**

<b>2006/07</b>		<b>2007/08</b>
<b>£000</b>		<b>£000</b>
827	Consumable stores	770
<u>137</u>	Work in progress	<u>79</u>
<b><u>964</u></b>		<b><u>849</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 23 : Debtors**

2006/07 £000	2006/07 £000		2007/08 £000	2007/08 £000
26,288		Arrears of local taxation - council tax	27,055	
(18,253)	8,035	less bad debt provision	(19,070)	7,985
4,418		non domestic rates	3,054	
(2,431)	1,987	less bad debt provision	(2,549)	505
10,240		Community charge	9,741	
(10,240)	0	less bad debt provision	(9,741)	0
5,674		Statutory additions	6,146	
(3,689)	1,985	less bad debt provision	(3,796)	2,350
2,348		Housing rents receivable	2,538	
(1,567)	781	Less bad debt provision	(1,672)	866
	5,067	Central government grants		7,113
	3,145	VAT recoverable		1,052
	14,186	Prepayments and accruals		15,924
	<b>35,186</b>			<b>35,795</b>

**Note 24 : Sundry Creditors**

2006/07 £000		2007/08 £000
2,522	Loan interest, etc. accrued*	0
9,072	Accrued payrolls, PAYE, N. I. & superannuation	9,274
1,595	Advances from partner agencies	897
49	School resources carried-forward	49
3,293	Deferred Income	1,000
20,515	Other creditors and accruals	23,915
<b>37,046</b>		<b>35,135</b>

\*Due to changes within the SORP, loan interest is now included within debt outstanding

**Note 25 : Provisions**

2006/07 £000		2007/08 £000
6,440	Equal pay claims and single status payments	13,532
126	Early severance	220
<b>6,566</b>		<b>13,752</b>

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

**Early Severance** – This provision is held for those staff accepting a severance or early retiral package with a view to leaving in 2008/09.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 26 : Deferred Grants**

2006/07		2007/08
£000		£000
12,439	Opening balance at 01.04.07	12,303
(3,928)	Repayments	(2,888)
3,792	Additions	8,456
<u>12,303</u>	Closing balance at 31.03.08	<u>17,871</u>

**Note 27 : 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.

**Note 28 : 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 £3.308m on 31.03.08, none of which was applied to the 2008/09 budget and £1.031m is earmarked for ringfenced grant purposes, leaving an unearmarked balance of £2.277m.
- (2) The HRA balance is currently £1.538m as at 31.03.08, of which £0.300m was applied to the 2008/09 budget, leaving an unearmarked balance of £1.238m.

Deferred Income

The creditors' balance of £35.135m includes deferred income in connection with delays in spending government grants of £1.000m. The main grants affected by this delay are:-

2006/07		2007/08
£000		£000
164	Youth Crime	99
218	Working for families	0
211	Adult Literacy	72
88	Education Accessibility	0
502	Private Sector Housing	304
89	Fostering	116
0	Free school meals	215

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 29 : Analysis of Other Government Grants (Cash Basis)**

2006/07 £000		£000
	<b><u>Revenue</u></b>	
1,468	Housing Benefit Administration	1,408
17	Supported Employment	26
15,575	Supporting People	14,355
250	Social Work – Mental Illness	250
2,152	Other	1,252
116	Training	116
600	Working for Families	600
771	Housing, Environmental and Economic Development - Strategic Waste	919
59	- Other	59
797	Non HRA	1,407
119	Education - Pre 5	119
3,634	Other	3,193
7,470	National Priority Action Fund	5,330
22	Road Safety	25
4,726	Community Regeneration Fund	7,014
470	Private Sector Housing Grant	887
<b>38,246</b>		<b>36,960</b>
	<b><u>Capital</u></b>	
0	20 mph at schools	204
0	Contaminated Land	159
59	Heritage Lottery	0
0	Alexandria Medical Centre	250
0	Alexandria Shop Fronts	2
0	Balloch Park lottery	12
0	Blaes pitch conversion	10
0	Dumbarton Signage Strategy	30
1	Strategic Waste	86
0	Warm Deal	232
42	Air Quality Monitoring	0
0	Levensgrove Community Growing facility	69
154	Cycle/Walk/Safer Streets grant	176
48	ERDF	0
101	West Trans	3
11	Argyll Pavillion	0
89	Sports Scotland	0
45	South Drumry Neighbourhood Association	0
110	SPT	290
3,078	School Fund	2,811
0	New Early Years, Childcare and Play Capital Fund	162
214	Big Lottery	236
0	Rediscovering Dumbarton	89
20	Schools Estate Management Plan	0
0	Scottish Government Efficiency Funding	1,011
0	NEED Funding	189
0	Scottish Natural Heritage Grant	6
0	Sustrans	118
0	Telecare	142
0	Workforce development funds	49
<b>3,972</b>		<b>6,336</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Core Statements (cont'd)**

**Note 30 :Reconciliation of Consolidated Revenue Account to Revenue Activities**

2006/07		2007/08
£000		£000
224	(Surplus)/Deficit for year	1,258
	<b>Non Cash Transactions</b>	
(4,826)	Contribution to provisions	(7,186)
(11)	Contributions to reserves	(9)
(905)	Contributions to Capital	(778)
(12,930)	Non cash movement relating to loans fund	(13,559)
(8,771)	Adjustment not involving movement of funds	3,527
	<b>Items on an Accruals Basis</b>	
56	Increase/(Decrease) in stock and WIP	(115)
1,081	Increase/(Decrease) in Debtors	(1,399)
(2,566)	(Increase)/Decrease in Creditors	(13,282)
<b>(28,648)</b>	<b>Net Cash Flow from Revenue Activities</b>	<b>(31,543)</b>

**Note 31 : Analysis of Net Debt**

	Balance at 01.04.07	SORP	Cash Flow	Balance at 31.03.08
	£000	£000	£000	£000
Bank Overdraft	(2,904)	0	595	(2,309)
Cash in Hand	51	0	0	51
<b>Decrease in Cash</b>	<b>(2,853)</b>	<b>0</b>	<b>595</b>	<b>(2,258)</b>
Debt due after 1 year	(207,052)	(3,781)	72	(210,761)
Debt due within 1 year	(78)	0	(1)	(79)
<b>Total Debt</b>	<b>(207,130)</b>	<b>(3,781)</b>	<b>71</b>	<b>(210,840)</b>
<b>Temporary lending/short term deposits</b>	<b>14,151</b>	<b>69</b>	<b>8,951</b>	<b>23,171</b>
<b>Total</b>	<b>(195,832)</b>	<b>(3,712)</b>	<b>9,617</b>	<b>(189,927)</b>
<b>Reconciliation of Movement in Cash to Net Debt</b>			<b>£000</b>	
Increase/(Decrease) in cash			595	
Increase/(Decrease) in debt financing			71	
Increase/(Decrease) in liquid resources <sup>(1)</sup>			8,951	
Movement in debt in period			9,617	
SORP Adjustments			(3,712)	
Net debt as at 31 March 2007			(195,832)	
<b>Net debt as at 31 March 2008</b>			<b>(189,927)</b>	

<sup>(1)</sup>	<b>Definition of liquid resources</b>	<b>£000</b>
	Movement in short term investment loans	8,952
	Movement in short term on-call borrowings	(1)
	<b>Increase/(Decrease) in liquid resources</b>	<b>8,951</b>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**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.

2006/07 £000		2007/08 £000
	<b>Income</b>	
(27,913)	Dwelling rents	(28,061)
(328)	Other rents	(325)
(1,808)	Other income	(1,909)
<u>(30,049)</u>		<u>(30,295)</u>
	<b>Expenditure</b>	
10,298	Repairs and maintenance	9,037
5,624	Supervision & management	5,911
1,632	Void properties	1,608
5,329	Depreciation and impairment	7,858
413	Bad/doubtful debts	293
878	Other expenditure	904
<u>24,174</u>		<u>25,611</u>
(5,875)	<b>Net costs of HRA services as included in the whole authority income and expenditure account</b>	(4,684)
<u>50</u>	HRA share of corporate and democratic core	<u>50</u>
(5,825)	<b>Net cost of HRA services</b>	(4,634)
	<b>HRA share of the operating income and expenditure included in the whole authority accounts</b>	
(1,648)	Gain or loss on sale of HRA fixed assets	(2,430)
4,905	Interest payable and similar charges	5,261
360	Amortisation of premiums and discounts	359
(366)	Interest and investment income	(569)
<u>(80)</u>	Pensions interest cost and expected return on pension assets	<u>(68)</u>
(2,654)	<b>(Surplus)/deficit for the year on HRA services</b>	(2,081)

**Statement of Movement on the HRA Fund Balance**

(2,654)	<b>(Surplus)/Deficit to be met from Balances b/f</b>	(2,081)
	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>1,527</u>
1,482	(Increase)/Decrease in the HRA Fund Balance	(554)
<u>(2,466)</u>	HRA Balance brought forward	<u>(984)</u>
<u>(984)</u>	<b>HRA Balance carried forward</b>	<u>(1,538)</u>
	<b>Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the HRA Fund Balance for the year</b>	
0	Difference between the finance costs calculated in accordance with the SORP and the amount calculated in accordance with statute	(138)
(5,329)	Depreciation and impairment of fixed assets	(7,858)
1,648	Net loss/surplus on disposal of fixed assets	2,430
(109)	Net charges made for retirement benefits in accordance with FRS17	(12)
<u>(3,790)</u>		<u>(5,578)</u>
	<b>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</b>	
6,426	Loans Fund Principle repayments	7,105
	<b>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</b>	
<u>1,500</u>	Transfer to the General Fund from the HRA Account	<u>0</u>
<u>4,136</u>	<b>Net additional amount required to be credited to the HRA Fund Balance for the year</b>	<u>1,527</u>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**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.

<b>2006/07</b>	<b>Rental Information</b>	<b>2007/08</b>
<b>£44.83</b>	Average weekly rent (52wks)	<b>£45.82</b>
<b>£000</b>	Rent arrears (houses only):-	<b>£000</b>
1,271	Current	1,228
<u>1,078</u>	Former	<u>1,249</u>
2,349		2,477
<u>(1,567)</u>	Less bad debt provision	<u>(1,672)</u>
<b><u>782</u></b>		<b><u>805</u></b>

**Housing Stock as at 31 March 2008**

	<b>Dumbarton/ Alexandria</b>	<b>Clydebank</b>	<b>Total</b>
Houses	1,919	1,699	3,618
High rise	436	1,334	1,770
4-in-a-block	1,864	1,614	3,478
Maisonette/Other flat	601	358	959
Tenement	<u>837</u>	<u>863</u>	<u>1,700</u>
	<b><u>5,657</u></b>	<b><u>5,868</u></b>	<b><u>11,525</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Council Tax Account**

Council Tax: £38.837m (2006/07 £36.769m)

2006/07 £000		2007/08 £000
43,796	Gross council tax	44,937
	Less:	
(48)	Council tax benefit (net of government grant)	102
0	Discounts for prompt payment	0
(5,638)	Other discounts and reductions	(5,581)
(1,647)	Provision for bad and doubtful debts	(1,284)
306	Adjustments for prior years	663
<u>36,769</u>	<b>Transfer to General Fund</b>	<u><b>38,837</b></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	24	15	0	20	5/9	11
Band A	8,117	232	54	4,656	322	6,614	6/9	4,409
Band B	17,272	477	(31)	7,687	268	14,708	7/9	11,440
Band C	7,339	84	(12)	2,586	49	6,572	8/9	5,842
Band D	4,780	50	11	1,364	19	4,391	1	4,391
Band E	4,436	24	(31)	761	17	4,182	11/9	5,111
Band F	1,477	8	(4)	200	6	1,412	13/9	2,040
Band G	530	3	(11)	53	3	501	15/9	835
Band H	31	1	0	0	3	29	18/9	58
						<b>Total</b>		<b>34,137</b>
						Provision for bad debt		<b>(1,109)</b>
						<b>Council Tax Base</b>		<u><b>33,028</b></u>

*The nature and actual amount of each charge fixed*

	2006/07 £ per year	2007/08 £ per year
<b>Gross Charges</b>		
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 2007/08 was £1,163.		
Band A	759	775
Band B	885	905
Band C	1,012	1,034
Band D	1,138	1,163
Band E	1,391	1,421
Band F	1,644	1,680
Band G	1,897	1,938
Band H	2,276	2,326

**Discounts, Reliefs and Exemptions**

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





**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Non-Domestic Rates Account**

**Non-Domestic Rates Income £33.363m (2006/07 £34.123m)**

Non-domestic rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £33.363m (2006/07 £34.123m) from the national pool. The amount deemed to be collected locally was £58.236m (2006/07 £59.690m). The sum actually collected locally and contributed to the pool was £55.234m (2006/07 £56.675m), made up as follows:

2006/07		2007/08
£000		£000
63,187	Gross rates levied	61,185
	Less:	
(3,956)	Reliefs and other deductions	(3,670)
(632)	Provision for bad and doubtful debts	(611)
58,599	Net non-domestic rate income	56,904
(1,924)	Adjustments for prior years	(1,670)
<u>56,675</u>	<b>Contribution to National Non-Domestic Rate Pool</b>	<u>55,234</u>

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

<i>Analysis of rateable Values:</i>	£	<i>An explanation of the nature and amount of each rate fixed</i>
Rateable value at 1/4/08	139,205,372	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)	1,012,901	The national non-domestic rate poundage set by the First Minister for Scotland for 2007/08 was £0.441.
Rateable value at 31/3/07	138,192,471	
Less: partially exempt	787,450	
Less: wholly exempt	<u>5,454,175</u>	
<b>Net rateable value at 31/3/08</b>	<b><u>131,950,846</u></b>	



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Capital Account**

**Budgetary Performance**

2006/07 Actual as % of budget		2007/08 Budget £000	2007/08 Actual £000	Actual as a % of budget
87.41%	Chief Executive/Other	1,996	1,639	82.11 %
108.58%	Educational Services	3,698	2,480	67.06%
107.12%	Social Work	1,796	1,807	100.61%
86.85%	Housing, Environmental and Economic Services	8,176	6,905	84.45%
92.30%	Other Services	951	873	91.80%
93.39%	<b>Total General Services</b>	<b>16,617</b>	<b>13,704</b>	<b>82.47%</b>
97.96%	HRA	15,028	14,294	95.12%
95.59%	<b>Gross Capital Expenditure</b>	<b>31,645</b>	<b>27,998</b>	<b>88.48%</b>
100.00%	General Services – Capital from Current Revenue	0	0	0%
95.73%	<b>Gross Capital Spend</b>	<b>31,645</b>	<b>27,998</b>	<b>88.84%</b>

**Service Summary**

	Capital debt at 31/03/07 £000	Net capital Expenditure 2007/08 £000	Repaid during 2007/08 £000	Capital debt at 31/03/08 £000
Chief Executive/other	6,334	64	514	5,884
Educational Services	32,224	15	1,786	30,453
Social Work	6,381	1,200	674	6,907
Housing, Environmental and Economic Services	71,745	3,876	3,810	71,811
<b>Total General Services</b>	<b>116,684</b>	<b>5,155</b>	<b>6,784</b>	<b>115,055</b>
HRA	81,901	9,112	7,196	83,817
<b>Net Capital Debt</b>	<b>198,585</b>	<b>14,267</b>	<b>13,980</b>	<b>198,872</b>

**Financing of Capital Expenditure**

2006/07 £000		General Services £000	Housing £000	Total £000
11,135	Receipts from sale of assets	3,553	5,622	9,175
4,541	Other receipts	5,766	366	6,132
15,676	Total receipts 2007/08	9,319	5,988	15,307
11,437	Unapplied receipts b/fwd 2006/07	13,234	1,818	15,052
0	Transfer to Capital Reserve	(5,669)	0	(5,669)
407	Revenue Contributions	0	0	0
27,520	Total resources available 2007/08	16,884	7,806	24,690
(14,638)	Unapplied receipts c/fwd 2007/08	(8,335)	(2,624)	(10,959)
12,882	Total receipts used to augment capital 2007/08	8,549	5,182	13,731
16,776	Capital financing requirement for year	5,155	9,112	14,267
29,658	<b>Gross Capital Spend 2007/08</b>	<b>13,704</b>	<b>14,294</b>	<b>27,998</b>

**Commitments under Capital Contracts**

As at 31 March 2008, the Council has commitments on capital contracts for housing and non-housing projects of £3.501m (2006/07 £2.422m) and £6.010m (2006/07 £2.451m) respectively.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Total Movement in Reserves**

	Balance at 01.04.2007 £000	Net Movement £000	Balance at 31.03.2008 £000	Purpose of Reserve
Revaluation Reserve	0	(13,359)	(13,359)	Store of gains on revaluation of fixed assets not yet realised through sales
Capital Adjustment Account	(252,969)	36,942	(216,027)	Store of capital resources set aside to meet past expenditure
Financial Instruments Adjustment Account	0	22,374	22,374	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments.
Usable Capital Receipts Account	(14,638)	3,679	(10,959)	Proceeds of fixed asset sales available to meet future capital investment.
Pension Reserve	56,405	(46,107)	10,298	Balancing account to allow the inclusion of pension liability in the balance sheet.
General Fund Account	(4,566)	1,258	(3,308)	Resources available to meet future running costs for general services.
Housing Revenue Account Balance	(984)	(554)	(1,538)	Resources available to meet future running costs of council housing.
Capital Items Replacement Fund	(336)	9	(327)	Resources earmarked for specific purposes within Education.
Capital Reserve	0	(5,768)	(5,768)	Resources earmarked for Schools Regeneration
	<b>(217,088)</b>	<b>(1,526)</b>	<b>(218,614)</b>	

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

<b>Revaluation Reserve</b>	<b>2007/2008</b>
	<b>£000</b>
Balance as at 01.04.07	0
Revaluations of fixed assets	(13,359)
<b>Balance at 31.03.08</b>	<b>(13,359)</b>
<b>Capital Adjustment Account</b>	<b>2007/2008</b>
	<b>£000</b>
Balance as at 01.04.07	(252,969)
Repay external loans	(11,887)
Depreciation	13,669
Impairment	38,924
Government grants deferred withdrawn	(2,888)
Capital receipts applied	(7,463)
Disposal of Fixed Assets	6,496
Long term debtors repayments	91
<b>Balance as at 31.03.08</b>	<b>(216,027)</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Statement of Total Movement in Reserves (cont'd)**

<b>Financial Instruments Adjustment Account</b>	<b>2007/2008</b>
	<b>£000</b>
Balance as at 01.04.07	0
Extinguishment of premiums and discounts held at 1.4.07	21,900
Annual write off of premiums and discounts	(837)
Stepped Interest Instruments to EIR	982
Annual EIR adjustment	329
<b>Balance as at 31.03.08</b>	<b><u>22,374</u></b>
 <b>Useable Capital Receipts Reserve</b>	 <b>2007/2008</b>
	<b>£000</b>
Balance as at 01.04.07	(14,638)
Capital Receipts available : General Services	(3,556)
HRA	(5,897)
Appropriation to Capital Reserve	5,669
Capital Receipts Applied: General Services	2,786
HRA	5,091
Other contributions	(414)
<b>Balance as at 31.03.08</b>	<b><u>(10,959)</u></b>
 <b>Pension Reserve</b>	 <b>2007/2008</b>
	<b>£000</b>
Balance as at 01.04.07	56,405
Payments to pension fund	(11,099)
Reversal of FRS17 composite entries	11,684
Actuarial Gain	(44,604)
Contributions for unfunded benefits	(2,088)
<b>Balance as at 31.03.08</b>	<b><u>10,298</u></b>
 <b>Capital Items Replacement Fund</b>	 <b>2007/2008</b>
	<b>£000</b>
Balance as at 01.04.07	(336)
Unrealised (gains)/losses on investments	9
Other charges	0
<b>Closing balance at 31.03.08</b>	<b><u>(327)</u></b>
 <b>Schools Regeneration Sinking Fund</b>	 <b>2007/2008</b>
	<b>£000</b>
Balance as at 1.4.07	0
Appropriation from useable capital receipts account	(5,669)
Unrealised (gain)/loss on investment	(99)
<b>Balance as at 31.3.08</b>	<b><u>(5,768)</u></b>

**Statement of Total Recognised Gains and Losses on the Pension Reserve**

<b>2006/07</b>	<b>2007/08</b>
<b>£000</b>	<b>£000</b>
279 Actual return less expected return on pension scheme assets	(37,454)
(1,625) Experience gains and losses arising on the scheme liabilities	(1,316)
32,304 Changes in financial assumptions underlying the present value of the scheme liabilities	83,374
<b><u>30,958</u></b> Actuarial gain/ (loss) recognised	<b><u>44,604</u></b>

# **WEST DUNBARTONSHIRE COUNCIL**

## ***Financial Statements for the Year Ended 31 March 2008***

### **Group Accounts**

#### **Group Accounting Policies**

##### **Introduction**

The Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice (the 2007 SORP) requires local authorities to consider their interests in all types of entities. This includes other local authorities or similar bodies defined in section 106 of the Local government (Scotland) Act 1973 e.g. statutory bodies such as Police, Fire and Valuation Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The disclosure requirements of the 2007 SORP are mandatory for accounting periods ending on or after 31 March 2008.

##### **Combining Entities**

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

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

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

The accounting period for all entities is 31 March 2008.

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 Argyll, Bute and Dunbartonshires Criminal Justice Social Work Partnership Joint Committee has been removed from the financial consolidation as this entity has now been superseded with a new organisation which is not considered an associate body. However, the 2006/07 figures remain consolidated.

##### **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 two of the five 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.

The effects of inclusion of these associate bodies on the Group Balance Sheet is to reduce reserves and Net Assets by £190.705m – representing the Council's share of net liabilities in these entities.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Group Accounts (cont'd)**

**Group Accounting Policies (cont'd)**

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

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

**Disclosure of differences with main Statement of Accounting Policies**

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

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

**Disclosure of prior year adjustment**

Dumbarton Common Good Fund and Sundry Trusts have now been included in the financial consolidation. The 2006/07 comparatives have been updated for comparison, net assets have been adjusted by £0.513m to include these balances.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Group Income and Expenditure Account for the year ended 31 March 2008**

		Gross Expenditure	Gross Income	Net Expenditure
2006/07		2007/08	2007/08	2007/08
£000	Service	£000	£000	£000
88,194	Education	127,971	15,412	112,559
2,354	Central Services	5,488	1,648	3,840
(1,212)	Planning and Development Services	5,307	6,744	(1,437)
7,384	Roads and Transport Services	16,886	9,355	7,531
40,210	Social Work Services	82,587	37,009	45,578
2,615	Corporate and Democratic Core	3,185	74	3,111
12,544	Cultural and Related Services	13,719	1,205	12,514
9,022	Environmental Services	13,696	6,880	6,816
(3,999)	Housing Services	67,701	70,945	(3,244)
1,405	Non Distributed Costs	10,138	0	10,138
19	Share of Operating Results of Common Good and Trusts	279	213	66
1,825	Share of Operating Results of Associates	2,291	52	2,239
<b>160,361</b>	<b>Net Cost of Services</b>	<b>349,248</b>	<b>149,537</b>	<b>199,711</b>
(2,554)	Surpluses on Trading Undertakings not included in net cost of services	0	1,365	(1,365)
22,663	Precepts and Levies	36,550	13,694	22,856
(1,932)	Profit or Losses on Disposal of Assets	52	3,710	(3,658)
11,992	Interest Payable	12,954	0	12,954
837	Gain on Early Settlement of Borrowing	838	0	838
(1,070)	Interest and Investment Income	0	2,128	(2,128)
9,627	Pension interest cost and expected return on pension assets	35,858	26,426	9,432
<b>199,924</b>	<b>Net Expenditure</b>	<b>435,500</b>	<b>196,860</b>	<b>238,640</b>
(36,769)	Revenue support grant			(38,837)
(34,123)	Non-Domestic Rates			(33,363)
<b>(115,003)</b>	<b>Council Tax</b>			<b>(120,768)</b>
<b>14,029</b>	<b>(Surplus)/Deficit to be met from Balances b/f</b>			<b>45,672</b>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

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

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

<b>Restated 2006/07 £000</b>		<b>2007/08 £000</b>
<b>224</b>	<b>(Surplus)/Deficit on the authority's single entity Income and Expenditure Account for the year</b>	<b>30,528</b>
(1,236)	Less: associate income and any other distributions from group entities included within the single entity surplus or deficit on the Income and Expenditure account	(733)
(5)	Add: (surplus)/deficit arising from Common Good and Trusts included in the group accounts	37
15,046	Add: (Surplus)/Deficit arising from Associates included in the group accounts	15,840
<b><u>14,029</u></b>	<b>Group Account (surplus)/deficit for the year</b>	<b><u>45,672</u></b>

**Group Statement of total Recognised Gains and losses**

<b>Restated 2006/07 £000</b>		<b>2007/08 £000</b>
14,029	Net (surplus)/deficit for the year	45,672
(48,080)	(Surplus)/deficit on revaluation of fixed assets	(14,498)
(21,650)	Actuarial gains and losses on pension assets and liabilities	(92,049)
0	Adjustments to the Balance Sheet relating to Financial Instruments	22,374
<b><u>(55,701)</u></b>	<b>Total recognised gains and losses for the year</b>	<b><u>(38,501)</u></b>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Group Balance Sheet as at 31 March 2008**

Restated 2006/07 £000		2007/08 £000	2007/08 £000
	<b>Intangible Assets</b>		
121	Software Licences		201
	<b>Operational Assets</b>		
189,434	Council Dwellings	192,968	
172,560	Other Land and Buildings	145,686	
12,770	Vehicles, Plant and Equipment	12,475	
27,699	Infrastructure Assets	29,053	
240	Community Assets	240	
402,703			380,422
	<b>Non-Operational Assets</b>		
50,328	Investment Property	53,002	
13,432	Assets surplus to requirements	13,791	
0	Assets under construction	1,022	
63,760			67,815
	<b>Long-term Investments</b>		
662	Investments in associates	3,502	
513	Investment in Trusts and Common Good	476	
606	Long-term debtors	515	
1,781			4,493
21,900	Deferred Premiums		0
490,265	<b>Total Long-term Assets</b>		452,931
	<b>Current Assets</b>		
964	Stock and work in progress	849	
35,186	Debtors	35,795	
14,611	Short term investments	23,642	
51	Cash in hand	51	
50,812			60,337
	<b>Current Liabilities</b>		
(538)	Borrowing repayable on demand or within 12 months	(550)	
(37,046)	Creditors	(35,135)	
(2,904)	Bank Overdraft	(2,309)	
(40,488)			(37,994)
500,589	<b>Total Assets Less Current Liabilities</b>		475,274
(207,052)	Borrowing repayable within a period in excess of 12 months	(210,761)	
(228,814)	Investments in associates	(194,683)	
(6,566)	Provision	(13,752)	
0	Asset related to defined pension scheme	1,192	
(56,405)	Liability related to defined pension scheme	(11,490)	
(12,303)	Deferred Grants	(17,871)	
(511,140)			(447,365)
(10,551)	<b>Net Assets Less Liabilities</b>		27,909

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Group Balance Sheet as at 31 March 2008 (cont'd)**

Restated 2006/07 £000		2007/08 £000	2007/08 £000
	<b>Capital Reserves</b>		
0	Revaluation Reserve	13,359	
0	Capital Adjustment Account	216,027	
0	Financial Instrument Adjustment Account	(22,374)	
144,136	Fixed Asset Restatement Account	0	
108,833	Capital Financing Account	0	
<u>14,638</u>	Usable Capital Receipts Reserve	<u>10,959</u>	
267,607			217,971
	<b>Revenue Provisions and Reserves</b>		
(56,405)	Pension reserve	(10,298)	
4,566	General Fund reserve	3,308	
(227,639)	Income and expenditure reserve	(190,705)	
336	Other reserves	6,095	
<u>984</u>	Housing Revenue Account balance	<u>1,538</u>	
<u>(278,158)</u>			<u>(190,062)</u>
<u>(10,551)</u>	<b>Total Balances and Reserves</b>		<u>27,909</u>

The unaudited Financial Statements were issued on 30 June 2008 and the audited Financial Statements were authorised for issue on 30 September 2008.

**Joyce White FCMA**  
**Executive Director of Corporate Services**  
**West Dunbartonshire Council**  
**30 September 2008**

# **WEST DUNBARTONSHIRE COUNCIL**

## **Financial Statements for the Year Ended 31 March 2008**

### **Notes to the Group Accounts**

#### **Note 1 Details of combining entities**

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

**Strathclyde Police Joint Board** is the statutory body established under the Strathclyde Combined Police Area Amalgamation Scheme Order 1995 and provides a vast range of policing services on behalf of the 12 local authorities in the West of Scotland. In 2007/08, the Council contributed (net of specific grant) £12.990m (2006/07 £13.073m) or 5.25% (2006/07 5.25%) of the Board's estimated running costs and its share of the year end net liability of £148.880m (2006/07 £176.077m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Police Joint Board, Glasgow City Chambers, Glasgow G2 1DU.

**Strathclyde Fire and Rescue Joint Board** is the statutory body responsible for overseeing the activities of Strathclyde Fire and Rescue, which provides fire and emergency cover on behalf of the 12 local authorities in the West of Scotland. In 2007/08, the Council contributed £9.151m (2006/07 £8.878m) or 6.52% (2006/07 6.51%) of the Board's estimated running costs and its share of the year end net liability of £45.803m (2006/07 £51.390m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Fire and Rescue Joint Board, Bothwell Road, Hamilton, ML03 0EA.

**Strathclyde Partnership for Transport** is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. Most of its funding comes from the Scottish Executive to fund the Rail Franchise payment and to ensure delivery of rail services within the Board's area as specified in the rail franchise agreement. In 2007/08, the Council contributed £1.513m (2006/07 £1.491m) or 4.35% (2006/07 4.35%) of the Board's estimated running costs and its share of the year end net asset of £2.694m (2006/07 £1.347m) 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 2007/08, the Council contributed £0.128m (2006/07 £0.164m) or 4.19% (2006/07 4.15%) of the Board's estimated running costs and its share of the year end net asset of £0.388m (2006/07 £0.414m) 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 2007/08, the Council contributed £0.715m (2006/07 £0.712m) or 27.04% (2006/07 27.03%) of the Board's estimated running costs and its share of the year end net asset of £0.420m (2006/07 £0.207m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, Garshake Road, Dumbarton G82 3PU.

**Dumbarton Common Good and Trust Funds** are held in Trust by West Dunbartonshire Council. Although the Council does not contribute to these funds financially, they have been included within the Council's Group through materiality by nature. Net expenditure in 2007/08 was £0.052m (2006/07 surplus £0.005m) for the Common Good and net increase in funds of £0.015m (2006/07 £0.010m) for the Trust Funds. Copies of the accounts may be obtained from West Dunbartonshire Council, Garshake Road, Dumbarton G82 3PU.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Group Accounts (cont'd)**

**Note 1 Details of combining entities (cont'd)**

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

2006/07		2007/08
£000		£000
(16)	Net Surplus/(deficit)	(32)
166	Fixed Assets	167
115	Current Assets	111
109	Current Liabilities	106
7	Loans outstanding	3
164	Capital Reserves	168
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 £190.705m (2006/07 £228.665m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net asset of £27.909m (2006/07 net liability of £10.551m).

**Note 4 Reporting Authority Adjustments to align with UK GAAP**

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

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



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Notes to the Group Accounts (cont'd)**

**Note 5 Analysis of Material Amounts in Income and Expenditure Account**

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

**Contribution to Group Income and Expenditure Reserve:**

<b>2006/07</b>		<b>2007/08</b>
<b>£000</b>		<b>£000</b>
(176,077)	Police Joint Board	(148,880)
(51,390)	Fire Joint Board	(45,803)
(1,347)	Passenger Transport Authority	2,694
414	Concessionary Travel Board	388
207	Valuation Joint Board	420
41	Criminal Justice Social Work Partnership	0
513	Common Good and Trust Funds	476
<b>(227,639)</b>	<b>Total</b>	<b>(190,705)</b>

**Note 6 Group Cash Flow Statement**

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



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Common Good Fund**

The Council administers the Dumbarton Common Good Fund Account. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2008. The fund does not represent assets of the Council and has not been included within the Balance Sheet on pages 15 and 16.

**Summary Income and Expenditure Account**

2006/07		2007/08	2007/08
£000	Expenditure	£000	£000
113	Payments to Other Bodies		137
0	Municipal Buildings		10
56	Denny Tank		56
46	Libraries – Book Fund		46
<u>27</u>	General Expenditure		<u>28</u>
242			277
	<b>Income</b>		
226	Rent – Sites and Offices	212	
10	Interest on Revenue Balances	12	
<u>1</u>	Other Income	<u>1</u>	
237			<u>225</u>
<u>(5)</u>	Net surplus/(deficit) for year		<u>(52)</u>
<u>209</u>	Balance brought forward		<u>204</u>
<u>204</u>	Balance carried forward		<u>152</u>

**Balance Sheet as at 31 March 2008**

2006/07		Note	2007/08	2007/08
£000			£000	£000
	<b>Fixed Assets</b>			
1,978	Investment properties	1		2,586
	<b>Current Assets</b>			
5	Debtors	2	0	
215	Investments – West Dunbartonshire Council		<u>160</u>	160
	<b>Current Liabilities</b>			
<u>(16)</u>	Creditors falling due within one year	3		<u>(8)</u>
<u>2,182</u>	Total assets less liabilities			<u>2,738</u>
	<b>Funds Available</b>			
0	Revaluation Reserve			607
1,978	Fixed Asset Restatement Account			0
0	Capital Adjustment Account			1,978
<u>204</u>	Reserves			<u>153</u>
<u>2,182</u>				<u>2,738</u>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Common Good Fund (cont'd)**

**Notes to the Financial Statements**

**Note 1 Tangible fixed assets and depreciation**

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

**Note 2 Analysis of Sundry Debtors**

2006/07		2007/08
£000		£000
5	Rental Income Due	0

**Note 3 Analysis of Sundry Creditors**

2006/07		2007/08
£000		£000
16	Accrued expenditure	6
<u>0</u>	Prepayment of Rent	<u>2</u>
<u>16</u>		<u>8</u>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Sundry Trust Funds**

The Council acts as sole or custodian trustee for a number of trust funds, which may be used for various purposes depending on the terms of the Trust. In all cases, the funds do not represent assets of the Council and they have not been included within the balance sheet on pages 15 and 16. Under the provisions of the "2005 Act" and the "Accounts Regulations" above, all registered charities in Scotland are required to prepare financial statements which must be externally scrutinised. The trust funds below are registered, under one registration, with the Office of the Scottish Charity Regulator. In 2007/08 this information is included in the Council's financial statements, but from 2008/09 more detailed compliance to the accounting requirements is required. Management have reviewed the current arrangements for the trust funds to ensure the current arrangements reflect the needs of the Council and ensure that all obligations are met. Responsibility for the compliance with the new regulations has been delegated to the Executive Director of Corporate Services.

**Income and Expenditure Account**

2006/07			2007/08		
Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000	Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000
3	0	3	4	0	4
1	0	1	1	0	1
6	4	2	8	1	7
1	0	1	1	1	0
1	0	1	1	0	1
0	0	0	0	0	0
1	0	1	1	0	1
1	0	1	1	0	1
<u>14</u>	<u>4</u>	<u>10</u>	<u>17</u>	<u>2</u>	<u>15</u>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Sundry Trust Funds (cont'd)**

**Statement of Balances as at 31 March 2008**

	Note	Balance as at 1/4/07 £000	Surplus/ (deficit) for year £000	Balance as at 31/3/08 £000
<b>Bank and Cash</b>				
Dunbartonshire Educational Trust Scheme 1962		70	4	74
McAuley Prize for Mathematics		19	1	20
Alexander Cameron Bequest		140	7	147
Dr A K Glen Fund		24	0	24
War Memorial Dumbarton		13	1	14
Halkett Memorial Trust		2	0	2
Vale of Leven Fund		14	1	15
UIE Award		<u>21</u>	<u>1</u>	<u>22</u>
<b>Total</b>		<b><u>303</u></b>	<b><u>15</u></b>	<b><u>318</u></b>
<b>Reserves</b>				
Dunbartonshire Educational Trust Scheme 1962	1	<u>6</u>	<u>0</u>	<u>6</u>
<b>Total</b>		<b><u>6</u></b>	<b><u>0</u></b>	<b><u>6</u></b>
<b>Grand Total</b>		<b><u>309</u></b>	<b><u>15</u></b>	<b><u>324</u></b>

**Notes to Financial Statements**

**Note 1 Market value of shares held**

Market Value of Shares Held	Purchase Price £	Market Value £
Dunbartonshire Educational Trust Scheme 1962		
3 ½% War Stock	2,710	2,168
2 ½% Consolidated Stock	753	416
3 ½% Conversion Stock	2,504	1,927
4% Clydeport Authority	289	239
3% Clydeport Authority	<u>35</u>	<u>22</u>
	<b><u>6,291</u></b>	<b><u>4,772</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Glossary of Terms**

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

**1. Employee Costs**

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

**2. Property Costs**

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

**3. Supplies and Services**

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

**4. Transport and Plant Costs**

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

**5. Administration Costs**

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

**6. Payments to Other Bodies**

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

**7. Other Expenditure**

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

**8. Loan Charges**

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

**9. Specific Government Grants**

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

**10. General Income**

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

**11. Capital Expenditure**

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Glossary of Terms (cont'd)**

**12. Capital Financed from Current Revenue**

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

**13. Fixed Assets**

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

**14. Deferred Asset**

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

**15. Fixed Asset Restatement Account**

The Fixed Asset Restatement Account represents the balance between the historic cost or purchase price of a fixed asset and its market value as at 31 March 2008.

**16. Useable Capital Receipts Reserve**

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

**17. Pension Interest Cost**

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

**18. Expected Return of Pension Assets**

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

**19. CIPFA**

Chartered Institute of Public Finance and Accountancy

**20. LASAAC**

Local Authority (Scotland) Accounts Advisory Committee

**21. Budget**

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

**22. Precepts**

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

**23. SORP/ACOP**

Statement of Recommended Practice – Accounting Code of Practice.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2008**

**Glossary of Terms (cont'd)**

**24. Intangible Assets**

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

**25. Corporate and Demographic Core Costs**

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

**26. Non Distributing Costs**

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

**27. Revaluation Reserve**

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

**28. Capital adjustment account**

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

**29. Financial Instrument Adjustment Account**

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

**30. Associate Body**

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

**31. Entity**

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

**32. Statutory Additions**

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

**33. Capital Items Replacement Fund**

Reserve earmarked for specific purposes within Education.

**34. Available for Sale Reserve**

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



**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2008***

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

We certify that we have audited the financial statements of West Dunbartonshire Council and its group for the year ended 31 March 2008 under Part VII of the Local Government (Scotland) Act 1973. The financial statements 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 on Reserves, the Common Good and Trust Funds, and the Group Accounts and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of West Dunbartonshire Council and 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 Scotland, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Executive Director of Corporate Services' and Auditors**

The Executive Director of Corporate Services' responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2007 - A Statement of Recommended Practice ("the 2007 SORP") are set out in the Statement of Responsibilities for the financial statements.

Our responsibility is to audit the financial statements 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 financial statements present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP the financial position of the local authority and its group and its income and expenditure for the year, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. We also report to you if, in our opinion, 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 compliance with the SORP, and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

We read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Foreword by the Executive Director of Corporate Services 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 financial statements. 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. Our audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Executive Director of Corporate Services in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the local authority's and its group's circumstances, consistently applied and adequately disclosed.

# **WEST DUNBARTONSHIRE COUNCIL**

## ***Financial Statements for the Year Ended 31 March 2008***

### **Independent auditors' report to the members of West Dunbartonshire Council and the Accounts Commission for Scotland (cont'd)**

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 financial statements 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 financial statements.

#### **Opinion**

In our opinion the financial statements:

- present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP, the financial position of the local authority and its group as at 31 March 2008 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*  
30 September 2008

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