



ABSTRACT OF ACCOUNTS

Year Ended 31 March 2006

(Draft – Subject to Audit)

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

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WEST DUNBARTONSHIRE COUNCIL

Abstract of Accounts for the Year Ended 31 March 2006

Foreword by the Head of Finance

Introduction

The purpose of these accounts is to provide clear information about the Council's financial position as at 31 March 2006. The foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the accounts.

Overview of Financial Statements

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

Revenue expenditure is recorded in two main accounts: the *Consolidated Revenue Account* and the *Housing Revenue Account*. The Consolidated Revenue Account summarises the income and expenditure relating to all Council services. It is shown on page 9. The Housing Revenue Account is funded mainly from rents and deals with the costs of managing and maintaining the Council's own housing stock. It is shown at note 3 on page 11. Other accounts provide details about some of the figures in the Consolidated Revenue Account e.g. the Trading Accounts (note 2 page 10) the Non Domestic Rate Income Account (note 12 on page 14) and the Council Tax Income Account (note 13 on page 15).

Capital expenditure is analysed for each department in the *Capital Account* on page 20. The Council's assets as at 31 March 2006 are shown in the *Consolidated Balance Sheet* (page 21). The Statement on Movements in Reserves (page 29) provides further information about some of the figures in the Consolidated Balance Sheet.

Other information includes the *Cash Flow Statement* on page 30 which shows the cash the Council has received and used over the year.

Consolidated Revenue 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 £182.401m against a forecast of £181.022m. The net expenditure for the year was £182.414m against a budget of £183.051m (as detailed within Page 19 Note 20).

During 2005/06 the Council settled equal pay claims amounting to £5.420m. Several actions were introduced during the year to help with the funding of this issue including a freeze on the filling of non essential vacancies, a review of the purchase of supplies and services and the transfer of £1.25m from the HRA balance into the general fund reserve. In addition, a staffing plan was introduced which deleted a number of vacant posts and allowed 70 employees to accept voluntary severance packages and leave the service early in 2006/07. In the event, although the Council's 2005/06 budget was constructed to break even using £0.650m of balances, a net annual deficit of £0.013m was actually achieved resulting in an overall favourable variance against budget of £0.637m. Further details of this are shown within note 20 on page 19.

When the deficit for the year of £0.013m is added to the brought forward balance from the previous year, the accumulated surplus at 31 March 2006 is £4.228m. Of this sum £2.520m is earmarked for the payment during 2006/07 of both the remaining equal pay claims and early severance costs, leaving £1.708m available for other purposes. 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 £4.134m and, following the settlement of equal pay claims, the Council has plans in place 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 2006 was 12,012. The account shows a surplus for the year of £1.554m. The main variances contributing to this position were savings achieved in loan charges (due to pro-active debt management), staffing vacancies held and additional recoveries of salaries and repairs costs from other sources. In line with the prudential reserves policy, the target reserves level for 2006/07 for the Housing Revenue Account is £0.620m.

Cash Flow Statement

The Council's cash flow statement shows an increase of £10.722m during 2005/06 mainly as a result of the reduction of temporary investments which were used to fund brought forward earmarked spend within both the revenue and capital programmes.

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Foreword by the Head of Finance (cont'd)

Pension Assets and Liabilities

The Council participates in the Strathclyde Pension Fund and the FRS17 calculation (page 16) shows 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 79.51% of accrued liabilities.

Long Term Borrowing

The Council's Treasury Strategy for 2005/06 was agreed by the Council in March 2005. In accordance with the strategy the Council rescheduled £30.100m of existing debt of which £5m was PWLB and £25.1m was market borrowing. The Council also raised a new long term loan of £5m and repaid naturally maturing debt of £0.350m. The total outstanding loan debt as at 31 March 2006 was £203.079m including £85.268m for the Council's housing stock. The interest and expenses rate charged by the Council's loans fund was 7.0%

Trading Operations

The Council now maintains separate accounts for three statutory trading operations under the provisions of the Local Government Scotland Act 2003: Catering Services; Leisure Services; Housing Property Maintenance. These operations returned a total collective surplus of £0.806m. Two of these operations have achieved a surplus in 2005/06 and a break even performance over the last three years, consistent with their statutory requirements. The third, catering, incurred a deficit in 2005/06 due to the inclusion of an exceptional item of £0.919m for equal pay settlements. However, excluding the costs of equal pay settlements, the three year financial position of the catering trading operation was £0.295m. This is further detailed on page 11 note 2.

Capital Finance

The year under review is the third year following the introduction of the Prudential System for Capital Finance. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing Capital programmes for 2005/06 and beyond. Details of the capital budgets and expenditure are shown in the capital account on page 20. Total gross expenditure amounted to £33.945m. Expenditure was less than budget by £7.061m. This slippage was shared between General Services (£7.438m) and HRA (£0.377m overspend, funded from carried forward resources) for a variety of reasons, such as the architectural and planning process in some major projects taking longer than anticipated, together with delays in the final agreement of some tender contracts.

Group Accounts

This is the first year of the new requirement for local authorities to prepare group accounts in addition to their own accounts where they have material interest in other organisations. The group accounts on pages 33-40 consolidate the Council's accounts with six other entities. The effect of combining these entities on the group balance sheet is to reduce reserves and net assets by £231.930m, creating an overall net liability of £61.836m. This reflects the combined pension liability of these organisations.

Conclusion

I am pleased to note that the Council's financial affairs have once again been managed successfully within the budget set and financial objectives prescribed and provide a sound platform from which to deliver vital services to the public in West Dunbartonshire.

The Council's Council Tax Team increased tax collection to record levels during the year. The in-year collection of Council tax increased to 90.4% which was 1.0% better than 2004/05 and 0.4% better than the target originally set for 2005/06. During the year development work was completed and the Council introduced fully automated online payment facilities.

Acknowledgement

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

David Connell, CPFA
Head of Finance
West Dunbartonshire Council

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Statement of Responsibilities
for the Statement of Accounts

The Authority's Responsibilities:

The Authority is required:

to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance

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

The Head of Finance's Responsibilities:

The Head of Finance is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2006.

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

selected suitable accounting policies and then applied them consistently

made judgements and estimates that were reasonable and prudent

complied with the Code of Practice.

The Head of Finance has also:

kept proper accounting records which were up to date

taken reasonable steps for the prevention and detection of fraud and other irregularities.

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Statement on the System of Internal Financial Control

This statement is given in response to the financial statements of West Dunbartonshire Council for the year ended 31 March 2006. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources at the Council's disposal.

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

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

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

The Manager of Audit produces an annual audit plan based on a risk assessment of the Council's systems and processes. The audit plan is endorsed by the Audit & Performance Review Committee. This Committee meets regularly and receives reports from the Manager of Audit. Our external auditors also attend. The Manager of Audit produces an annual report on the work carried out by Internal Audit during the year. This report contains a view on the effectiveness of the system of internal financial control.

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 work of managers within the Council who have responsibility for the development and maintenance of the financial control framework
- the work of the internal auditors as described above
- reports issued by the Council's external auditors and other review agencies.

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. It is acknowledged however that further work is required in the following areas:

- while good progress has been made in the area of the Council's risk management, arrangements are not yet fully developed and appropriate plans are in place to address this further during the forthcoming year
- similarly, although good progress has also been made with the documenting of control objectives for all the main systems, this work has not been fully completed and further action will be taken in 2006/07.

Signed **Tim Huntingford** **Chief Executive**

Signed **David Connell** **Head of Finance**

Date **30 June 2006**

Date **30 June 2006**

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Statement of Accounting Policies

The general principles adopted in compiling and presenting the Accounts are reviewed annually and are those recommended by the Code of Practice on Local Authority Accounting in Great Britain, issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

1. Debtors

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

2. Creditors

All salaries and wages earned up to 31 March 2006 have been included in the Abstract of Accounts for 2005/06 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 2006 together with specific accruals in respect of further material items.

3. Revenue Grants

All revenue grants are matched with the expenditure to which they relate. Grants made to finance the general activities of a local authority, or to compensate for loss of income, are credited to the revenue account of the financial year to which they relate. Specific government grants are accounted for on an accruals basis when the conditions for receipt are complied with.

4. Allocation of Central Support Expenses

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

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

5. Provision for the Redemption of Debt

The Council operates a loans fund and all loans raised are paid into the fund. Advances are made to departments to finance capital expenditure during the year and the advances are repaid by annual annuity, over the estimated life of the asset. The cost of interest is averaged over the year along with expenses of managing the fund. The total amount of loan charges is shown at note 5 to the Consolidated Revenue Account on page 13.

6. Loans Fund Interest

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

7. Provisions

The Council has made provision, based on past experience, for the loss of local taxation income arising from bad and doubtful debts and for successful valuation appeals. Provision has also been made for bad and doubtful debts for all other items of income.

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Abstract of Accounts for the Year Ended 31 March 2006

Statement of Accounting Policies (cont'd)

8. Valuation of Assets and Investments

(a) Stores and Materials

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

(b) Work in Progress

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

(c) Investments

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

9. Capital Accounting

(a) Accounting Policy Statement

The Accounts have been drawn up in accordance with the Code of Practice on Capital Accounting for Local Authorities, which is recognised by statute as representing proper accounting practices. In addition, a guidance note was drafted during 2003/04 and approved by Council in February 2004. The main points of the guidance note included:

- (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, depreciation and capital charges policies.
- (iv) For 2005/06, a de minimis asset value of £6,000 (2004/05 £6,000) was applied prior to making charges.

(b) Fixed Assets

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

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

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

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

(c) Depreciation

All operational assets, other than non-depreciating land and community assets are being depreciated over their useful economic lives. Further details of this are given within note 1 to the Balance Sheet on page 22.

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Statement of Accounting Policies (cont'd)

(d) Deferred Charges

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

(e) Capital Charges

General Fund Services are charged for the use of assets no matter how financed and this charge includes a provision for depreciation where appropriate and a notional interest charge. In accordance with LAAP bulletin 59, a 3.5% interest rate has been applied to all current asset values and 4.95% applied to all assets valued at historic cost.

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

10. Leased Assets

The rentals for all leases classified as operating leases have been charged to the appropriate service revenue accounts, when they became payable.

11. Assets Financed by Covenant Scheme

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

12. Government Grants

Grants and subsidies have been credited to the appropriate revenue and capital accounts and accruals have been made for the balances known to be receivable for the period to 31 March 2006.

13. Pension Costs

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

14. Group Accounts

The Council has fully adopted the 2005 SORP accounting requirements for group accounts. For comparative purposes, the 2004/05 figures have been amended to reflect the new UK GAAP requirements.

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Consolidated Revenue Account

The consolidated revenue account is presented according to the standard service analysis prescribed in the Best Value Accounting Code of Practice. The net operating expenditure is re-presented on page 19 according to the reporting structure adopted by the Council in preparation of the revenue budget for 2005/06.

2004/05			2005/06	2005/06	2005/06
Net Total Cost £000	Notes	Service	Gross Total Cost £000	Gross Total Income £000	Net Total Cost £000
84,025		Education Services	99,641	14,028	85,613
4,860		Central Services	53,632	45,341	8,291
(865)		Planning and Development Services	8,443	9,778	(1,335)
6,622		Roads and Transport Services	7,914	1,415	6,499
37,337		Social Work Services	76,379	36,580	39,799
2,918		Corporate and Democratic Core	3,063	191	2,872
12,200		Cultural and Related Services	18,203	5,177	13,026
8,321		Environmental Services	14,256	5,675	8,581
(887)		Housing Services	70,766	71,298	(532)
24,241		Precepts and levies	38,496	12,964	25,532
166		Non distributed costs	0	0	0
178,938		Net Cost of Services	390,793	202,447	188,346
(1,350)	2	Net Surplus on Trading Operations	22,119	22,925	(806)
(6,003)	5	Asset Management Revenue Account	23,346	25,869	(2,523)
(23)		Interest Charged/(Paid) on Internal Revenue Balances	0	176	(176)
13,869	17	Pension Interest Cost	18,517	0	18,517
(15,709)	17	Expected Return on Pension Assets	0	17,920	(17,920)
169,722		Net Operating Expenditure	454,775	269,337	185,438
		Appropriations			
2,010	3,6	Transfer to HRA Balance	1,554	0	1,554
0	16	Contributions from HRA Reserve to General Reserve	0	1,250	(1,250)
4,222	7	Contribution to/(from) Capital Financing Reserve	2,163	0	2,163
17		Contribution to/(from) Capital Items Replacement Fund	171	33	138
(2,118)	17	Movement on Pension Reserve	9,294	14,923	(5,629)
173,853		Amount to be met from Government Grants and Local Taxation	467,957	285,543	182,414
		Sources of Finance			
(104,863)		Revenue Support Grant	0	111,936	(111,936)
(34,818)	12	Non Domestic Rate Income	0	34,630	(34,630)
(34,612)	13	Council Taxpayers	0	35,835	(35,835)
(440)		Net General Fund (Surplus)/Deficit	<u>467,957</u>	<u>467,944</u>	13
<u>(3,801)</u>		Surplus on General Fund Brought Forward			<u>(4,241)</u>
<u>(4,241)</u>		Net Surplus Carried Forward			<u>(4,228)</u>

WEST DUNBARTONSHIRE COUNCIL
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Consolidated Revenue Account

Notes to Service Summary

Note 1 Central Support Services

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

2004/05				2005/06	
Net Allocation	Service	Gross Costs	Income	Net Allocation	Net Allocation
£000		£000	£000	£000	£000
188	Chief Executive	189	0	189	
318	Director of Corporate Services	418	0	418	
1,261	Legal & Administration	1,512	127	1,385	
47	Central Purchasing	48	0	48	
2,966	Finance	3,568	214	3,354	
1,032	Personnel	1,042	1	1,041	
2,554	Information Services	2,749	311	2,438	
376	Policy Unit	490	31	459	
214	Public Relations	212	0	212	
1,541	Architectural and Related Services	1,472	187	1,285	
18	Canteen	62	0	62	
28	Courier Service	29	0	29	
<u>1,863</u>	Office Accommodation	<u>1,970</u>	<u>75</u>	<u>1,895</u>	
<u>12,406</u>	Total	<u>13,761</u>	<u>946</u>	<u>12,815</u>	

Note 2 Net Surplus on Trading Operations

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

2004/05				2005/06	
Surplus/ (Deficit)	Trading Account	Expenditure	Income	Surplus/ (Deficit)	Surplus/Deficit excluding exceptional items
£000		£000	£000	£000	£000
13	Catering Services	4,459	3,739	(720)	199
(26)	Leisure Services	4,939	5,145	206	228
<u>1,363</u>	Housing Property Maintenance	<u>12,721</u>	<u>14,041</u>	<u>1,320</u>	<u>1,320</u>
<u>1,350</u>		<u>22,119</u>	<u>22,925</u>	<u>806</u>	<u>1,747</u>

WEST DUNBARTONSHIRE COUNCIL
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Consolidated Revenue Account

Notes to Service Summary (cont'd)

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

It is the duty of a local authority to conduct each of its significant trading operations so that, taking every year with the two previous years, total revenue is not less than expenditure. The analysis for 2003/04 to 2005/06 is as follows:

Trading Account		Catering	Leisure	Housing Property Maintenance
		£000	£000	£000
Net surplus/(deficit) reported	2003/04	113	31	847
	2004/05	13	(26)	1,363
	2005/06	<u>199</u>	<u>228</u>	<u>1,320</u>
		325	233	3,530
Deduct Adjustments for FRS17 Income	2004/05	<u>(30)</u>	<u>(49)</u>	<u>(158)</u>
		295	184	3,372
Add exceptional item: Equal Pay	2005/06	<u>(919)</u>	<u>(22)</u>	<u>0</u>
		<u>(624)</u>	<u>162</u>	<u>3,372</u>

The above table confirms that before taking account of the income in 2004/05 in respect of compensation for the FRS17 methodology change and before the exceptional item of equal pay compensation in 2005/06, all three trading accounts have met their break even targets.

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

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

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

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

Note 3 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.

Housing Revenue Account

2004/05		2005/06		2004/05		2005/06	
£000	Income	£000	£000	£000	Expenditure	£000	£000
27,324	Dwelling rents	27,743	7,764	7,764	Repairs and maintenance	8,575	
381	Other rents	390	5,694	5,694	Supervision & management	5,457	
<u>1,993</u>	Other income	<u>2,152</u>	2,032	2,032	Void properties	1,876	
<u>29,698</u>	Total Income	<u>30,285</u>	11,252	11,252	Financing costs	11,733	
			256	256	Bad/doubtful debts	348	
			949	949	Other expenditure	834	
			<u>27,947</u>	<u>27,947</u>	Total Expenditure	<u>28,823</u>	
				(1,751)	Net Deficit/(Surplus) for Year	(1,462)	
				908	Pension Interest Cost	339	
				(1,028)	Expected Return on Pension Assets	(328)	
				(139)	Movement on Pension Reserve	(103)	
				(2,010)	HRA annual surplus	(1,554)	
				(152)	HRA balance b/fwd	(2,162)	
				0	Contribution to General Fund	1,250	
				<u>(2,162)</u>	HRA Balance c/fwd	<u>(2,466)</u>	

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Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Revenue Account

Notes to Service Summary (cont'd)

Note 3 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.

2004/05	Rental Information	2005/06	Housing Stock as at 31 March 2006			
£42.18	Average weekly rent (52wks)	£43.84	Dumbarton/ Alexandria	Clydebank	Total	
£000	Rent arrears (houses only):-	£000	Houses	2,041	1,716	3,757
1,460	Current	1,397	High rise	442	1,339	1,781
991	Former	990	4-in-a-block	1,921	1,767	3,688
<u>2,451</u>		<u>2,387</u>	Maisonette/ Other flat	602	395	997
	Provision made towards		Tenement	910	879	1,789
1,628	Uncollectable debts (houses)	1,587		<u>5,916</u>	<u>6,096</u>	<u>12,012</u>

Note 4 Material Transactions with Related Parties

A requirement of the Accounting Code of Practice is that local authorities' accounts disclose interests in related bodies. West Dunbartonshire Council in partnership with Scottish Enterprise Dumbarton supports Clydebank Rebuilt, a company limited by guarantee. The Council has 2 members on the board and made revenue contributions of £0.101m (2004/05 £0.103m) and capital contributions of £0.910m (2004/05 £0.625m) to that company in 2005/06. The Council is a member of the Joint Boards for Police, Fire, Passenger Transport and Valuations and has made the contributions as shown in the Service Summary on page 19. It is an admitted body to the Strathclyde Pension Fund and has made the payments as shown in note 17 on page 16. It has received revenue support as shown in the Service Summary on page 19, government grants as shown in note 19 on page 18 and grants from the New Opportunities Fund of £0.352m (2004/05 £0.405m) and from the Scottish Arts Council of £0.051m (2004/05 £0.120m). It has agency agreements with the Argyll & Clyde and the Greater Glasgow Health Boards for the provision of a variety of services and has paid £0.877m in 2005/06. It also provides Care in the Community and other services to both Health Boards under a further agency agreement and received £7.469m (2004/05 £5.737m).

Note 5 Asset Management Revenue Account:

2004/05		2005/06
£000	The account contains:	£000
5,863	Depreciation	10,774
176	Impairment	32
12,694	Interest payable	12,319
183	Loans fund expenses	220
(24,272)	Capital charges	(25,237)
(176)	Impairment charged to services accounts	(32)
(28)	Notional interest on Trading Operations stock	(28)
	balance	
(443)	Amounts re Government Grants Deferred Account	(571)
<u>(6,003)</u>		<u>(2,523)</u>

The interest payable balance of £12.319m includes £0.836m (2004/05 £0.768m) in respect of interest payable on debt rescheduling premiums in relation to both current and earlier years.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Revenue Account

Notes to Service Summary (cont'd)

Note 5 Asset Management Revenue Account (cont'd)

This account shows the surplus arising from the capital charges made to services for the use of assets and the cost to the Council of financing those assets. Local authorities charge services for the use of assets on the basis of the value of replacement cost or depreciation of the assets, rather than simply the cost of repaying loans taken out to finance the assets. This is a requirement of the Code of Practice on Local Authority Accounting. The effect is to charge services as follows:

	Value of Capital Assets used	Capital Charges made	Loan Charges Paid
	2005/06	2005/06	2005/06
	£000	£000	£000
Central Support Services	8,654	712	286
Education & Cultural Services	134,700	7,293	3,641
Social Work	10,536	680	1,011
Housing Revenue Account	188,113	11,733	11,733
Housing & Technical Services	44,837	3,689	4,697
Development & Environmental Services	9,200	567	2,030
Other Services	0	0	1,390
Trading Operations	<u>3,160</u>	<u>563</u>	<u>16</u>
	399,200	<u>25,237</u>	<u>24,804</u>
Non operational assets	48,480		
Operational assets valued below de minimis	<u>301</u>		
	<u>447,981</u>		

Note 6 Housing Revenue Account Balance : £1.554m (2004/05 £2.010m)

The Housing Revenue Account returned a surplus for the year of £1.554m (2004/05 £2.010m) which was transferred into the Housing Revenue Account balance.

Note 7 Contributions to Capital Financing Account: £2.163m (2004/2005 £4.222m)

This shows capital repayable to the loans fund during the year, net of depreciation and impairment (£2.051m) plus revenue resources used to finance general services capital spend during the year (£0.112m).

Note 8 Local Government Act 1986 - Separate Publicity Account

Section 5 of this Act requires the Council to maintain a separate account for publicity. Expenditure of £294,846 was incurred during 2005/06 (2004/05 £353,051) in respect of the following items:

2004/05		2005/06
£		£
267,842	Recruitment	150,760
<u>85,209</u>	Advertising	<u>144,086</u>
<u>353,051</u>		<u>294,846</u>

Note 9 Skillseekers

This scheme is primarily funded by Dunbartonshire Enterprise and £640,680 (2004/05 £550,250) was received from this agency during 2005/06 after successful completion of predefined training modules by participants in the scheme. The net income to the Council of operating the scheme was £7,760 (2004/05 cost of £77,060).

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Revenue Account

Notes to Service Summary (cont'd)

Note 10 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 £0.882m in 2005/06 (2004/05 £0.785m). The unexpired commitment on these leases totals £2.778m (2004/05 £3.534m) and is profiled by maturity below:

Maturity Profile:	2005/06 £000
0 – 1 year	698
1 - 2 years	558
2 - 5 years	539
5 – 10 years	630
More than 10 years	<u>353</u>
	<u>2,778</u>

Note 11 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 2005/06 amounted to £1.676m (2004/05 £2.049m).

Note 12 Non-Domestic Rates Income £34.630m (2004/05 £34.818m)

Non-domestic rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £34.630m (2004/05 £34.818m) from the national pool. The amount deemed to be collected locally was £59.205m (2004/05 £27.212m). The sum actually collected locally and contributed to the pool was £58.845m (2004/05 £27.120m), made up as follows:

2004/05 £000		2005/06 £000
32,202	Gross rates levied	64,036
	Less:	
(3,940)	Reliefs and other deductions	(4,176)
<u>(322)</u>	Provision for bad and doubtful debts	<u>(640)</u>
27,940	Net non-domestic rate income	59,220
<u>(820)</u>	Adjustments for prior years	<u>(375)</u>
<u>27,120</u>	Contribution to National Non-Domestic Rate Pool	<u>58,845</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. On 1 April 2005, West Dunbartonshire Council assumed responsibility for the billing and collection of non-domestic rate income for all gas utilities in Scotland. This accounts for the significant increase in the amount of non-domestic rate income deemed to be collected by the Council in 2005/06.

<i>Analysis of rateable Values:</i>	£	<i>An explanation of the nature and amount of each rate fixed</i>
Rateable value at 1/4/05	139,957,752	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)	729,795	The national non-domestic rate poundage set by the First Minister for Scotland for 2005/06 was £0.461.
Rateable value at 31/3/06	140,687,547	
Less: partially exempt	804,000	
Less: wholly exempt	<u>4,984,850</u>	

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006
 Net rateable value at 31/3/06 134,898,697

Consolidated Revenue Account

Notes to Service Summary (cont'd)

Note 13 Council Tax: £35.835 m (2004/05 £34.612m)

2004/05 £000		2005/06 £000
41,549	Gross council tax	42,766
	Less:	
0	Council tax benefit (net of government grant)	0
0	Discounts for prompt payment	0
(5,276)	Other discounts and reductions	(5,400)
(1,687)	Provision for bad and doubtful debts (4.65%)	(1,738)
<u>26</u>	Adjustments for prior years	<u>207</u>
<u>34,612</u>	Transfer to General Fund	<u>35,835</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	16	9	0	14	5/9	8
Band A	8,143	237	55	4,808	324	6,597	6/9	4,398
Band B	17,413	510	(29)	7,887	403	14,701	7/9	11,434
Band C	7,331	93	(8)	2,593	40	6,562	8/9	5,833
Band D	4,510	39	8	1,222	12	4,168	1	4,168
Band E	4,427	14	(28)	746	13	4,192	11/9	5,124
Band F	1,457	6	(6)	198	9	1,391	13/9	2,009
Band G	515	6	(8)	51	2	487	15/9	812
Band H	31	0	0	1	2	30	18/9	<u>60</u>
						Total		33,846
						Less provision for bad debt at 4.5%		<u>1,523</u>
						Council Tax Base		<u>32,323</u>

The nature and actual amount of each charge fixed

Gross Charges	2004/05 £ per year	2005/06 £ per year
Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2005/06 was £1,113.		
Band A	726	742
Band B	847	866
Band C	968	989
Band D	1,089	1,113
Band E	1,331	1,360
Band F	1,573	1,608
Band G	1,815	1,855
Band H	2,178	2,226

Discounts, Reliefs and Exemptions

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

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Revenue Account

Notes to Service Summary (cont'd)

Note 14 Officers' Emoluments

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

2004/05					2005/06
128	£40,001	to	£50,000		166
11	£50,001	to	£60,000		11
18	£60,001	to	£70,000		14
1	£70,001	to	£80,000		3
3	£80,001	to	£90,000		2
0	£90,001	to	£100,000		2
1	£100,001	To	£110,000		1

Note 15 Members' Allowances

The total of members' allowances paid in the year was £344,522 (2004/05 £365,320).

Note 16 Transfer from Housing Revenue Account

Under the terms of Schedule 15 (para 9.1) of the Housing (Scotland) Act 1987, local authorities may transfer funds from the HRA to the General Fund. The Council has transferred £1.250m from the HRA to the General Fund accordingly.

Note 17 Pensions

(a) Non Teachers

In 2005/06, the Council paid an employer's contribution of £9.294m (2004/05 £8.292m) representing 15.3% (2004/05 14.4%) of employees' pensionable pay into the Strathclyde Pension Fund, which is managed by Glasgow City Council. This fund provides members with defined benefits related to pay and service.

The employer's contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations which determine whether employers are contributing sufficiently to maintain the Fund's solvency. The last valuation was undertaken as at 31 March 2005. The valuation showed that the required level of contributions to be paid to the Fund by West Dunbartonshire Council for the three years of the intervaluation period should be set at 260% - 2006/07, 270% - 2007/08 and 280% - 2008/09. 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 2005/2006, these amounted to £1.574m (2004/05 £2.001m) representing 1.8% (2004/05 2.1%) of employees' pensionable pay. Strain on the Fund costs are charged to the General Fund over the period to which they relate. In 2005/06, the charge was £0.742m (2004/05 £0.425m) and the liability to meet future payments was £2.019m (2004/05 £1.249m).

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Authority. In 2005/2006 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2005/2006	2,209
In earlier years	<u>25,931</u>
Total	<u>28,140</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Revenue Account

Notes to Service Summary (cont'd)

(a) Non Teachers (cont'd)

For the financial year 2005/06, 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 CRA after net operating expenditure. The following transactions have been made in the CRA during the year.

2004/05		2005/06
£000	Net cost of services	£000
10,693	Current service cost	11,041
867	Past service cost	935
424	Curtailments and settlements	2,350
	Net operating expenses	
13,869	Interest cost	18,517
(15,709)	Expected return on assets	(17,920)
	Amount to be met from government grants and local taxation	
(2,118)	Movement on pension reserve	(5,629)
	Actual amount charged against council tax for pensions in year	
8,026	Employer contributions payable to scheme	9,294

Further details on pension liabilities are provided in Note 12 to the balance sheet on page 27. On page 29 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 79.51% (2004/05 – 74.25%) of accrued liabilities at that date.

(b) Teachers

In respect of the Teachers' Pension Scheme, administered by the Scottish Executive and which provides its members with defined benefits related to pay and service, the employer's contribution rate was 12.5%. The amount paid over in respect of employer's contributions was £4.440m (2004/05 £4.337m).

In respect of expenditure in respect of teachers added years, £0.018m was paid during 2005/2006.

Note 18 Audit Fees

In 2005/06 the council incurred the following fees relating to external audit (Audit Scotland):

2004/05		2005/06
£		£
272,400	Fees payable for external audit services and certification of grant claims.	279,900
0	Fees payable in respect of past years	3,300
<u>0</u>	Fees payable in respect of other services provided by the appointed auditor.	<u>5,801</u>
<u>272,400</u>		<u>289,001</u>

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

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006
Consolidated Revenue Account

Notes to Service Summary (cont'd)

Note 19 Items of Expenditure and Income

The CRA on page 9 and the service summary on page 19 are presented below in a different layout to compare actual with budget.

2004/05		2005/06	2005/06
Actual		Budget	Actual
£000	What the money was spent on:-	£000	£000
116,259	Employee Costs	119,279	124,041
27,052	Property Costs	22,946	29,255
8,483	Supplies and Services	6,211	8,139
3,373	External Services	2,919	2,837
3,211	Transport	2,964	4,186
7,368	Administration	3,535	8,412
67,064	Payment to Other Bodies	66,700	70,095
24,241	Requisitions from Joint Boards	26,199	25,532
29,915	Other Costs	32,938	25,510
<u>30,108</u>	Housing Benefit	<u>32,486</u>	<u>30,557</u>
317,074	Cost of Council Services	316,177	328,564
2,291	Appropriations	2,557	(2,427)
(6,003)	Asset Management Revenue Account	(4,344)	(2,523)
(23)	Interest Charged on Revenue Balances	(146)	(176)
<u>313,339</u>		<u>314,244</u>	<u>323,438</u>
	Total		
2004/05		2005/06	2005/06
Actual		Budget	Actual
£000	Where the money came from:-	£000	£000
26,889	Housing Rents	28,147	27,354
77,254	Other Income	66,420	77,776
3,646	Specific Government Grants	4,141	4,259
<u>30,347</u>	Housing Benefit Subsidy	<u>31,515</u>	<u>30,829</u>
138,136	Income From Council Services	130,223	140,218
139,681	Revenue Support Grant and Non-Domestic Rates	146,443	146,566
1,350	Trading Operations Surplus	1,349	806
34,612	Council Tax	35,579	35,835
<u>(440)</u>	Reserves and Surpluses	<u>650</u>	<u>13</u>
<u>313,339</u>		<u>314,244</u>	<u>323,438</u>
	Total		

This note is a restatement of the CRA (which is shown on Page 9). In order to reconcile the note to the CRA, the cost of council services (above) of £328.564m less the income from council services (above) of £140.218m equals £188.346m. This is the value of net cost of services within note 20. Note 20 reconciles to the CRA at net operating expenditure level.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Revenue Account

Notes to Service Summary (cont'd)

Note 20 Service Summary

The service summary at page 9 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.

2004/05 Actual £000	Notes	Services	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	2005/06 Budget £000
0		Central Support Services	13,761	13,761	0	0
87,357		Education & Cultural Services	103,285	14,189	89,096	90,924
37,300		Social Work	75,642	35,941	39,701	37,824
18,835		Housing & Technical Services	61,796	42,621	19,175	18,653
(1,751)		Housing Revenue Account (HRA)	31,630	33,092	(1,462)	0
5,182		Development & Environmental Services	21,450	16,437	5,013	6,030
1,941		Corporate Services	3,350	1,705	1,645	1,711
5,833		Other Services	9,646	0	9,646	4,614
		Requisitions -				
11,780		Police	25,545	12,964	12,581	12,974
8,321		Fire	8,706	0	8,706	8,788
3,455		Strathclyde Passenger Transport Executive	3,542	0	3,542	3,749
<u>685</u>		Valuation Joint Board	<u>703</u>	<u>0</u>	<u>703</u>	<u>687</u>
178,938		Net Cost of Services	359,056	170,710	188,346	185,954
(1,350)		Net Surplus on Trading Operations	22,119	22,925	(806)	(1,349)
(6,003)		Asset Management Revenue Account	23,346	25,869	(2,523)	(4,344)
(23)		Interest charged/(paid) on Internal Revenue Balances	0	176	(176)	(146)
13,869		Pension Interest Cost	18,517	0	18,517	0
(15,709)		Expected Return on Pension Assets	0	17,920	(17,920)	0
169,722		Net Operating Expenditure	<u>423,038</u>	<u>237,600</u>	<u>185,438</u>	<u>180,115</u>
<u>1,340</u>		Adjustment for Appropriations/ Additional Sources of Finance			<u>(3,024)</u>	<u>2,936</u>
<u>171,062</u>					<u>182,414</u>	<u>183,051</u>

Note 21 Corporate and Democratic Core Costs

In accordance with BVACOP, costs have been identified in respect of Corporate and Democratic Core comprising of £1.143m (2004/05 £1.222m) for Corporate Management and £1.730m (2004/05 £1.696m) for Democratic Representation and Management.

Note 22 Expenditure and Income Details.

The information contained in the Consolidated Revenue Account (page 9) is in summary format. Detailed information can be supplied on request by the Finance Service, Council Offices, Garshake Road, Dumbarton G82 3PU, by telephone to 01389 737191 or by e-mail to finance@west-dunbarton.gov.uk.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Capital Account

Budgetary Performance

2004/05 Actual as % of budget		2005/06 Budget £000	2005/06 Actual £000	Actual as a % of budget
72.60%	Corporate Services	1,384	1,205	87.07%
39.61%	Education and Cultural Services	5,753	3,134	54.47%
68.17%	Social Work	1,786	1,138	63.73%
90.70%	Development & Environmental Services	7,489	3,937	52.57%
72.01%	Housing and Technical Services	8,449	7,985	94.51%
30.00%	Other Services	981	965	98.36%
<u>304.22%</u>	General	<u>0</u>	<u>0</u>	<u>0%</u>
80.00%	Total General Services	25,842	18,364	71.06%
80.88%	HRA	15,092	15,469	102.50%
80.36%	Gross Capital Expenditure	40,934	33,833	82.65%
0	General Services – Capital from Current Revenue	72	112	155.55%
<u>0</u>	HRA - Capital from Current Revenue	<u>0</u>	<u>0</u>	<u>0%</u>
80.36%	Gross Capital Spend	41,006	33,945	82.78%

Service Summary

	Capital debt at 31/03/05 £000	Net capital Expenditure 2005/06 £000	Repaid during 2005/06 £000	Capital debt at 31/03/06 £000
Corporate Services	4,034	218	540	3,712
Education and Cultural Services	30,275	1,036	1,516	29,795
Social Work	6,529	946	544	6,931
Development & Environmental Services	20,031	2,478	385	22,124
Housing and Technical Services	45,218	5,245	2,853	47,610
Other Services	<u>3,111</u>	<u>0</u>	<u>216</u>	<u>2,895</u>
Total General Services	109,198	9,923	6,054	113,067
HRA	<u>80,528</u>	<u>7,678</u>	<u>6,374</u>	<u>81,832</u>
Net Capital Debt	189,726	17,601	12,428	194,899

Financing of Capital Expenditure

2004/05 £000		General Services £000	Housing £000	Total £000
8,585	Receipts from sale of assets	1,896	6,612	8,508
<u>12,567</u>	Other receipts	<u>7,025</u>	<u>142</u>	<u>7,167</u>
21,152	Total receipts 2005/06	8,921	6,754	15,675
6,477	Unapplied receipts b/fwd 2004/05	9,755	2,239	11,994
<u>0</u>	Revenue Contributions	<u>112</u>	<u>0</u>	<u>112</u>
27,629	Total resources available 2005/06	18,788	8,993	27,781
<u>(11,994)</u>	Unapplied receipts c/fwd 2006/07	<u>(10,235)</u>	<u>(1,202)</u>	<u>(11,437)</u>
15,635	Total receipts used to augment capital 2005/06	8,553	7,791	16,344
<u>16,094</u>	Loans Fund Advances	<u>9,923</u>	<u>7,678</u>	<u>17,601</u>
31,729	Gross Capital Spend 2005/06	18,476	15,469	33,945

Commitments under Capital Contracts

As at 31 March 2006, the Council has commitments on capital contracts for housing and non-housing projects of £4.460m (2004/05 £2.921m) and £2.910m (2004/05 £8.722m) respectively.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006
Consolidated Balance Sheet as at 31 March 2006

2004/05 £000	Balance Sheet Note		£000	£000	£000
	1	Fixed Assets			
		Operational Assets			
216,613		Council Dwellings		186,542	
170,059		Other Land and Buildings		176,931	
23,004		Infrastructure		25,713	
7,250		Vehicles, Plant, Furniture & Fittings		10,211	
0		Community		104	
416,926				399,501	
		Non Operational Assets			
47,881		Investment Properties		47,885	
309		Assets Surplus to Requirements		100	
495		Assets Under Construction		495	447,981
465,611					
910	2	Long Term Debtors			768
23,544		Deferred Asset			22,708
		Current Assets			
997	3	Stocks and Work in Progress		908	
29,272	4	Debtors		35,479	
10,730		Short Term Investments		4,419	
47		Cash in Hand		50	
41,046				40,856	
		Less:			
		Current Liabilities			
(574)	5	Temporary Borrowing	(537)		
(36,148)	6	Creditors	(36,058)		
(3,740)		Bank Overdraft	(3,503)		
(40,462)				(40,098)	
584		Net Current Assets/(Liabilities)			758
(197,997)	7	Borrowing Repayable after 12 Months		(202,921)	
(394)		Covenant Scheme		(158)	
(7,395)	8	Deferred Grants		(12,439)	
(88,723)	12	Pension Fund Liability		(86,603)	
(294,509)		Long Term Liabilities			(302,121)
196,140		Total Assets Less Liabilities			170,094
		Represented by:			
175,158	9	Fixed Asset Restatement Account		134,484	
91,121	9	Capital Financing Account		103,758	
11,994	9	Usable Capital Receipts Reserve		11,436	
4,241	13	General Fund Balance		4,228	
2,162	13	HRA Balance		2,466	
187	9	Other Reserves		325	
(88,723)	9	Pension Reserve		(86,603)	
196,140				170,094	

David Connell
Head of Finance
West Dunbartonshire Council

30 June 2006

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006
Consolidated Balance Sheet Notes

Balance Sheet Note 1: Fixed Assets

1) Valuation

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

Assets are valued as follows:

Council Dwellings - comparative open market value discounted for potential sales under the Right to Buy legislation.

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.

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

Valuation - the Council has a five year rolling programme for valuing all assets other than those valued at historic cost. The planned programme of revaluation for 2005/06 and each of the following four years is as follows:

2005/06 halls/public conveniences/leisure/sports centres and libraries
 2006/07 crematorium/cemeteries/operational offices & depots
 2007/08 all council non-operational properties
 2008/09 schools/Social Work homes
 2009/10 housing stock/any other properties not previously revalued/general re-appraisal of the asset register

2) Useful Lives

The useful lives of the assets are as follows:

Council Dwellings - 40 years

Other Land and Buildings - operational buildings 20 – 40 years

Infrastructure - 20 years

Vehicles, Plant, Furniture and Fittings - 5 – 10 years.

3) Movement in Assets during 2005/06

	Opening Balance At 1.4.05 £000	Adjustments/ Revaluations £000	Additions £000	Disposals £000	Impairment £000	Depreciation £000	Closing Balance At 31.3.06 £000
Council house dwellings	216,613	(32,878)	14,398	(4,601)	(2,571)	(4,419)	186,542
Land & buildings	170,059	5,616	4,821	(20)	(32)	(3,513)	176,931
Infrastructure	23,004	(1,664)	5,781	0	0	(1,408)	25,713
Vehicles & plant	7,250	(1,969)	6,364	0	0	(1,434)	10,211
Non operational	48,685	(826)	2,477	(1,736)	(120)	0	48,480
Community	0	0	104	0	0	0	104
TOTALS	465,611	(31,721)	33,945	(6,357)	(2,723)	(10,774)	447,981

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006
Consolidated Balance Sheet Notes (cont'd)

Balance Sheet Note 1: Fixed Assets (cont'd)

4) Receipts Arising from the Sale of Capital Assets

All receipts generated on the housing revenue account may be used to finance capital expenditure.

5) Analysis of Net Assets Employed

2004/05 £000		General Services £000	Housing Revenue Account £000	Trading Accounts £000	Total £000
216,613	Housing	0	186,542	0	186,542
170,059	Other land and buildings	174,942	490	1,499	176,931
23,004	Infrastructure	25,297	416	0	25,713
7,250	Vehicles, plant, furniture & fittings	7,885	665	1,661	10,211
48,685	Non operational	48,480	0	0	48,480
0	Community	104	0	0	104
465,611		256,708	188,113	3,160	447,981

6) Information on Assets Held

Operational Buildings		Operational Equipment	
Administrative buildings	11	Vehicles and heavy plant	165
Depots	11		
Social Work homes for the elderly	7	Community Assets	
Social Work children's homes	4	Bridges	1
Social Work homes for adults with learning disabilities	1	Playing fields	13
Social Work centres for learning disabilities	2	Bowling clubs and pavilions	8
Primary schools	33	Parks	14
Secondary schools	7	Pavilions	2
Special schools	1	Play areas	1
Nursery schools	13	Other grounds	22
Halls	8	Works of Art	488
Sport centres	3		
Swimming pools	1	Council Dwellings	12,012
Libraries	8		
Community centres	12	Infrastructure Assets	
Crematoriums and Cemeteries	7	Traffic light sets	77
Public conveniences	3	Roads in kilometres	342
Theatres	1	Bridges	125
Pavilions	2	Joint ownership bridges	5
Indoor play areas	2	Lighting units	15,284
Golf courses	1	Illuminated bollards	186
School and lodge houses	18		
Outdoor education centres	1		

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Balance Sheet Notes (cont'd)

Balance Sheet Note 2 : Long Term Debtors

2004/05		2005/06
£000		£000
989	Opening balance at 01.04.05	910
(132)	Repayments	(142)
<u>53</u>	Additions	<u>0</u>
<u>910</u>	Closing balance at 31.03.06	<u>768</u>

Balance Sheet Note 3 : Stocks and Work in Progress

2004/05		2005/06
£000		£000
743	Consumable stores	776
<u>254</u>	Work in progress	<u>132</u>
<u>997</u>		<u>908</u>

Balance Sheet Note 4 : Debtors

2004/05	2004/05		2005/06	2005/06
£000	£000		£000	£000
26,062		Arrears of local taxation - council tax	26,531	
<u>(16,296)</u>	9,766	less bad debt provision	<u>(17,972)</u>	8,559
3,743		non domestic rates	5,096	
<u>(1,247)</u>	2,496	less bad debt provision	<u>(1,886)</u>	3,210
11,105		community charge	10,575	
<u>(11,105)</u>	0	less bad debt provision	<u>(10,575)</u>	0
2,451		Housing rents receivable	2,387	
<u>(1,628)</u>	823	Less bad debt provision	<u>(1,587)</u>	800
	3,569	Central government grants		4,725
	1,784	VAT recoverable		1,976
	<u>10,834</u>	Other income due		<u>16,209</u>
	<u>29,272</u>			<u>35,479</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Balance Sheet Notes (cont'd)

Balance Sheet Note 5 : Temporary Borrowing

Repayable on demand or within 12 months

2004/05		2005/06
£000		£000
0	Local authorities	0
546	Banks	508
28	Public Works Loans Board	29
<u>0</u>	Other	<u>0</u>
<u>574</u>		<u>537</u>

Balance Sheet Note 6 : Sundry Creditors

2004/05		2005/06
£000		£000
2,542	Loan interest, etc. accrued	2,455
8,779	Accrued payrolls, PAYE, N. I. & superannuation	8,484
1,162	Advances from partner agencies	1,292
65	School resources carried-forward	124
4,039	Deferred Income	2,514
<u>19,561</u>	Other	<u>21,189</u>
<u>36,148</u>		<u>36,058</u>

Balance Sheet Note 7 : Analysis of Borrowing

Long Term Borrowing

Source of loans:		
2004/05		2005/06
£000		£000
127,932	Public Works Loan Board	132,903
165	European Investment Bank	118
<u>69,900</u>	Mortgage	<u>69,900</u>
<u>197,997</u>		<u>202,921</u>

Maturity Profile:		
£000		
376	1 - 2 years	377
213	2 - 5 years	170
9,609	5 – 10 years	14,846
<u>187,799</u>	More than 10 years	<u>187,528</u>
<u>197,997</u>		<u>202,921</u>

Balance Sheet Note 8 : Deferred Grants

2004/05		Total
£000		2005/06
		£00
5,397	Opening balance at 01.04.05	7,395
(443)	Repayments	(571)
<u>2,441</u>	Additions	<u>5,615</u>
<u>7,395</u>	Closing balance at 31.03.06	<u>12,439</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Balance Sheet Notes (cont'd)

Balance Sheet Note 9 : Reserves

The reserve funds are used as follows:

Fixed Asset Restatement Account

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

Capital Financing Account

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

Usable Capital Receipts Reserve

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

Pension Reserve

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

Other Reserves

The other reserves are made up as follows:

2004/05		2005/06
£000		£000
187	Capital Items Replacement Fund	325
<u>187</u>		<u>325</u>

Details of the movements in the above reserves are contained in the Statement of Total Movement in Reserves on page 29.

Balance Sheet Note 10 : 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.

No provision has been made for any material contingent gains or liabilities which exist as at 31 March 2006.

Balance Sheet Note 11 : EURO

The Council is aware of the fact that the Euro could have a major impact on its operations at a future date. Although the UK is unlikely to enter into the Euro for some time, a Euro Working Group was set up in 2000/01 and reported on the implications and action necessary. A further report was produced in 2002/03. The Council maintains a watching brief on this subject and will produce an implementation plan and impact assessment nearer to any implementation date.

Balance Sheet Note 12 : Pension Assets and Liabilities

In accordance with Financial Reporting Standard No 17 – *Retirement Benefits* (FRS 17), the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in Note 17 of the Consolidated Revenue Account on page 16, the Council participates in two formal schemes, the Local Government Pension Scheme (Scotland), which is administered by the Strathclyde Pension Fund, and the Teachers' Scheme. The Council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Executive. In addition, the Council has liabilities for discretionary pension payments outside the main schemes.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006
Consolidated Balance Sheet Notes (cont'd)

Balance Sheet Note 12 : Pension Assets and Liabilities (cont'd)

The Council's assets and liabilities amounted to:

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

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

	£000		Rate of Return
Equity investments	255,589	76.03%	7.4%
Bonds	34,521	10.27%	4.6%
Property	30,543	9.09%	5.5%
Cash	<u>15,488</u>	<u>4.61%</u>	4.6%
	<u>336,141</u>	<u>100.00%</u>	6.8%

Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. The rate used to value liabilities changed in 2004/05 and they are now valued on the ASB basis (long dated high quality corporate bonds). In previous years the liabilities have been valued using the CIPFA discount rate (based on long term gilt yields). The change in the rate used to value liabilities has resulted in an increase in past service liabilities and future service costs of approximately 33%. They are based on a valuation as at 31 March 2002 updated for the following year, by the independent actuaries to the Strathclyde Pension Fund. The main assumptions used in the calculations are:

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

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

Balance Sheet Note 13 : Reserves and Deferred Income

Reserves and Earmarked Balances

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

- (1) The General Fund balance stands at £4.228m on 31.03.06, of which £2.520m is earmarked for payment of both further equal pay and severance costs during 2006/07.
- (2) The HRA balance is currently £2.466m as at 31.03.06, of which £0.057m was applied to the 2006/07 budget.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Consolidated Balance Sheet Notes (cont'd)

Balance Sheet Note 13 : Reserves and Deferred Income (cont'd)

Deferred Income

The creditors' balance of £36.058m includes deferred income in connection with delays in spending government grants. The main grants affected by this delay are:-

	£000
Youth Crime	196
Supporting people	1,244
Working for families	625
Anti Social Behaviour Order	<u>449</u>
	<u>2,514</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Statement of Total Movement in Reserves

	CAPITAL RESERVES			REVENUE RESERVES				TOTAL £000
	Fixed Asset Restatement Account £000	Capital Financing Account £000	Usable Capital Receipts £000	General Fund £000	Specific Reserves £000	HRA £000	Pension Reserve £000	
Balance as at 1.4.05	(175,158)	(91,121)	(11,994)	(4,241)	(187)	(2,162)	88,723	(196,140)
Net (Surplus)/Deficit for year	0	(2,163)	0	13	(138)	(304)	5,702	3,110
Unrealised(Gain)/Loss from Revaluation of Fixed Assets	34,316	0	0	0	0	0	(7,822)	26,494
Cost or Value of Assets Disposed of	6,358	0	0	0	0	0	0	6,358
Proceeds of Disposals	0	(10,474)	(10,058)	0	0	0	0	(20,532)
Net(Surplus)/Deficit	6,358	(10,474)	(10,058)	0	0	0	0	(14,174)
Financing of Fixed Assets	0	0	10,616	0	0	0	0	10,616
Balance as at 31.3.06	<u>(134,484)</u>	<u>(103,758)</u>	<u>(11,436)</u>	<u>(4,228)</u>	<u>(325)</u>	<u>(2,466)</u>	<u>86,603</u>	<u>(170,094)</u>

Notes to the Above:

(1) Fixed Asset Restatement Account	General Fund £000	HRA £000	TOTAL £000
Opening Balance as at 1.4.05			(175,158)
Deficit/(Surplus) on Revaluations etc.	(2,178)	33,803	31,625
Impairment	120	2,571	2,691
Disposal of Fixed Assets	1,397	4,961	6,358
Balance as at 31.3.06			<u>(134,484)</u>

(2) Capital Financing Account	General Fund £000	HRA £000	Subtotal £000	TOTAL £000
Opening Balance as at 1.4.05				(91,121)
Appropriations –				
Capital Financed from Current Revenue	(112)	0	(112)	
Repayment of External Loans	(6,054)	(6,232)	(12,286)	
Depreciation	6,355	4,419	10,774	
Impairment	32	0	32	
Government Grants Deferred Written Down	(571)	0	(571)	(2,163)
Capital Receipts Applied	(2,825)	(7,649)		(10,474)
Balance as at 31.3.06				<u>(103,758)</u>

(3) Further Breakdown of Specific Reserves	Opening Balance £000	Contributions to Reserves £000	Reserves Used £000	Closing Balance £000
Capital Items Replacement Fund	(187)	(171)	33	(325)
Total	<u>(187)</u>	<u>(171)</u>	<u>33</u>	<u>(325)</u>

(4) Pension Reserve	£000
Opening Balance	88,723
Pension payments to the pension fund	(9,294)
Reversing FRS17 composite entries and appropriation to pensions reserve	14,923
Actuarial loss	(6,078)
Past Service Costs	(1,744)
Miscellaneous Accounts	73
Total	<u>86,603</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Cash Flow Statement

2004/05			2005/06	2005/06
£000	Notes	<u>REVENUE ACTIVITIES</u>	£000	£000
		Cash Outflow		
128,693		Cash paid to and on behalf of employees	134,610	
148,539		Other operating cash payments	178,421	
<u>13,494</u>		Housing Benefit paid out	<u>14,064</u>	327,095
290,726				
		Cash Inflow		
(9,859)		Rents (after rebates)	(10,616)	
(34,381)		Council Tax income	(37,042)	
(104,863)		Revenue Support Grant	(111,936)	
(33,906)		Non Domestic Rates	(33,917)	
(30,465)		DSS Grants for rebates	(31,723)	
(27,939)	1	Other Government Grants	(29,821)	
(33,572)		Cash received for goods and services	(41,194)	
<u>(35,098)</u>		Other operating cash receipts	<u>(38,925)</u>	
<u>(310,083)</u>				<u>(335,174)</u>
<u>(19,357)</u>	2	Net Cash Inflow from Revenue Activities		<u>(8,079)</u>
		<u>SERVICING OF FINANCE</u>		
		Cash Outflow		
14,507		Interest etc. paid		11,108
		Cash Inflow		
<u>(138)</u>		Interest received		<u>(322)</u>
<u>14,369</u>		Net Cash Outflow from Servicing of Finance		<u>10,786</u>
		<u>CAPITAL ACTIVITIES</u>		
		Cash Outflow		
22,138		Purchase/Improvement of fixed assets	<u>21,574</u>	21,574
		Cash Inflow		
(8,026)		Sale of fixed assets	(6,393)	
(5,187)	1	Capital grants received	(6,273)	
<u>(7,442)</u>		Other capital cash receipts	<u>(893)</u>	<u>(13,559)</u>
<u>(20,655)</u>				
<u>1,483</u>		Net Cash Outflow from Capital Activities		<u>8,015</u>
<u>(3,505)</u>	3	Net Cash Outflow/(Inflow) before Financing		<u>10,722</u>
		Management of Liquid Resources		
7,439		Net increase/(decrease) in Short Term Deposits		(6,311)
<u>0</u>		Net increase/(decrease) in Other Liquid Resources		<u>0</u>
<u>7,439</u>	3	Net Cash Outflow/(Inflow) from Management of Liquid Resources		<u>(6,311)</u>
		<u>FINANCING</u>		
		Cash Outflow		
<u>13,591</u>		Repayment of amounts borrowed		30,450
		Cash Inflow		
<u>(18,200)</u>		New loans raised		<u>(35,100)</u>
<u>(4,609)</u>	3	Net Cash Outflow/(Inflow) from Financing		<u>(4,650)</u>
<u>675</u>	3	(Increase)/Decrease in Cash		<u>(239)</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Notes to Cash Flow Statement

Note 1 Analysis of Other Government Grants

2004/05 £000		£000
	<u>Revenue</u>	
986	Housing Benefit Administration	1,144
19	Supported Employment	7
17,626	Supporting People	16,375
250	Social Work – Mental Illness	256
41	Other	1,972
101	Training	101
600	Working for Families	600
82	HRA	27
0	Development and Environmental Services – Strategic Waste	999
0	Other	86
775	Non HRA	635
120	Education - Pre 5	120
1,568	Other	1,331
146	In-Service Teachers Training	0
3,130	National Priority Action Fund	1,406
19	Road Safety	0
2,476	Social Inclusion Partnership	1,289
0	Communities Voices Programme	60
0	Community Regeneration Fund	1,721
0	Private Sector Housing Grant	<u>1,692</u>
<u>27,939</u>		<u>29,821</u>
	<u>Capital</u>	
1,560	New Deals for School	1,967
0	Communities Scotland	73
0	HRA Warm Deal Programme	69
0	Heritage Lottery Fund	845
100	Modernising Government	166
0	Economic Regeneration	76
671	Private Sector Housing Grant	0
0	Social Work adaptations	103
151	Cycle, walkways, safer streets	371
212	Clydebank Transport Study	0
1,576	Connecting Dumbarton	63
36	Estates Management	3
36	DIP in workflow	217
845	Strategic Waste Fund	1,448
0	Big Lottery Fund	467
0	Air Quality Management	40
0	Contaminated Land	<u>365</u>
<u>5,187</u>		<u>6,273</u>
	Note 2 <u>Reconciliation of Consolidated Revenue Account to Revenue Activities</u>	
£000		£000
(440)	(Surplus)/Deficit for year	13
	Non Cash Transactions	
(2,269)	Contributions to reserves	212
(22,491)	Contributions to Capital	(24,876)
183	Non cash movement relating to loans fund	46
7,456	Adjustment not involving movement of funds	12,919
	Items on an Accruals Basis	
234	Increase/(Decrease) in stock and WIP	(89)
(97)	Increase/(Decrease) in Debtors	4,113
(1,933)	(Increase)/Decrease in Creditors	<u>(417)</u>
<u>(19,357)</u>	Net Cash Flow from Revenue Activities	<u>(8,079)</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Notes to Cash Flow Statement (cont'd)

Note 3 Analysis of Net Debt

	Balance at 01.04.05 £000	Cash Flow £000	Balance at 31.03.06 £000
Bank Overdraft	(3,740)	237	(3,503)
Cash in Hand	<u>48</u>	<u>2</u>	<u>50</u>
Decrease in Cash	<u>(3,692)</u>	<u>239</u>	<u>(3,453)</u>
Debt due after 1 year	(198,392)	(4,687)	(203,079)
Debt due within 1 year	<u>(114)</u>	<u>37</u>	<u>(77)</u>
Total Debt	<u>(198,506)</u>	<u>(4,650)</u>	<u>(203,156)</u>
Temporary lending/short term deposits	<u>10,270</u>	<u>(6,311)</u>	<u>3,959</u>
Total	<u>(191,928)</u>	<u>(10,722)</u>	<u>(202,650)</u>
Reconciliation of Movement in Cash to Net Debt			£000
Increase/(Decrease) in cash			239
Increase/(Decrease) in debt financing			(4,650)
Increase/(Decrease) in liquid resources ⁽¹⁾			<u>(6,311)</u>
Movement in debt in period			(10,722)
Net debt as at 31 March 2005			<u>(191,928)</u>
Net debt as at 31 March 2006			<u>(202,650)</u>
⁽¹⁾ Definition of liquid resources			£000
Movement in short term investment loans			(6,311)
Movement in short term on-call borrowings			<u>0</u>
Increase/(Decrease) in liquid resources			<u>(6,311)</u>

WEST DUNBARTONSHIRE COUNCIL

Abstract of Accounts for the Year Ended 31 March 2006

Group Accounts

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2005: A Statement of Recommended Practice (the 2005 SORP) requires local authorities to consider their interests in all types of entity. This includes other local authorities or similar bodies defined in section 106 of the Local government (Scotland) Act 1973 e.g. statutory bodies such as Police, Fire and Valuation Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The disclosure requirements of the 2005 SORP are mandatory for accounting periods ending on or after 31 March 2006.

Combining Entities

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

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

The accounting period for all entities is 31 March 2006.

Under accounting standards, the Council requires to include 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.

Basis of Combination and Going Concern

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

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

The effects of inclusion of these associate bodies on the Group Balance Sheet is to reduce reserves and Net Assets by £231.930m – representing the Council's share of net liabilities in these entities.

All associates consider it appropriate that their Statement of Accounts should follow the 'going concern' basis of accounting. Statutory arrangements with the Scottish Executive for the funding of the Police Joint Board deficit and with the constituent local authorities for the deficit of Fire Joint Board means that the financial position of these Boards remain assured. The net liability of the SPTA is due to accounting conventions and its underlying funding position with the Scottish Executive and constituent local authorities remains sound.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Group Accounting Policies (cont'd)

Disclosure of differences with main Statement of Accounting Policies

The financial statements in the Group Accounts are prepared in accordance with the accounting policies set out on pages 6 to 8 with additions and exceptions noted below:

- **Group Income and Expenditure Account**
- Capital Charges – are not made to services in the ‘net cost of service’ in the Group Income and Expenditure Account as described on page 8 of the Council’s Accounting Policies. Depreciation is charged directly to services and there are no amounts for capital financing charges. These adjustments to the Council’s financial results make the Asset Management Revenue Account redundant.
- Grants and Contributions – amounts credited to the Group Income and Expenditure Account from Deferred Grants are included within the ‘net cost of service’.
- Proceeds from Disposal of Assets - Profits and losses on the disposal of assets are credited or debited to the Group Income and Expenditure Account within the ‘net cost of service’. The proceeds of disposals for the Group are appropriated out after ‘net operating expenditure’. Within the Council’s single entity accounts, proceeds from sales are taken to the Useable Capital Receipts Reserve. Amounts written are appropriated out after ‘net operating expenditure’ to the Fixed Asset Restatement Account.
- **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.
- 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.
- Goodwill – The Council has not paid any consideration for its interests and thus no goodwill is involved in the acquisition.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Group Revenue Account for the year ended 31 March 2006

	Expenditure	Income	Net
2004/05	2005/06	2005/06	Expenditure
£000 Service	£000	£000	2005/06
			£000
79,314 Education	95,631	13,748	81,883
4,667 Central Services	53,592	45,191	8,401
(1,004) Planning and Development Services	8,337	9,643	(1,306)
5,717 Roads and Transport Services	6,873	1,409	5,464
36,932 Social Work Services	75,953	36,580	39,373
2,885 Corporate and Democratic Core	3,033	191	2,842
11,333 Cultural and Related Services	17,052	5,177	11,875
8,235 Environmental Services	14,147	5,675	8,472
1,118 General Fund Housing Services	41,938	41,013	925
(7,519) Housing Revenue Account	23,378	30,285	(6,907)
24,241 Precepts and Levies	38,496	12,964	25,532
166 Non Distributed Costs	0	0	0
417 Share of Operating Results of Associates	<u>2,440</u>	<u>189</u>	<u>2,251</u>
166,502 Net Cost of Services	380,870	202,065	178,805
(1,463) Surpluses on Trading Undertakings not included in net cost of services	22,024	22,925	(901)
(1,381) Profit or Losses on Disposal of Assets	0	2,141	(2,141)
12,405 Interest Payable	18,668	7,528	11,140
768 Gain on Early Settlement of Borrowing	836	0	836
(32) Interest and Investment Income	0	509	(509)
6,724 Pension interest cost and expected return on pension assets	<u>29,702</u>	<u>17,957</u>	<u>11,745</u>
183,523 Net Operating Expenditure	452,100	253,125	198,975
2,010 Surplus retained in HRA Account	1,554	1,250	304
17 Transfers to (from) Capital Replacement Fund	171	33	138
0 Capital funded from current revenue	112	0	112
(1,483) Reconciling amount for loans fund repayment	237	10	227
(2,117) Transfer to (from) Pension Reserve	9,294	14,923	(5,629)
1,372 Reversal of profit or loss on disposal of assets	0	(2,141)	2,141
(9,469) Appropriation to group income and expenditure reserve	<u>192</u>	<u>14,046</u>	<u>(13,854)</u>
173,853 Amount to be met from government grants and local taxpayers	463,660	281,246	182,414
34,612 Revenue support grant	0	111,936	(111,936)
34,818 Non-Domestic Rates	0	34,630	(34,630)
<u>104,863</u> Council Tax	<u>0</u>	<u>35,835</u>	<u>(35,835)</u>
440 Surplus/(Deficit) to be met from Balances b/f	463,660	463,647	(13)
<u>3,801</u> Balance at 1 April 2005			<u>4,241</u>
<u>4,241</u> Balance at 31 March 2006			<u>4,228</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Group Balance Sheet as at 31 March 2006

2004/05		2005/06	2005/06
£000		£000	£000
	Operational Assets		
216,613	Council Dwellings	186,542	
170,059	Other Land and Buildings	176,931	
7,250	Vehicles, Plant and Equipment	10,211	
23,004	Infrastructure Assets	25,713	
0	Community Assets	104	
	Non-Operational Assets		
47,881	Investment Property	47,885	
309	Assets surplus to requirements	100	
<u>495</u>	Assets under construction	<u>495</u>	
465,611			447,981
	Long-term Assets		
(196,181)	Investments in associate	(231,930)	
<u>910</u>	Long-term debtors	<u>768</u>	(231,162)
(195,271)			
23,544	Deferred Asset		22,708
293,884	Total Long-term Assets		239,527
	Current Assets		
997	Stock and work in progress	908	
29,272	Debtors	35,479	
10,730	Short term investments	4,419	
<u>47</u>	Cash in hand	<u>50</u>	<u>40,856</u>
334,930			280,383
	Current Liabilities		
(574)	Borrowing repayable on demand or within 12 months	(537)	
(36,148)	Creditors	(36,058)	
<u>(3,740)</u>	Bank Overdraft	<u>(3,503)</u>	<u>(40,098)</u>
(40,462)			
294,468	Total Assets Less Current Liabilities		240,285
(7,395)	Deferred Grants		(12,439)
(198,391)	Borrowing repayable within a period in excess of 12 months		(203,079)
<u>(88,723)</u>	Liability related to defined pension scheme		<u>(86,603)</u>
<u>(41)</u>	Net Assets/(liabilities)		<u>(61,836)</u>
	Capital Reserves		
175,158	Fixed Asset Restatement Account	134,484	
91,121	Capital Financing Account	103,758	
<u>11,994</u>	Usable Capital Receipts Reserve	<u>11,436</u>	249,678
278,273			
	Revenue Provisions and Reserves		
4,241	General Fund	4,228	
(88,723)	Pension reserve	(86,603)	
(196,181)	Income and expenditure reserve	(231,930)	
187	Other reserves	325	
<u>2,162</u>	Housing revenue account balance	<u>2,466</u>	
<u>(278,314)</u>			<u>(311,514)</u>
<u>(41)</u>	Group Balances and Reserves		<u>(61,836)</u>

David Connell
Head of Finance
West Dunbartonshire Council
30 June 2006

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Statement of Total Movement in Group Reserves

Capital Reserves

	Fixed Asset Restatement Account £000	Capital Financing Account £000	Usable Capital Receipts £000	Total £000
Balance as at 1 April 2005	(175,158)	(91,121)	(11,994)	(278,273)
Net surplus/(deficit) for year	0	(2,163)	0	(2,163)
Gains/(losses) on revaluation of fixed assets	34,316	0	0	34,316
Effects of disposal of fixed assets	6,358	(10,474)	(10,058)	(14,174)
Financing of fixed assets	0	0	10,616	10,616
Balance as at 31 March 2006	<u>(134,484)</u>	<u>(103,758)</u>	<u>(11,436)</u>	<u>(249,678)</u>

Revenue Reserves

	General Fund £000	Other Reserves £000	HRA Balance £000	Group Income & Expenditure Reserve £000	Pension Reserves £000	Total £000
Balance as at 1 April 2005	(4,241)	(187)	(2,162)	196,181	88,723	278,314
Net surplus/(deficit) for year	13	(138)	(304)	(410)	5,702	4,863
Actuarial Gains/(Losses) on Pensions	0	0	0	34,423	(7,822)	26,601
Change in Share of Associate	0	0	0	1,736	0	1,736
Balance as at 31 March 2006	<u>(4,228)</u>	<u>(325)</u>	<u>(2,466)</u>	<u>231,930</u>	<u>86,603</u>	<u>311,514</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Notes to the Group Accounts

Note 1 Details of combining entities

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

Strathclyde Police Joint Board is the statutory body established under the Strathclyde Combined Police Area Amalgamation Scheme Order 1995 and provides a vast range of policing services on behalf of the 12 local authorities in the West of Scotland. In 2005/06, the Council contributed (net of specific grant) £12.581m or 5.25% of the Board's estimated running costs and its share of the year end net liability of £178.749m is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Police Joint Board, Glasgow City Chambers, Glasgow G2 1DU.

Strathclyde Fire Joint Board is the statutory body responsible for overseeing the activities of Strathclyde Fire and Rescue, which provides fire and emergency cover on behalf of the 12 local authorities in the West of Scotland. In 2005/06, the Council contributed £8.706m or 6.5% of the Board's estimated running costs and its share of the year end net liability of £51.834m is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Joint Fire Board, Bothwell Road, Hamilton, ML03 0EA.

Strathclyde Passenger Transport Authority 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 2005/06, the Council contributed £0.490m or 4.44% of the Board's estimated running costs and its share of the year end net liability of £1.883m is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Passenger Transport Authority, 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 2005-06, the Council contributed £2.052m or 4.19% of the Board's estimated running costs and its share of the year end net asset of £0.464m is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Passenger Transport Authority, 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 2005/06, the Council contributed £0.703m or 27.44% of the Board's estimated running costs and its share of the year end net asset of £0.061m 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.

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

2004/05		2005/06
£000		£000
13	Net Surplus	3
177	Fixed Assets	173
79	Current Assets	94
75	Current Liabilities	88
11	Loans outstanding	9
171	Capital Reserves	168
Nil	Contingent Liabilities	Nil
Nil	Capital commitments	Nil

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Notes to the Group Accounts (cont'd)

Note 1 Details of combining entities (cont'd)

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

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

2004/05		2005/06
£000		£000
(19)	Net Surplus/(deficit)	(28)
36	Fixed Assets	37
204	Current Assets	234
204	Current Liabilities	234
36	Capital Reserves	37
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 £231.930m respectively representing the Council's share of the realisable surpluses/deficits in these organisations.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Notes to the Group Accounts (cont'd)

Note 4 Reporting Authority Adjustments to align with UK GAAP

A number of adjustments are required to enable the details contained within the Council's Consolidated Revenue Account (page 9) to align with the UK GAAP requirements for group accounting arrangements. These can be summarised as follows:

- Capital Charges - The notional interest rate applied by local authorities to account for the "economic" costs of tying up capital in fixed assets has been removed from the net cost of service analysis. To this end capital charges incorporated within service departments' net cost of service have now been removed, with a corresponding removal from the asset management revenue account.
- Disposal of Assets - The profit and loss on the disposal of assets has now been included within net operating expenditure.
- Capital Grants - Capital grants amortised to services have now been included within individual services net cost of service analysis.
- AMRA - The overall impact on the asset management revenue account is the removal of all entries except external interest payable which now features on the face of the group revenue account.

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.

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:

2004/05		2005/06
£000		£000
(150,515)	Police Joint Board	(178,749)
(43,772)	Fire Joint Board	(51,834)
(1,899)	Passenger Transport Authority	(1,883)
323	Concessionary Travel Board	464
(354)	Valuation Joint Board	35
<u>36</u>	Criminal Justice Social Work Partnership	<u>37</u>
<u>(196,181)</u>	Total	<u>(231,930)</u>

Note 6 Group Cash Flow Statement

The impact of the incorporation of the associates within the group cash flow statement is nil.

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Common Good and Trust Funds

The Council acts as sole or custodian trustee for the Dumbarton Common Good Fund and for a number of trust funds. The Dumbarton Common Good Fund must be applied for the benefit of the people of Dumbarton and the Trust Funds may be used for various purposes depending on the terms of the Trust. In all cases the funds do not represent assets of the Council and they have not been included within the Consolidated Balance Sheet on page 21.

Summary of Common Good and Trust Funds :

	Common Good £000	Trust Funds £000	Total £000
Opening Balance 1 April 2005	215	295	510
Expenditure	(242)	(10)	(252)
Income	236	14	250
Closing Balance 31 March 2006	<u>209</u>	<u>299</u>	<u>508</u>

Balance Sheet as at 31 March 2006

2004/05 £000		2005/06 £000	2005/06 £000
	Fixed Assets		
<u>2,523</u>	Non Operational Assets		2,523
2,523			
	Current Assets		
6	Investments – General	6	
511	Investments – West Dunbartonshire Council	502	
<u>0</u>	Sundry Debtors	<u>1</u>	
517		509	
	Less Current Liabilities		
<u>7</u>	Sundry Creditors	<u>1</u>	
<u>510</u>			<u>508</u>
<u>3,033</u>	Total Assets Less Liabilities		<u>3,031</u>
	Represented by		
2,523	Fixed Asset Restatement Account		2,523
215	Dumbarton Common Good Fund		209
<u>295</u>	Trust Funds		<u>299</u>
<u>3,033</u>			<u>3,031</u>

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006

Glossary of Terms

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

1. Employee Costs

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

2. Property Costs

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

3. Supplies and Services

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

4. Transport and Plant Costs

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

5. Administration Costs

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

6. Payments to Other Bodies

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

7. Other Expenditure

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

8. Loan Charges

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

9. Specific Government Grants

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

10. General Income

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

11. Capital Expenditure

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

WEST DUNBARTONSHIRE COUNCIL
Abstract of Accounts for the Year Ended 31 March 2006
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 2006.

16. Capital Financing Account

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

17. Useable Capital Receipts Reserve

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

18. Asset Management Revenue Account

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

19. Pension Interest Cost

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

20. Expected Return of Pension Assets

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

21. CIPFA

Chartered Institute of Public Finance and Accountancy

22. LASAAC

Local Authority (Scotland) Accounts Advisory Committee