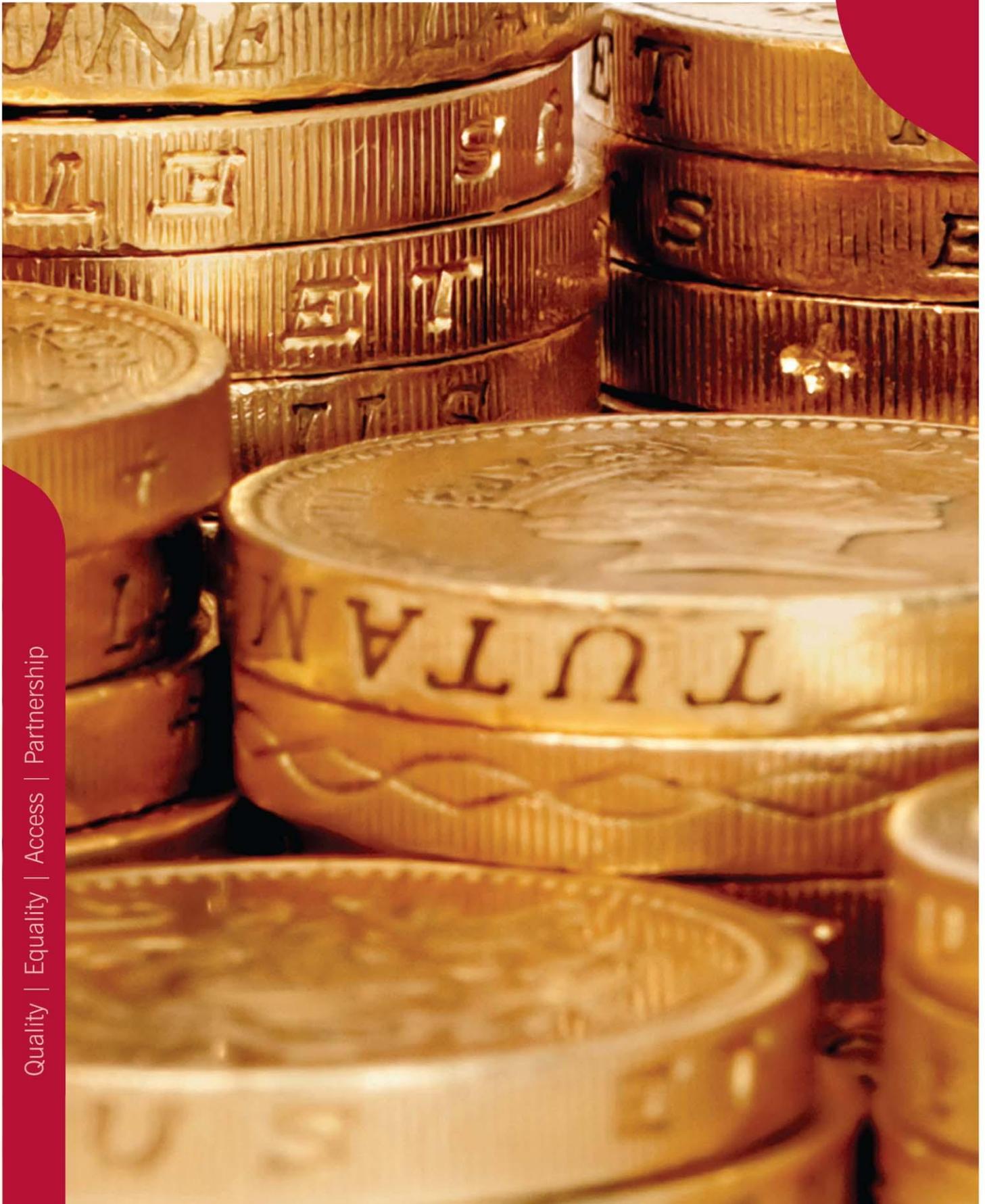


2009/2010 Statement of Accounts



This document is also available, on request, in braille, large print or recorded on to tape, and can be translated into Chinese, Punjabi, Urdu, Gaelic and Polish.

Ma tha sibh airson fiosrachadh fhaighinn ann an cànan sam bith eile, cuiribh brath thugainnaig an t-seòladh a leanas.

اگر آپ یہ معلومات کسی اور زبان میں چاہتے ہیں تو برائے مہربانی مجھے ویسے لکھیں۔

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ਚਾਹੀਦੀ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰ ਹੇਠ ਦਿੱਤੇ ਗਏ ਪਤੇ ਤੇ
ਸੰਪਰਕ ਕਰੋ ।

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Introduction

I am pleased to present the Council's Statement of Accounts for the year ended 31 March 2010. This foreword gives an overview of the Council's financial position and detailed analysis is presented on the pages that follow.

The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 under the historic cost convention, other than changes resulting from the revaluation of certain categories of fixed assets. The accounting policies used in its preparation have been reviewed in line with changes made to the ACOP following the introduction of FRS18 "Accounting Policies".

The Accounts categorise expenditure into revenue, which covers operational expenditure and capital which covers the costs of acquisition, construction and improvement of the Council's assets. This report draws together the figures and reflects the financial performance of the Council for 2009/10 and demonstrates stewardship of the public funds with which it is entrusted. The Statement of Accounts present a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2010.

The 2009/10 financial year was particularly challenging for the Council with additional costs incurred in respect of Outwith Placements and secure accommodation, adult and elderly care costs and a continuation of reduced planning and commercial property income and capital receipts. We move forward into 2010/11 with reasonable balances on both the General Fund and Housing Revenue Account and although current forecasts indicate a significant reduction in funding for the foreseeable future whilst demand for vital council services increases, work is underway with a view to ensuring the Council can continue to pursue key priorities.

General Fund Results for the Year

The Council's income and expenditure for financial year 2009/10 is detailed in the Income and Expenditure Account set out on page 16. It should be noted that the classification of Services in this statement complies with that prescribed by the Best Value Accounting Code of Practice and differs from the management structure of the Council.

The Council's finances are split into two main areas – the General Fund, which incorporates the main areas of service provision including Education, Social Services, Leisure and Roads, and the Housing Revenue Account, which deals with the management of the Council's housing stock. General Fund services are financed by government grant and local taxation whilst the Housing Revenue Account is financed mainly by rents from houses.

The Council's budgetary arrangements allow departments to earmark balances for future known commitments and £17.616m of the cumulative General Fund balance of £26.603m is currently specifically earmarked. This results in a cumulative uncommitted balance of £8.987m which is within the range specified in the Council's reserves strategy which sets an optimum level of between 2% and 4% of net budgeted expenditure.

Council Reserves

As can be seen from Page 17, when the reduction in the level of uncommitted balance for the year of £0.406m is taken from the brought forward balance of £27.009m, the cumulative General Fund balance carried forward is £26.603m. The overall position on Council Reserves is as shown below;

	General Fund Balance £m	HRA Balance £m	Renewals & Repairs £m	Capital Fund £m	Total £m
Opening Balance as at 1 April 2009	27.009	2.226	6.569	15.712	51.516
Enhancement (Utilisation)	(0.014)	1.624	-	0.519	2.129
Transfers from Fund	0.281	-	(0.281)	(0.093)	(0.093)
Transfers to Fund	(0.964)	-	0.964	-	-
Annual Interest	0.291	0.029	0.058	0.141	0.519
Closing Balance as at 31 March 2010	26.603	3.879	7.310	16.279	54.071



Statement of Accounts 2009/2010
Explanatory Foreword by the Executive Director of Finance and Corporate Support

Departmental Performance

The table below summarises the movement on the Council's General Fund in 2009/10. Departmental budgets include the utilisation of £6.820m of balances brought forward for use in 2009/10. The actual position is a net utilisation of balances of £0.406m which includes a transfer to the Renewal and Repairs Fund of £0.964m. At 31 March 2010 £5.367m will be carried forward by departments in respect of earmarked commitments with an additional £0.672m of uncommitted balances in line with the Reserve Strategy. The in-year General Fund uncommitted balance is £0.375m.

	Budget 2009-2010 £m	Actual 2009-2010 £m	Variance £m	Earmarked £m	General £m
Educational and Social Services	178.967	177.506	(1.461)	(1.158)	(0.303)
Neighbourhood Services	68.040	66.712	(1.328)	(1.081)	(0.247)
Corporate Support	17.731	16.257	(1.474)	(1.352)	(0.122)
Finance and Asset Management	11.004	9.623	(1.381)	(1.381)	0.000
Departmental Expenditure	275.742	270.098	(5.644)	(4.972)	(0.672)
Central Services - Capital Financing, Insurance, Misc	68.450	66.150	(2.300)	(0.395)	(1.905)
Significant Trading Operations	(0.782)	(1.177)	(0.395)	0.000	(0.395)
Total Income - Council Tax and Housing Benefit etc	(336.590)	(335.629)	0.961	0.000	0.961
Reserve Transfer	0.000	0.964	0.964	0.000	0.964
General Fund Deficit for the Year	6.820	0.406	(6.414)	(5.367)	(1.047)

Educational and Social Services outturn position was £1.461m under budget and included variances due to the timing of PPP payments and schools' carried forward balances which are included in the £1.158m earmarked balance retained for use in future years. In Neighbourhood Services the position was a favourable variance of £1.328m mainly due to reduced supplies and services costs and additional income from fees and charges. The department requires to earmark £1.081m principally for Zero Waste Fund, Roads projects and to replenish the Winter Maintenance contingency.

Corporate Support showed staff turnover savings arising from the time taken to fill vacancies, the timing of external funding and retention of ring fenced licensing fees with £1.352m required to be earmarked to meet commitments and departmental initiatives arising in 2009/10. The Finance and Asset Management variance is predominantly due to the timing of filling of vacancies and repairs ordered but not completed by the year end for which £1.381m requires to be earmarked. From 1 April 2010 the Council restructured some services and consolidated the Finance and Asset Management Service and Corporate Support into the Department of Finance and Corporate Support.

The favourable variance in Central Services arises mainly from reduced debt servicing costs, a successful VAT claim and reduced supplies and services costs, partly offset by severance costs agreed by Cabinet to be met from General Fund balances. The in-year collection rate for Council Tax held up at 94.1%, however there was an adverse variance of £1.318m relating primarily to the collection of arrears, partly offset by additional Housing Benefit income.

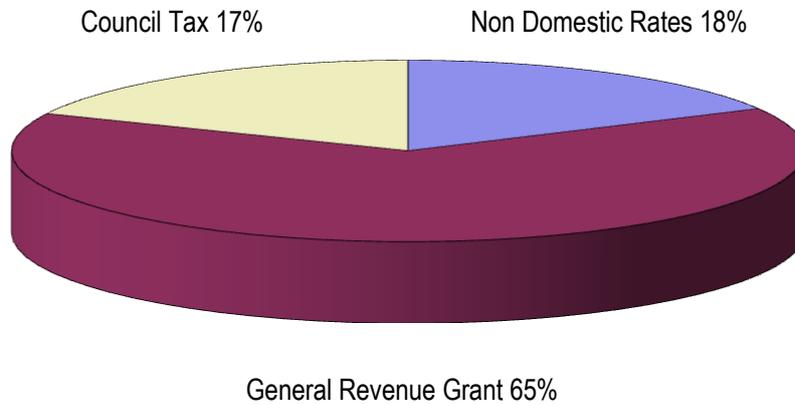
Housing Revenue Account Performance

Within the Housing Revenue Account (HRA), savings on debt and other costs were used to finance reduced capital receipts from house sales and lower than budgeted rent income due to demolitions. The overall surplus for the year is £1.653m of which £0.896m was required to be earmarked against outstanding repairs and IT costs. The cumulative total being carried forward is £3.879m. The HRA Income and Expenditure Account on page 43 reflects the statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing (Scotland) Act 1987. Expenditure on Council Housing is financed entirely from rents and related housing income and the average weekly rent charge for the year based on 52 weeks is £50.85.



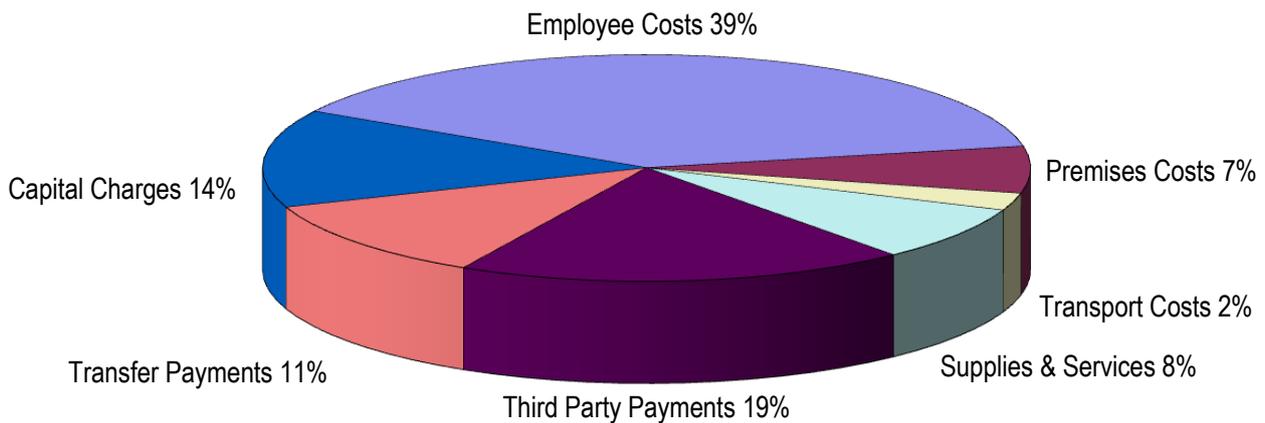
Sources of Income to the Council

Income from Council Tax was £46.981m and the Band 'D' tax level was £1,188.99. The largest source of funds was General Revenue Grant which amounted to £177.167m.



Council Expenditure Summary

The subjective summary of financial performance is shown below:



Capital Expenditure

The Prudential Code for Capital Finance in Local Authorities governs the level of capital expenditure taking into account affordability, sustainability, the management of assets and the achievement of strategic objectives. Capital spending in 2009/10 on General Fund Services was £24.000m and on Housing was £12.556m. This represents 89% of the planned spending level. Capital expenditure was partly financed by government grants and capital receipts.

Expenditure	£m	Financed by	£m
Education Services	3.732	Government Grants	7.379
Housing Services	12.556	Capital Receipts	2.177
Cultural & Related Services	5.955	Capital Financed from Revenue	5.028
Environmental Services	0.948	Borrowing	21.972
Roads & Transportation	4.765		36.556
Social Work	1.582	Represented by	£m
Corporate & Democratic Core	7.018	General Fund Services	24.000
		Housing	12.556
	36.556		36.556



Interest

Interest paid in the year was £15.956m and relates to accumulated borrowing of £206.557m as shown on the Balance Sheet on page 19 and Note 15 to the Financial Instruments shown on page 29.

Pension Fund

Pension Fund reporting regulations require an annual valuation by fund actuaries. The calculation at 31 March 2010 disclosed a deficit position for the Council of £184.333m. It is important to note that this is simply a snapshot of the position at that time. The calculation is prepared only for the purposes of FRS17 reporting requirements and is not relevant for funding purposes. The latest long-term triennial funding valuation of the Fund for the purposes of setting employers' actual contributions was at 31 March 2008 and contributions to the Fund continue in line with current actuarial advice.

Exceptional Item

During 2008/09 the Council impaired three financial assets following a number of Icelandic banks being placed into administration and this was reflected in the 2008/09 Statement of Accounts. The situation remains uncertain and based on the latest information provided from the Administrators the recoverable amount at 31 March 2010 has been reassessed and is now likely to be significantly higher than forecast last year. Further information is provided at Note 22 on Page 33.

Public Private Partnership – Provision of School Buildings

The Council has entered into a Public Private Partnership for the provision of two primary schools and two combined educational campuses providing primary, secondary and special educational facilities. The provider is required to ensure the availability of these buildings to a pre-agreed standard. During 2009/10, £8.162m was paid to the contractor under the terms of the agreement.

Former Trading Operations Performance

During 2009/10 the Council approved the suspension of the status of the former Building and Works as a Significant Trading Operation and from November 2009 the organisation now undertakes repairs solely for the HRA. All surpluses generated prior to this date remained in the General Fund.

Common Good, Trusts and Bequests

The Council acts as the sole Trustee and administers various Common Good funds relating to the areas of the former burghs together with a number of charitable trusts and bequests. These funds do not represent assets available to the Council and as such are not included in the Council's Balance Sheet. In addition, the Council also administers Trusts which are controlled by external trustees. Details are included in pages 48 to 49.

International Financial Reporting Standards (IFRS)

Councils are required to implement International Financial Reporting Standards on a two staged approach with PPP / PFI arrangements being shown on an IFRS basis in the 2009/10 Accounts. 2010/11 will be the first year when the Accounts will be prepared on a full IFRS basis and will require the 2009/2010 Accounts to be re-stated in readiness for the completion of the 2010/11 Accounts. I am pleased to report that work began in 2008 to prepare the Council for the implementation of IFRS and due to the tremendous effort of staff during the year I am able to report the main Statements in the 2009/10 Accounts on a dual SORP and IFRS basis. The Statements shown on Pages 16 to 20 have been recast to show the IFRS impact with the Council's IFRS compliant statements included on Pages 61 to 66. The IFRS Statements follow the Audit Certificate and do not form part of the 2009/10 Audit process.



Explanation of the Statements

The **Income and Expenditure Account** (IEA) brings together all of the functions of the Council and summarises the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the financial position of the Council before allowing for the adjustments required by statute to raise council tax. This accounting basis does not take account of the statutory provisions which specify the net expenditure that authorities need to take into account when setting local taxes and is therefore not consistent with operational budgets. In order to give a full presentation of the financial performance of the Council during the year and the actual spending power carried forward to future years, the outturn on the Income and Expenditure Account needs to be reconciled to the balance established by the relevant statutory provisions. The **Statement of Movement on the General Fund Balance** provides the necessary reconciliation.

Whilst the IEA brings together all of the functions of the Council, there will be other gains and losses in its Balance Sheet that are not recognised in the Income and Expenditure Account. The **Statement of Total Recognised Gains and Losses** (STRGL) is the statement that brings these other gains and losses together with the outturn on the Income and Expenditure Account to show the total movement in the Council's net worth for the year.

The **Balance Sheet** shows the assets and liabilities utilised in the provision of its services and details the net worth of the Council split between the revenue and capital resources available to meet future expenditure, unrealised gains and losses (particularly in relation to the revaluation of fixed assets) and statutory accounting requirements.

The **Cash Flow Statement** summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

The **Housing Revenue Account (HRA) Income and Expenditure Account** details HRA transactions included in the Council Income and Expenditure Account. However, this does not provide the appropriate basis on which rent levels are determined. The **Statement of Movement on the Housing Revenue Account Balance** shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year.

The **Council Tax Income Account** details net income raised from council taxes levied under the Local Government Finance Act 1992. The **Non-Domestic Rate Account** highlights the income from the rate levied on non-domestic property under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992.

Acknowledgements

The work of elected members and officers in all departments who have monitored and managed the financial resources under their control over the year has contributed to the favourable financial position that the Council is now in. I also want to acknowledge the considerable input of those in the Finance and Asset Management Service who supported those efforts and who worked exceptionally hard to ensure that the Statement of Accounts could be completed to a high standard within the statutory timescale.

Alexander McPhee ACMA
Executive Director of Finance and Corporate Support
24 September 2010



The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 under historic cost convention, other than changes resulting from the revaluation of certain categories of fixed assets. The following accounting policies used in its preparation have been reviewed in line with changes made to the ACOP following the introduction of FRS18 "Accounting Policies". The Council reviews its accounting policies as required to ensure that they remain the most appropriate to its particular circumstances such that the Council's Statement of Accounts provides a true and fair view at the year end.

Status of the SORP

The 2009 SORP is the last to be produced and for future years a new Code will be introduced based on International Financial Reporting Standards (IFRS). The following policies represent the requirements of the current SORP and will require to be reviewed in line with any impact IFRS will have.

Major Changes in Accounting Practice

Under the 2009 SORP the Council has adopted the requirements for accounting for PFI and similar contracts consistent with the adaptation of IFRIC 12 "Service Concession Arrangements" contained in the government's Financial Reporting Manual. As a result, properties used in the Council's Schools PPP project have been recognised as assets of the Council with a related liability also recognised on the Council's Balance Sheet.

The previous accounting treatment for all transactions relating to the PPP project have been reversed:

- Payments from the inception of the PPP project have been allocated to three elements: repayment of the liability, interest and service charges;
- Mauchline Primary School which was previously transferred to the operator for use in the project and accounted for as a disposal has been recognised as an asset of the Council; and
- A prepayment of unitary charges has been reallocated to reduce the liability.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular:

- All salaries and wages earned up to 31 March 2010 are included in the Statement of Accounts;
- fees, charges and rents due are accounted for at the date the Council provides the relevant goods or services;
- suppliers' invoices for goods and services received during 2009/10 which were paid in the first two weeks of April have been included together with specific accruals in respect of further material items;
- work is charged as expenditure when it is completed or as works in progress if incomplete;
- interest receivable and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

VAT

Income and expenditure excludes any amounts related to VAT as this is collected and payable to HMRC and all VAT paid by the Council is recoverable from them.



Interest Receivable and Investment Income

The amount for interest receivable in the Income and Expenditure Account is based on the carrying amount of the asset, factored by the effective rate of interest for the loan. For the Council's short-term deposits and most of its other lending, the interest disclosed is the amount receivable for the year in the loan agreement. For the Council's external investments the interest is included in the Income and Expenditure Account when it becomes receivable by the Council. Interest on long term borrowing is accrued in short term investments.

Financing Costs

The Council operates a Loans Fund and all loans raised are paid into the Fund. Advances are made to departments to finance capital expenditure during the year. Repayments to the Loans Fund are calculated using the annuity method. Interest has been calculated and allocated to the Income and Expenditure Account in accordance with guidance from the Local Authorities Scotland Accounts Advisory Committee (LASAAC).

Costs associated with debt restructuring (premiums) are charged to Net Operating Expenditure in the Income and Expenditure Account in the year of extinguishment of the original debt in accordance with accounting regulations. Scottish Government regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

The amount of capital expenditure financed through the General Fund and statutory Housing Revenue Account is disclosed separately in these Statements as is the statutory provision for the repayment of debt.

Retirement Benefits

The Council participates in two formal schemes, the Local Government Superannuation Scheme which is administered by Strathclyde Pension Fund and the Teachers' Scheme. The Council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Government.

In accordance with Financial Reporting Standard No 17 - Retirement Benefits (FRS17) the Council has disclosed certain information concerning assets, liabilities, income and expenditure relating to the pension scheme for its employees. The accounting standard FRS17 requires that an organisation must account for retirement benefits when committed. This involves recognising the Council's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve in its Balance Sheet. The revenue account also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

Central and Support Services Costs

Costs of central and support services are charged to services which benefit from the supply or service in accordance with the principles of the CIPFA Best Value Accounting Code of Practice 2008 (BVACOP). The full costs of overheads and support services are shared between users in proportion to the benefits received with the exception of Corporate and Democratic Core (costs relating to the Council's status as a multi-functional, democratic organisation) and Non Distributed Costs (FRS17 costs not attributable to service total cost and any depreciation and impairment losses chargeable on non-operational properties).

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



Government Grants

Government Grants are recognised as income at the date the Council satisfies the conditions of entitlement to the grant and there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure such as the General Revenue Grant are credited to the Income and Expenditure Account after Net Operating Expenditure.

Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year. Intangible fixed assets are valued at historic cost, amortised to the relevant service revenue account over the economic life of the asset to reflect the pattern of consumption of benefits.

Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis, provided that it benefits the Council for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets is charged to revenue as it is incurred. Assets are initially measured at cost, comprising all expenditure directly attributable to bringing the asset into working condition for its intended use. The Council has in place a five year revaluation programme. The basis of valuation is as follows:-

Council Dwellings: The valuation of Council dwellings has been adjusted to reflect the average discounted market value. The stock was revalued at 1 April 2008 by members of the Council's Asset Management Service who are qualified members of the Royal Institute of Chartered Surveyors (RICS).

Operational Land and Properties and other Operational Assets: These are valued at the lower of net current replacement cost or net realisable value in existing use.

Other Land and Buildings and Surplus Property: These are valued on the basis of open market value for existing use, assessed on either a comparative or depreciated replacement cost basis. The valuations have been compiled within the statutory 5-year rolling programme by RICS professional staff under the direction of the Executive Director of Finance and Corporate Support. Surplus assets held for sale are not exempt from depreciation.

Vehicles, Plant and Equipment and Infrastructure Assets: These are valued at depreciated historical cost.

Community Assets: These are valued at depreciated historical cost. Land held as open space or common ground is valued at nil for the purposes of the Statement of Accounts.

Assets Under Construction: Assets are valued at historic cost. Depreciation is not charged until the asset becomes operational although the asset under construction may suffer impairment.

Investments: relate to short term investments and are recorded within the Balance Sheet at market value.

Depreciation

Depreciation, where charged, has been applied on a straight line methodology based on the asset valuation, its remaining useful life and any residual value an asset is calculated to have. The useful economic lives over which assets are depreciated are as follows:

Council Dwellings	25 years	Operational Buildings	20-60 years
Community Assets	20-25 years	Operational Equipment	2-20 years



Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gain and contain revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

The values of each category of assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified and is attributable to the clear consumption of economic benefits, the loss is charged to the relevant service revenue account. Otherwise it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Capital receipts are credited to the Capital Fund and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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

Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off;
- amortisation of intangible fixed assets attributable to the service.

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable); and
- a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable).



Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Rentals payable for operating leases are charged to the relevant service revenue account on a straight line basis over the term of the lease.

Financial Assets

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset factored by the effective rate of interest for the instrument.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account. Any gains and losses that arise on the derecognition of the asset are included in the Income and Expenditure Account.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, factored by the effective rate of interest for the instrument. For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are charged to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid.

Stocks and Work-in-Progress

Consumable Stocks and Work-In-Progress are valued on a cost price basis except in the case of Building and Works where average cost is used. Although the use of average cost is not strictly in accordance with the Code of Practice, it is recognised as an acceptable methodology.

Public Private Partnership (PPP)

PPP contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PPP contractor. However as the Council is deemed to control the services provided under the Scheme and ownership of the schools will pass to the Council at the end of the contract for no additional charge the fixed assets are included in the Council's Balance Sheet.

The initial recognition of the fixed assets was balanced by the recognition of a liability for amounts due to the operator to pay for the schools.



Fixed assets recognised on the Balance Sheet are revalued and depreciated in line with other property, plant and equipment owned by the Council.

The amounts payable to the PPP operator are analysed into:

- Fair value of services received during the year charged to the Education Service
- The interest charged on the outstanding Balance Sheet liability which is charged to Interest Payable and Similar Charges in the Income and Expenditure Account
- The contingent rent increase in the amount to be paid for the property during the contract which is charged to Interest Payable and Similar Charges in the Income and Expenditure Account
- Payment towards the liability applied to write down the Balance Sheet liability due to the contract operator

Further information about the assets and liabilities recognised in the Statement of Accounts and the revenue resources committed for future years for this project is provided in Note 2 in the Notes to the Core Statements on page 22.

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party, such as from an insurance claim, this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Capital and Other Reserve Funds

The Council has a Capital Fund which is credited with all net capital receipts except where they are related to a specific project. The Renewal and Repairs Fund is credited funds available at the Council's discretion for use on appropriate projects. The Capital Fund holds the proceeds from the sale of fixed assets available to meet future capital investment.

The two reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former records unrealised gains arising since 1 April 2007 from holding fixed assets not yet realised through sales and the latter provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system. These reserves are matched by fixed assets within the Balance Sheet and are not resources available to the Council.

The Pension Reserve arises from the FRS17 accounting disclosures for retirement benefits and recognises the Council's share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the Council's share of the Pension Fund net liability chargeable, to the Income and Expenditure Account.



The Authority's Responsibilities

The Authority is required:

- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- 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. The Executive Director of Finance and Corporate Support has been designated as that officer in East Ayrshire Council.

The Executive Director of Finance and Corporate Support's Responsibilities

The Executive Director of Finance and Corporate Support is responsible for the preparation of the Council's Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this Statement of Accounts, the Executive Director of Finance and Corporate Support has:

- Selected suitable accounting policies and then applied them consistently;
- made judgements and estimates which were reasonable, prudent and complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- signed and dated the Statement of Accounts.

The Statement of Accounts provides a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2010.



Statement of Accounts 2009/2010
Statement on the System of Internal Financial Control

This statement is given in respect of the Statement of Accounts for East Ayrshire Council. We acknowledge our responsibility for ensuring that effective systems of internal control are maintained and operated in connection with the resources concerned.

East Ayrshire Council

Any 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 Council's system of internal financial control throughout the financial year 2009/10 with consideration for post balance sheet events, for which there have been none, is based on a framework of regular management information, financial regulations, administrative procedures, 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;
- setting targets to measure financial and other performance;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts and targets;
- clearly defined capital expenditure guidelines; and
- formal project management disciplines, as appropriate.

Internal Audit within East Ayrshire Council is directly responsible to the Chief Executive for the independent appraisal of the Council's systems of internal control. The Internal Audit section operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom.

The Chief Internal Auditor has planned and undertaken audit work in order to derive sufficient and appropriate audit evidence as to the adequacy and effectiveness of the Council's systems of internal controls. The work of Internal Audit is informed by analysis of the risk to which the Council is exposed and annual plans are based on this analysis. Internal Audit activity during the year was based on the planned work programme contained in the Annual Audit Plan approved by Governance and Scrutiny on 3 April 2009.

The Council's Chief Internal Auditor provides a report on internal audit activity which includes his independent opinion on the adequacy and effectiveness of the Council's system of internal control, together with recommendations for improvement, where necessary. Based on the evidence collected in the conduct of the planned work programme, Internal Audit is of the opinion that reasonable assurance can be placed upon the systems of internal control in operation.

The Council's review of the effectiveness of the system of internal financial control is informed by:

- The work of managers within the Council;
- the work of the internal auditors as described above; and
- the external auditors in their annual audit letter and other reports.

Audit plans are prepared following full consultation with the Chief Executive, Executive Director of Finance and Corporate Support and Executive Directors.

Internal Audit reports are presented to the relevant Executive Director and include appropriate recommendations and agreed actions which, when implemented, will improve the overall control environment. As part of Internal Audit monitoring procedures, copies of all audit assignment reports, including follow-ups, are presented to the Chief Executive, the Executive Director of Finance and Corporate Support, the Council's External Auditor and, where appropriate, to the Council Monitoring Officer.



Statement of Accounts 2009/2010
Statement on the System of Internal Financial Control

Internal Audit routinely undertake follow-up work on all major audit assignments in order to assess progress on the implementation of audit recommendations. Where agreed audit recommendations have not been fully implemented by the time of the audit follow-up, the Executive Director is asked to sign a client assurance statement confirming that any outstanding actions will be implemented and the timescales involved.

Basis of Internal Audit Opinion

Based on an evaluation of the control environment, it is informed by a number of sources:

- The audit work undertaken by Internal Audit during the year to 31 March 2010;
- the audit work undertaken by Internal Audit in previous audit years;
- audit follow-up work to test progress on implementation of agreed actions;
- findings/conclusions arising from work carried out by the Council's External Auditors; and
- knowledge of the Council's governance, risk management and performance framework.

Opinion

Internal Audit staff have carried out a wide range of audit assignments in 2009/10. End to end core systems reviews have been completed in four-weekly payroll and general ledger; computer audit assignments have been carried out in systems management and ICT policy support; a range of audit work has been carried out in the former Building and Works; procurement and contract administration assignments have been completed and, in Educational and Social Services, external funding and location audits have been carried out in a number of areas. A range of other work has also been completed. The agreed actions arising from all of this work will, when implemented, further strengthen the framework of controls.

Internal Audit has undertaken follow-up work on a number of previous audit assignments, with a view to establishing progress on the implementation of audit control recommendations. This work revealed that agreed actions had been substantially implemented by the time of the audit visit. Where audit recommendations have not been fully implemented the further action required has been agreed with the service. Internal Audit is satisfied that there is management commitment to act where control improvement opportunities are identified, and that staff understand and accept the need for systems to be robust and reliable.

The overall opinion of the Chief Internal Auditor, based on the work carried out, is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2010. The objectives of internal control have been substantially met.

The Chief Internal Auditor has drawn attention to one specific area. In April 2009, an improvement plan was put in place for the former Building and Works designed to address a range of issues including governance and internal control. Management has concluded all of the work around the improvement plan and this will provide the foundation for the new Housing Asset Service.

Fiona Lees
Chief Executive
24 September 2010

Alexander McPhee ACMA
Executive Director of Finance and Corporate Support
24 September 2010



**Statement of Accounts 2009/2010
Corporate Governance Assurance Statement**

East Ayrshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. East Ayrshire Council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in performance, while maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, equal opportunities and future sustainability.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of East Ayrshire Council's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the Council, the effective operation of corporate systems, processes and internal controls, engaging with and leading the community, monitoring whether strategic objectives have been achieved and services delivered cost-effectively and ensuring that appropriate arrangements are in place for the management of risk and the Council complies with the Statement on the Role of the Chief Financial Officer in Local Government.

To this end, the Council has approved and adopted a Code of Corporate Governance which is consistent with the principles and recommendations of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and the supporting Guidance Notes for Scottish Authorities. A copy of the Code, the update on the 2009/10 Action Plan and the 2010/11 Action Plan can be downloaded from the Council's website at www.east-ayrshire.gov.uk or can be obtained from Council Headquarters, London Road, Kilmarnock (01563) 576000.

During 2009/10, East Ayrshire Council continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice. Specifically, the Council's governance arrangements have been reviewed and tested against the requirements of the CIPFA/SOLACE Framework. The conclusion from this review was that the Council complies in full with the terms of the new Framework. The review identified key strengths, such as the significant improvements in the Council's performance management arrangements through the introduction of a new electronic performance management system, as well as areas where further improvement could be achieved, including our arrangements around Customer Responsiveness, Community Engagement and Corporate Communications, all of which will be reviewed and further developed.

Improvement actions have been identified and incorporated into an agreed Improvement Action Plan that will be implemented over the course of 2010/2011.

As part of the review of the Council's corporate governance arrangements, Executive Directors and Heads of Service have reviewed their own areas of specific responsibility and have each confirmed that they are satisfied that these arrangements are robust and operating effectively.

The Improvement Agenda initiated in response to issues identified within the former Building and Works has been fully achieved and will provide a foundation for the new Housing Asset Management Service.

The Council will continue to review its corporate governance arrangements and take any additional steps as are required to further enhance these arrangements and will review their implementation and operation as part of the next annual review.



Fiona Lees

**Fiona Lees
Chief Executive
24 September 2010**



Douglas Reid

**Councillor Douglas Reid
Leader of the Council
24 September 2010**



Statement of Accounts 2009/2010
Income and Expenditure Account for the Year ended 31 March 2010

This Account summarises the resources that have been generated and consumed in providing and managing council services during the year. It includes all day-to-day expenses and related income as well as transactions measuring the value of fixed assets consumed and the projected value of retirement benefits earned by employees.

The balance on this account does not take account of the statutory adjustments that specify the net expenditure which councils need to take into account when setting council tax, the main differences being:

- capital investment is accounted for as it is financed rather than when the fixed assets are consumed;
- interest on borrowing and lending is accounted for when it is payable or receivable rather than the effective interest rate over the period of the loan;
- premiums and discounts arising from debt restructuring are amortised over the period of the replacement loan rather than at the time the original loan is extinguished; and
- retirement benefits are charged as amounts become payable to pensions funds rather than as future benefits are earned.

2008-2009 Net Expenditure £m	Restated Net Expenditure £m	Service	Gross Expenditure £m	Gross Income £m	2009-2010 Net Expenditure £m
142.116	140.443	Education Services	132.866	(8.544)	124.322
58.514	58.514	Social Work	78.701	(13.308)	65.393
20.196	20.196	Housing Services	98.142	(78.192)	19.950
17.551	17.551	Cultural & Related Services	24.539	(3.889)	20.650
12.251	12.251	Environmental Services	16.096	(2.859)	13.237
15.803	15.803	Roads & Transport Services	22.109	(5.274)	16.835
13.370	13.370	Police Services	13.288	(0.506)	12.782
7.064	7.064	Fire Services	7.972	(0.553)	7.419
1.668	1.668	Planning & Development Services	19.445	(9.780)	9.665
11.212	11.212	Central Services to the Public	2.786	(1.015)	1.771
3.595	3.595	Corporate & Democratic Core	3.187		3.187
1.052	1.052	Non Distributed Costs	4.968		4.968
304.392	302.719	Net Cost of Services	424.099	(123.920)	300.179
4.167	4.167	(Gains)/Losses on Disposal of Fixed Assets			0.768
(2.582)	(2.582)	Net Surplus on Trading Operations			(1.628)
11.352	14.348	Interest Payable and similar charges			15.956
(2.341)	(2.341)	Interest and Investment Income			(0.698)
2.145	2.145	Exceptional Item - Impairment of Financial Instruments			(0.665)
(0.616)	(0.616)	Pensions Interest Cost and Expected Return on Pension Assets			5.141
316.517	317.840	Net Operating Expenditure			319.053
(48.873)	(48.873)	Council Tax			(46.981)
(171.918)	(171.918)	Revenue Support Grant			(177.167)
(45.707)	(45.707)	Non-Domestic Rates			(50.325)
50.019	51.342	Deficit for the Year Before Statutory Adjustments			44.580

In order to give a full presentation of the financial performance of the Council during the year the balance on the Income and Expenditure Account needs to be reconciled in the Statement of Movement on the General Fund Balance (page 17).



Statement of Accounts 2009/2010
Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis. The Statement of Movement on the General Fund Balance compares the Council's spending against the council tax that it raised for the year taking into account the use of reserves built up in the past and contributions to funds and reserves. This reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund.

2008-2009 £m	Restated £m		2009-2010 £m
50.019	51.342	Deficit for the Year Before Statutory Adjustments	44.580
(44.201)	(45.524)	Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance for the year	(44.174)
5.818	5.818	(Increase) / Decrease in the General Fund Balance for the Year	0.406
(32.827)	(32.827)	General Fund Balance brought forward	(27.009)
(27.009)	(27.009)	General Fund Balance carried forward	(26.603)

The following note provides further analysis of the net additional amount required by statutory and non-statutory proper practices to be debited or credited to the General Fund Balance for the year.

2008-2009 £m	Restated £m		2009-2010 £m
		Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(0.057)	(0.057)	Amortisation of Intangible Fixed Assets	(0.072)
(60.126)	(62.103)	Depreciation and Impairment of Fixed Assets	(62.218)
1.386	1.386	Government Grants Deferred amortisation matching depreciation and impairment	1.737
(4.167)	(4.167)	Net gain/(loss) on sale of fixed assets	(0.768)
0.968	0.000	Capital Element of PPP Unitary Payment	0.000
(9.796)	(9.796)	Amount by which pension costs calculated in accordance with the SORP are different from the Contributions due under the pension scheme regulations	(18.440)
0.470	0.470	Differences between the amounts credited to the Income and Expenditure Account and amounts payable / receivable to be recognised under statutory provisions relating to premiums and discounts on the early repayment of debt.	0.196
(71.322)	(74.267)		(79.565)
		Amounts not included in the Income & Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
8.522	10.144	Statutory Provision for the Repayment of Debt	11.015
14.497	14.497	Employers Contributions payable to the Strathclyde Pensions Fund and retirement benefits payable direct to pensioners	15.970
5.082	5.082	Capital expenditure charged in year to the General Fund Balance	5.028
(1.901)	(1.901)	Impairment of Financial Instruments	0.843
26.200	27.822		32.856
		Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
0.171	0.171	Housing Revenue Account Balance	1.653
0.750	0.750	Net transfer to or from earmarked reserves	0.882
(44.201)	(45.524)	Net additional movement required to be credited to the General Fund Balance for the Year	(44.174)



Statement of Accounts 2009/2010
Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its worth. In addition to the deficit on the Income and Expenditure Account it includes gains relating to the revaluation of fixed assets and actuarial gains on pensions.

The gain on revaluation of fixed assets and the actuarial gain on pension assets represent gains from re-measuring certain assets and liabilities to current value at the balance sheet date and do not contribute to the resources that can be used to fund the Council's services.

2008-2009	Restated		2009-2010
£m	£m		£m
50.019	51.342	Deficit for the year on the Income & Expenditure Account	44.580
(199.445)	(199.445)	Surplus on the revaluation of fixed assets	(67.771)
60.070	60.070	Actuarial (gains)/losses on pension assets and liabilities	124.611
(89.356)	(88.033)	Total Recognised (Gains) and Losses for the Year	101.420



Statement of Accounts 2009/2010
Balance Sheet

31 March 2009	Restated		Note	31 March 2010
£m	£m			£m
0.164	0.164	Intangible Assets		
		Software Licences	23	0.158
708.800	787.358	Operational Assets	26	826.881
361.185	361.185	Council Dwellings		349.451
289.528	368.086	Other Land and Buildings		418.876
7.378	7.378	Vehicles, Plant and Equipment		7.974
50.709	50.709	Infrastructure Assets		50.580
-	-	Community Assets		-
7.509	7.509	Non-Operational Assets	26	6.658
2.480	2.480	Assets Under Construction		0.947
5.029	5.029	Surplus Assets Held for Disposal		5.711
4.450	0.069	Long-Term Debtors & Prepayments		0.060
1.559	-	Deferred Consideration		-
722.482	795.100	Total Long-Term Assets		833.757
62.244	62.244	Current Assets		58.685
0.998	0.998	Stock and Work-in-Progress		1.048
20.924	20.924	Debtors	31	18.400
40.273	40.273	Investments		39.190
0.049	0.049	Cash and Bank		0.047
(47.948)	(51.026)	Current Liabilities		(54.852)
(2.102)	(5.180)	Borrowing Repayable on demand or within 12 months		(2.081)
(42.551)	(42.551)	Creditors	32	(47.029)
(3.295)	(3.295)	Bank Overdraft		(5.742)
14.296	11.218	Net Current Assets		3.833
(204.305)	(204.305)	Borrowing Repayable within a period in excess of 12 months	13	(204.476)
(0.075)	(71.295)	Deferred Liabilities - Finance Leases	2	(71.093)
(34.731)	(34.731)	Government Grants Deferred		(40.373)
(57.252)	(57.252)	Liability related to Defined Benefit Pension Schemes	11	(184.333)
440.415	438.735	Total Assets Less Liabilities		337.315
		Financed by:		
193.059	193.059	Revaluation Reserve		247.041
270.349	268.669	Capital Adjustment Account		236.755
(17.258)	(17.258)	Financial Instruments Adjustment Account		(16.219)
(57.252)	(57.252)	Pensions Reserve		(184.333)
27.009	27.009	General Fund Balance		26.603
2.226	2.226	Housing Revenue Account		3.879
15.713	15.713	Capital Fund		16.279
6.569	6.569	Renewals and Repair Fund		7.310
440.415	438.735	Total Net Worth		337.315

Alexander McPhee ACMA

Executive Director of Finance and Corporate Support
24 September 2010



Statement of Accounts 2009/2010
Single Entity and Group Cash Flow Statement

This statement summarises the inflows and outflows of cash arising on revenue transactions and expenditure on capital activities. For the purpose of this statement cash is defined as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.

31 March 2009		Note	31 March 2010
£m			£m
(32.178)	Net Cash Outflow / (Inflow) from Revenue Activities	34	(35.218)
-	Dividends Received from Associates and Joint Ventures		-
	Cash Outflows		
10.824	Interest Paid		11.596
3.005	Interest Element of Finance Lease Payments		3.903
13.829			15.499
	Cash Inflows		
(2.072)	Interest Received		(1.386)
(2.072)			(1.386)
11.757	Net Cash Outflow / (Inflow) from Investments and Servicing of Finance		14.113
	Cash Outflows		
42.931	Purchase of Fixed Assets		36.751
-	Purchase of Long Term Investments		-
-	Other Capital Cash Payments		-
42.931			36.751
	Cash Inflows		
(3.249)	Sale of Fixed Assets		(2.623)
(10.760)	Capital Grants Received		(10.076)
-	Other Capital Cash Receipts		-
(14.009)			(12.699)
28.922	Net Cash Outflow / (Inflow) from Capital Activities		24.052
	Cash Outflows		
-	Investments in Associates or Joint Ventures		-
-			-
	Cash Inflows		
-	Sale of Investments in Associates or Joint Ventures		-
-			-
-	Net Cash Outflow / (Inflow) from Acquisitions and Disposals		-
8.501	Net Cash Inflow Before Financing		2.947
	Cash Outflows		
(1.640)	Net Increase / (Decrease) in Short Term Deposits		(0.397)
2.825	Net Increase / (Decrease) in Other Liquid Resources		(1.574)
1.185	Net Cash Outflow / (Inflow) from Management of Liquid Resources		(1.971)
	Cash Outflows		
0.025	Repayments of Amounts Borrowed		0.097
(1.387)	Capital Element of Finance Lease Rental Payments		1.376
(1.362)			1.473
	Cash Inflows		
(11.889)	New Loans Raised		-
-	New Short Term Loans Raised		-
(11.889)			-
(13.251)	Net (Increase) / Decrease in Financing		1.473
(3.565)	Net (Increase) / Decrease in Cash		2.449



Note 1 – Explanation of Prior Period Adjustments

In the 2009/2010 Statement of Accounts the Council has adopted a significant accounting policy relating to the accounting for PFI and similar contracts which impacts on the comparative figures for 2008/2009 in the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses and the Balance Sheet.

The changes in question have had the following impact on the comparative figures for 2008/2009 compared to those published in the Statement of Accounts 2008/2009 (only figures which have changed are included in the table).

	Statement of Accounts 2008/2009 £m	Reverse Deferred Consideration £m	Reverse Residual Value £m	Create New Assets and Liabilities £m	Allocate Prepayment to Liability £m	Allocate Unitary Payments £m	2008/2009 Comparatives in Statement of Accounts £m
Education Services	142.116	(0.051)	0.968	2.028		(4.618)	140.443
Interest Payable and similar charges	11.352					2.996	14.348
Impact on Deficit before Statutory Adjustments		(0.051)	0.968	2.028	-	(1.622)	1.323
Depreciation and Impairment of Fixed Assets	(60.126)	0.051		(2.028)			(62.103)
Capital Element of PPP Unitary Payment	0.968		(0.968)				-
Statutory Provision for the Repayment of Debt	8.522					1.622	10.144
Impact on Decrease in General Fund Balance for the Year		-	-	-	-	-	-
Operational Assets - Other Land and Buildings	289.528	1.670		76.888			368.086
Long-Term Debtors & Prepayments	4.450		(1.086)		(3.295)		0.069
Deferred Consideration	1.559	(1.559)					-
Borrowing Repayable on demand or within 12 months	(2.102)			(4.306)		1.228	(5.180)
Deferred Liabilities - Finance Leases	(0.075)			(75.124)	3.295	0.609	(71.295)
Impact on Total Assets Less Liabilities		0.111	(1.086)	(2.542)	-	1.837	(1.680)
Capital Adjustment Account	270.349	0.111	(1.086)	(2.542)		1.837	268.669
Impact on Total Net Worth		0.111	(1.086)	(2.542)	-	1.837	(1.680)



Note 2 – Schools Public Private Partnership

The Council has entered into a Public Private Partnership for the provision of school buildings, maintenance and other facilities. The agreement provides the Council with six replacement or renovated schools and the provider is required to maintain these schools to a high standard.

The schools provided under the agreement became operational during 2007/2008 and 2008/2009 and, in accordance with the requirements of Appendix E to the Statement of Recommended Practice 2009, Accounting for PFI Transactions and Similar Contracts, the resultant assets and liabilities have been recognised on the Balance Sheet of the Council.

PPP Assets		£m
Gross Book Value as at 1 April 2009		81.100
Gross Book Value as at 31 March 2010		81.100
Less:		
Depreciation b/fwd 1 April 2009		2.542
Depreciation for Year		2.027
Balance as at 31 March 2010		4.569
Net Book Value as at 1 April 2009		78.558
Net Book Value as at 31 March 2010		76.531

The Net Book Value of the PPP Assets relates solely to the buildings provided under the PPP agreement and includes one school which was renovated and extended under the agreement and had a net book value of £1.670m in 2007/2008 prior to the renovations.

PPP Liabilities		£m
Net Outstanding Liability as at 1 April 2009		74.298
Repayment of Liability during 2009/2010		1.304
Net Book Value as at 31 March 2010		72.994

The PPP Liability relates to the construction costs of the PPP Assets which will be repaid to the contractor by way of a monthly unitary charge over the term of the PPP agreement. The unitary charge also includes elements for interest and service charges and the projected payments due under the agreement, based on assumed RPI and RPIX of 2.5% per annum, are as follows:

	Repayments of Liability £m	Interest and Similar Charges £m	Service Charges £m	Total Payments £m
Payments due in 2010-2011	1.901	4.007	2.492	8.400
Payments due between 2011-2012 and 2014-2015	7.669	15.886	11.700	35.255
Payments due between 2015-2016 and 2019-2020	8.763	19.171	20.183	48.117
Payments due between 2020-2021 and 2024-2025	10.256	19.071	23.838	53.165
Payments due between 2025-2026 and 2029-2030	11.880	17.894	28.543	58.317
Payments due between 2030-2031 and 2034-2035	17.971	19.301	28.067	65.339
Payments due between 2035-2036 and 2039-2040	14.554	12.271	17.042	43.867
TOTAL	72.994	107.601	131.865	312.460



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Note 3 – Leases

The Council leases a variety of assets i.e. property, vehicles, computers and items of plant.

	Finance Costs	Lease Costs	Total Finance Leases	Operating Leases
	£m	£m	£m	£m
Vehicles & Plant	0.006	0.072	0.078	1.399
IT Equipment	-	-	-	0.102
Property	-	-	-	0.551
	0.006	0.072	0.078	2.052

The Council is committed at 31 March 2010 to make payments under operating leases in 2010/11 and future years as follows:-

	Vehicles & Plant	Information Technology	Property	Total Leases
	£m	£m	£m	£m
Leases expiring in 2010-2011	0.232	0.012	0.188	0.432
Leases expiring between 2011-2012 and 2015-2016	2.049	0.006	0.735	2.790
Leases expiring after 2015-2016	-	-	0.655	0.655
Total Liabilities at 31 March 2010	2.281	0.018	1.578	3.877

This Note details the value of assets held under finance leases by the Council together with the outstanding liability for future leasing costs.

	Vehicles, Plant & Equipment	Total Finance Leases
	£m	£m
Value at 1 April 2009	0.148	0.148
Additions	-	-
Revaluations	-	-
Depreciation	(0.073)	(0.073)
Disposals	-	-
Value at 31 March 2010	0.075	0.075
Future Liability		
Obligations payable in 2010-2011	0.075	0.075
Obligations payable between 2011-2012 to 2015-2016	-	-
Obligations payable after 2015-2016	-	-
Total Liabilities at 31 March 2010	0.075	0.075

Note 4 – Local Government Act 1986 – Section 5

This Act requires the Council to maintain a separate account for publicity, the amounts which follow are included within service expenditure.

2008-2009		2009-2010
£m		£m
0.063	Recruitment Advertising	0.038
0.258	Publicity & Promotion	0.244
0.048	Statutory Advertising	0.047
0.138	Advertising Other	0.146
0.507	Total	0.475



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Note 5 – Related Party Transactions

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council, that have not been disclosed elsewhere in the Statement of Accounts.

	2009-2010 Income £m	2009-2010 Expenditure £m
Government Grants		
Revenue Grants		
Housing Benefit Subsidy	37.791	
Council Tax Benefit Subsidy	10.057	
Fairer Scotland Fund	4.621	
Administration of Housing Benefit Grants	1.560	
Private Sector Housing Grants	0.988	
Education Maintenance Allowance	0.687	
Specific Scottish Government Revenue Grants	0.629	
Enterprise Ayrshire	0.559	
Housing Support Grant	0.244	
Scottish Government Capital Grants		
General Capital Grant	6.438	
Flood Prevention	0.493	
NHS Ayrshire & Arran	0.089	
Strathclyde Partnership for Transport	0.271	
Cycling, Walking & Safer Streets	0.201	
Telecare	0.100	
Town Centre Regeneration	2.156	
Sportscotland	0.275	
Related Companies		
Kilmarnock Leisure Centre Trust		0.204
Visions		0.170
Related Bodies		
Strathclyde Police Joint Board		11.627
Strathclyde Fire & Rescue Joint Board		7.425
Strathclyde Partnership for Transport :		
Strathclyde Passenger Transport Authority		2.006
Strathclyde Passenger Transport Executive		3.522
Strathclyde Concessionary Travel Scheme		0.144
Ayrshire Valuation Joint Board		0.719
Scotland Excel		0.083

Note 6 – Audit Costs

2008-2009 £m		2009-2010 £m
0.110	Audit Scotland Recharge	0.111
0.210	External Audit Fee	0.215
0.320	Total	0.326



Note 7 – Agency Expenditure and Income

The Council bills and collects Domestic Water and Waste Water charges on behalf of Scottish Water along with its own Council Tax. During 2009/10 the Council received £0.303m for providing this service.

Note 8 – School Delegated Budgets

Amounts included in balances held for schools under delegated schemes are £0.490m.

Note 9 – Members’ Allowances and Interests

Under the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, there are now four levels of remuneration payments for Councillors, depending on the responsibilities of the Councillor. These are Leader of the Council, Provost, Senior Councillor and Councillor. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council’s Political Management Structure. All other Councillors, other than the Leader of the Council and the Provost, will receive the basic remuneration as prescribed by the Regulations. Remuneration is subject to income tax and national insurance deductions. In line with the Regulations the public record of Members’ Expenses for 2009/10 and the Register of General Notice of Members’ Registerable Interests are available for inspection during normal working hours at the Finance and Corporate Support Service, Greenholm Street, Kilmarnock as well as on the Council’s website www.east-ayrshire.gov.uk and are shown below. The list of Members’ Appointments to Outside Bodies is also available for inspection.

2008-2009 £m		2009-2010 £m
0.613	Basic Pay	0.623
0.001	Responsibility Allowances	0.001
0.614		0.624
0.002	Subsistence	0.000
0.038	Travel Expenses	0.026
0.035	Telephone and ICT Expenses	0.029
0.075		0.055
0.689	Total	0.679

Note 10 – Officers’ Remuneration

This Note provides an analysis of Council officers whose total remuneration excluding pensions exceeded £50,000.

2008-2009 Total		2009-2010 Officers	2009-2010 Teachers	2009-2010 Total	Left During Year
53	£50,000 - £59,999	22	47	69	3
7	£60,000 - £69,999	6	3	9	6
16	£70,000 - £79,999	17	6	23	3
1	£80,000 - £89,999	2	1	3	1
2	£90,000 - £99,999	3	-	3	1
1	£100,000 - £110,000	1	-	1	-
-	£110,000 - £120,000	1	-	1	1
1	£120,000 - £130,000	1	-	1	-
81	Total	53	57	110	15



Note 11 – Pension Costs (The Local Government Superannuation (Scotland) Scheme)

This scheme, the Strathclyde Pension Fund, is administered by Glasgow City Council on behalf of the scheduled and admitted bodies in the West of Scotland. This is the main scheme for administrative and manual staff employed by the Council being a funded defined benefits scheme and, as such, is subject to the full accounting requirements of FRS17. The scheme is supported by contributions from both employees and employers intended to balance the pensions liability with investment assets.

Transactions Relating to Retirement Benefits

The cost of retirement benefits under FRS17 is recognised 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 made against Council Tax is based on the cash payable in the year. Therefore, an adjustment is made in the Statement of Movement in the General Fund Balance on page 17. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on the General Fund Balance during the year:-

2008-2009 £m	Pension Costs	2009-2010 £m
	Net Cost of Services	
9.675	Current Service Cost	8.169
0.306	Past Service Cost	3.721
0.431	Curtailments	1.409
	Net Operating Expenditure	
28.241	Interest Cost	25.807
(28.857)	Expected Return on Assets in the Scheme	(20.666)
9.796	Net Charge to the Income and Expenditure Account	18.440
(9.796)	Net Charges made for Retirement Benefits in accordance with FRS17	(18.440)
14.497	Employers Contributions Payable to Strathclyde Pension Fund	15.970
4.701	Net Pension Movement in Statement of Movement in General Fund balance	(2.470)

In addition to the recognised gains and losses included in the Income and Expenditure account, actuarial gains and losses of £124.611m were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £152.281m.

Assets and Liabilities in Relation to Retirement Benefits

As at 31 March 2010, the Council had the following assets and liabilities for pensions within the Strathclyde Pension Fund that have been included in the Balance Sheet:

Reconciliation of present value of scheme liabilities

2008-2009 £m		2009-2010 £m
(406.695)	Estimated Liabilities in Strathclyde Pension Fund brought forward	(373.709)
(9.675)	Current Service Costs	(8.169)
(28.241)	Interest Costs	(25.807)
(4.489)	Contributions by Members	(4.735)
61.047	Actuarial Gains/(Losses)	(223.493)
15.081	Benefits Paid	16.977
(0.306)	Past Service Costs	(3.721)
(0.431)	Curtailments & Settlements	(0.681)
(373.709)	Present Value of Strathclyde Pension Fund Liabilities at 31 March 2010	(623.338)



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Reconciliation of fair value of scheme assets

2008-2009 £m		2009-2010 £m
403.057	Share of Assets in Strathclyde Pension Fund brought forward	316.457
28.857	Expected Rate of Return	20.666
(119.362)	Actuarial Gains/Losses	98.882
-	Assets Distributed on Settlements	(0.728)
14.497	Employer Contributions	15.970
4.489	Contributions by Members	4.735
(15.081)	Benefits Paid	(16.977)
316.457	Share of Assets in Strathclyde Pension Fund at 31 March 2010	439.005

The actual return on scheme assets in the year was (£119.627m), (2008/09 £84.549m).

Scheme History

2005-2006 Restated £m	2006-2007 Restated £m	2007-2008 Restated £m	2008-2009 £m		2009-2010 £m
(466.774)	(460.966)	(406.695)	(373.709)	Present Value of Liabilities	(623.338)
375.152	407.410	403.057	316.457	Fair Value of Pension Scheme Assets	439.005
(91.622)	(53.556)	(3.638)	(57.252)	Surplus / (Deficit)	(184.333)
15.8%	0.1%	(10.4%)	(37.7%)	Experience Gains / (Losses) on Assets	22.5%
1.4%	0.1%	(0.1%)	8.6%	Experience Gains / (Losses) on Liabilities	(0.5%)

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The net liability of £184.333m has an impact on the net worth of the Council as recorded in the Balance Sheet. It should be noted that these book entries are based on the snapshot position at 31 March 2010 for reporting purposes only. The statutory arrangements for funding the deficit mean the financial position of the Council remains assured as it will be made good by increased contributions over the remaining working life of the employees, as assessed by the actuary. The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2011 are £12.825m.

Note 12 - Increase in Pension Liability

The pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Council. The liability relates to benefits earned by existing or previous employees up to 31 March 2010.

These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This is to allow for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received in, for example, ten years time, since the money received now could be invested and would earn interest or returns during the ten years. In order to adjust the pension liability cash flows for the time value of money a discount factor based on corporate bond rates is used. The corporate bond rate used for the valuation as at 31 March 2010 (5.5%) is significantly lower than that used at 31 March 2009 (6.9%). This has contributed to a significant increase in the estimated current value of the pension liability. This increase in liabilities has been partially offset by increases in asset values in line with the stock market recovery. However this growth has been insufficient to offset the increase in liabilities.

The calculation of current service cost for pension benefits earned is based on the discount rate at the start of the year. Therefore current service costs in 2009/10 have not been affected by the change, at 31 March 2010, in the corporate bond rates used to estimate the current value of pension liabilities. The change in rate will however affect the reported current service costs of pensions in 2010/11 which are therefore likely to be higher than those reported for 2009/10.



Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, and other factors.

The liabilities of the Strathclyde Pension Fund have been assessed by Hymans Robertson, an independent firm of actuaries, with estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2008. The main assumptions used in their calculations have been:

2008-2009		2009-2010
20.3yrs	Longevity at 65 for Current Pensioners: Male	20.6yrs
23.2yrs	Female	23.9yrs
21.7yrs	Longevity at 65 for Future Pensioners: Male	22.6yrs
24.6yrs	Female	25.0yrs
3.1%	Rate of Inflation	3.8%
4.6%	Rate of Increase in Salaries	5.3%
6.5%	Expected Return on Assets	7.2%
6.9%	Rate of Discounting Scheme Liabilities	5.5%

Assets held by Strathclyde Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the fund:

2008-2009	Long-Term Return		2009-2010	Expected Long-Term Return
%	%		%	%
73	7.0	Equity Investments	77	7.8
16	5.4	Bonds	13	5.0
8	4.9	Property	7	5.8
3	4.0	Cash	3	4.8

The Scottish Teachers' Superannuation Scheme

This Scheme is administered by the Scottish Government and is supported by contributions from both employers and employees. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

Contributions by East Ayrshire Council during 2009/10 amounted to £6.804m, 14.9% of pensionable pay (2008/2009 £6.204m, 13.5% of pensionable pay). In addition, contributions totalling £0.803m, 1.76% of pensionable pay, were made in respect of discretionary payments (2008/2009 £0.411m, 0.90% of pensionable pay).

Unlike the Local Government Scheme, the Council is not required to apply FRS17 disclosures in respect of the Teachers' Superannuation Scheme as the liability for payment of pensions rests ultimately with the Scottish Government. Therefore, the costs recorded within the Income and Expenditure Account in respect of this scheme are the actual contributions made during the year.



Note 13 - Financial Instruments Balances

	Long-Term		Current	
	31 March 2010 £m	31 March 2009 £m	31 March 2010 £m	31 March 2009 £m
Financial Liabilities at amortised cost				
Bank Overdraft	-	-	(5.742)	(3.295)
Loans	(204.476)	(204.305)	(2.081)	(2.102)
Total Borrowings	(204.476)	(204.305)	(7.823)	(5.397)
Loans and Receivables at amortised cost				
Deposits	-	-	39.190	40.273
Mortgage Debts	0.060	0.069	-	-
Total Investments	0.060	0.069	39.190	40.273

Note 14 - Financial Instruments Gains and Losses

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

	Financial Liabilities	Financial Assets			Total
	Liabilities Measured at Amortised Cost £m	Loans and Receivables £m	Available For Sale Assets £m	Fair Value through the Income & Expenditure A/c £m	£m
Interest Expense	11.596	-	-	-	11.596
Impairment Losses	-	(0.665)	-	-	(0.665)
Interest Payable and Similar Charges	11.596	(0.665)	-	-	10.931
Interest Income	-	(0.512)	-	-	(0.512)
Interest and Investment Income	-	(0.512)	-	-	(0.512)
Gains on Revaluation	-	-	-	-	-
Losses on Revaluation	-	-	-	-	-
Amounts Recycled to the I&E Account after Impairment	-	-	-	-	-
Surplus Arising on Revaluation of Financial Assets	-	-	-	-	-
Net (Gain)/Loss for the Year	11.596	(1.177)	-	-	10.419

The amounts above are the actual amounts due or receivable on external loans and investments and have been charged through the internal Loans Fund to the Income and Expenditure Account.

Note 15 - Fair Value of Financial Instruments Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- no early repayment or impairment is recognised;
- where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.



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The fair values calculated are as follows:

	31 March 2010		31 March 2009	
	Carrying Amount £m	Fair Value £m	Carrying Amount £m	Fair Value £m
PWLB Debt	(136.559)	(165.909)	(136.585)	(176.089)
Non PWLB Debt	(69.998)	(72.138)	(69.822)	(77.791)
Total Debt	(206.557)	(238.047)	(206.407)	(253.880)
Bank Overdraft	(5.742)	(5.742)	(3.295)	(3.295)
Trade Creditors	(13.522)	(13.522)	(14.073)	(14.073)
Total Financial Liabilities	(225.821)	(257.311)	(223.775)	(271.248)

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

	31 March 2010		31 March 2009	
	Carrying Amount £m	Fair Value £m	Carrying Amount £m	Fair Value £m
Investments (Bank & Building Societies) < 1 year	39.190	39.190	40.273	40.273
Mortgage Debt	0.060	0.060	0.069	0.069
Accounts Receivable	2.680	2.680	3.371	3.371
Council Tax	1.201	1.201	2.150	2.150
Housing Rents	0.245	0.245	0.342	0.342
Total Financial Assets	43.376	43.376	46.205	46.205

The fair values for financial liabilities have been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates as at each Balance Sheet date. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments and includes accrued interest.

Note 16 - Disclosure of Nature and Extent of Risk Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing Risk – the possibility that the Council might require to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.



Note 17 – Financial Instruments Overall Procedures for Managing Risk

The Council’s overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are established through a legal framework set out in the Local Government (Scotland) Act 2003 and the associated regulations. These require the Council to comply with the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the revised CIPFA Treasury Management in the Public Services Code of Practice. Overall these procedures require the Council to manage risk in the following ways by:

- Formally adopting the requirements of the Code of Practice;
- approving annually in advance prudential indicators for the following three years limiting the Council’s overall borrowing, the exposure to fixed and variable rates, exposure to the maturity structure of its debt and the maximum annual exposures to investments maturing beyond a year;
- approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported to and approved by the Council before the start of each financial year. These items are reported within the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council’s financial instrument exposure. Actual performance is also reported annually to Elected Members.

The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Note 18 – Financial Instruments Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as credit exposures to the Council’s customers.

This risk is minimized through the Treasury Management Strategy which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with the Fitch, Moody’s and Standard & Poor’s Rating Service. The Treasury Management Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Council’s potential maximum exposure to credit risk based on experience of default assessed by the ratings agencies and the Council’s experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Gross Debtor at 31 March 2010 £m	Historical Experience of Default Adjusted for Market Conditions at 31 March 2010 %	Estimated Maximum Exposure to Default £m
Deposits with banks and building societies	39.190	0.7%	0.282
Customers	6.390	58.1%	3.710
Total	45.580		3.992

The historical experience of default for deposits with banks and building societies has been based on information provided by Moody’s, Fitch and Standard and Poor, credit rating organisations used by the Council, updated for the unprecedented volatility in the financial markets.



In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £5.000m invested in this sector at that time. In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements. The impact of the principal invested has been mitigated in the accounts according to government regulations, although all related investment income has been fully impaired.

Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties.

The Council has an obligation to collect council tax, non-domestic rates and to provide other services. It is Council policy to bill and to recover all such amounts due and the values above reflect the cumulative amount of such debts outstanding at 31 March 2010 which the Council is still taking action to recover.

Note 19 – Financial Instruments Liquidity Risk

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need and, whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils. The Council is also required to provide a balanced budget which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports) as well as through cash flow management procedures required by the Code of Practice.

Note 20 – Financial Instruments Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt is the key parameter used to address this risk. The Council approved Treasury and Investment Strategy addresses the main risks and the operational risks are assessed within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	£m
< 1 year	24.048
1 - 2 years	0.032
2 - 5 years	0.116
5 - 10 years	2.925
Over 10 years	198.700
Total	225.821



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The maturity analysis of financial assets is as follows:

	£m
< 1 year	39.196
> 1 year	0.054
Total	39.250

All other liabilities total £4.126m and are due to be paid in less than one year and are not shown in the table above.

Note 21 – Financial Instruments Market Risk

Interest Rate Risk - The Council has limited exposure to interest rate movements on its borrowings and investments. Borrowings are not carried at fair value on the balance sheet so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or Statement of Total Recognised Gains and Losses. However, changes in interest payable and receivable on variable rate borrowings and investments would impact on the Income and Expenditure Account and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The market and forecast interest rates are monitored within the year to adjust exposures appropriately. If all interest rates had been 1% higher, with all other variables held constant, the likely financial effect would have been (the impact of a 1% fall in interest rates would be as below but with the movements being reversed):

	£m
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on investments	(0.480)
TOTAL	(0.480)
Share of overall impact credited to the HRA	(0.027)

Price Risk – The Council is not exposed to risks arising from exposure to movement in share prices.

Foreign Exchange Risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 22 – Exceptional Item – Part Reversal of Previous Impairment of Deposits with Icelandic Banks

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Council had £5.000m deposited across two of these institutions, with varying maturity dates and interest rates. All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available, the Council considers that it is appropriate to re-assess the impairment and this is based on the schedules outlined below.

As the available information is not definitive and it is likely that further adjustments will be made to the accounts in future years.



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Heritable Bank plc

At 31 March 2009 the total amount to be received was estimated to be between 70% and 80% of the claim. The administrators issued the latest creditors report in January 2010 which noted that current projections suggest a return to creditors of 79 to 85 pence in the pound. During 2009/10 the first interim payment was received in July 2009 for 16.13% of the claim. Since then, further dividends have been paid (12.66% in December 2009 and 6.19% in March 2010), bringing the total dividends paid to date to 34.98% of the claim.

In view of this information, the Local Authority Accounting Panel (LAAP) recommends that the following repayment schedule is used to estimate the recoverable amount at 31 March 2010. The schedule is based on expected total dividends of 84.98% of the claim.

Date	Repayment
June 2010	5%
September 2010	5%
December 2010	5%
March 2011	5%
June 2011	5%

Date	Repayment
September 2011	5%
December 2011	5%
March 2012	5%
June 2012	5%
September 2012	5%

Kaupthing Singer & Friedlander Ltd

At 31 March 2009 the total amount to be received was estimated to be 50% of the claim. During 2009/10 the first interim payment had been made in July 2009 for 20% of the claim. Since then, further dividends have been paid (10% in December 2009 and 5% in March 2010), bringing the total dividends paid to date to 35% of the claim.

The latest administrators' report in April 2010 noted that the current estimated total distributions to unsecured creditors should be in the range of 65p to 78p in the pound. The report does not include any information that indicates any particular value in the range is more likely than other values and the best estimate of the recoverable amount is therefore based on the mid point of the range.

In view of this information, LAAP recommends that the following repayment schedule is used to estimate the recoverable amount at 31 March 2010. The schedule is based on expected total dividends of 71% of the claim.

Date	Repayment
July 2010	6%
January 2011	6%
July 2011	6%

Date	Repayment
January 2012	6%
July 2012	6%
January 2013	6%

Impairments

Investments included in the current assets figure in the Balance Sheet include the following investments that have been impaired because of the financial difficulties being experienced by Icelandic Banks.

Bank	Date Invested	Maturity Date	Amount Invested £m	Interest Rate %	Carrying Amount £m	Impairment £m
Heritable Bank	15/08/2008	14/11/2008	1.000	5.83%	0.384	0.233
Heritable Bank	09/07/2008	09/10/2008	2.000	5.90%	0.764	0.463
Kaupthing Singer and Friedlander Ltd	28/03/2008	27/03/2009	2.000	6.03%	0.266	0.784



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The carrying amounts of the investments included in the balance sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate.

The expected repayments have been estimated as follows, based on the statements made by the administrator:

	Heritable Bank £m	Kaupthing Singer and Friedlander Ltd £m
31 March 2011	0.586	0.239
31 March 2012	0.552	0.225
31 March 2013	0.264	0.212

Interest credited to the Income and Expenditure Account in respect of the investments is as follows:

Bank	Credited 2008-2009 £m	Received 2008-2009 £m	Credited 2009-2010 £m	Received 2009-2010 £m
Heritable Bank	0.044	-	0.116	-
Kaupthing Singer and Friedlander Ltd	0.120	-	0.063	-

Regulations issued in March 2009 allow the Council not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations.

The Council has taken advantage of the regulations and has transferred the following amounts to the Financial Instruments Adjustment Account:

Bank	Amount Transferred to Financial Instruments Adjustment Account £m
Heritable Bank	(0.371)
Kaupthing Singer and Friedlander Ltd	(0.473)

Under the regulations, the Council must transfer the balance on the Financial Instruments Adjustment Account to the General Fund no later than 31 March 2011 and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the General Fund.

The Council estimates that the following credits will be made to the FIAA:

Bank	Balance on FIAA at 31/3/09 £m	Transfers during 2009-2010 £m	Transfers during 2010-2011 £m	Balance on FIAA at 31/3/11 £m
Heritable Bank	0.828	(0.371)	(0.457)	-
Kaupthing Singer and Friedlander Ltd	1.073	(0.473)	(0.600)	-



Note 23 – Intangible Assets

This Note details the movement in software intangible assets held by the Council.

Intangible Assets	£m
Gross Book Value as at 1 April 2009	0.288
Expenditure	0.066
Gross Book Value as at 31 March 2010	0.354
Less:	
Amortisation b/fwd 1 April 2009	0.124
Amortisation for Year	0.072
Balance as at 31 March 2010	0.196
Net Book Value as at 1 April 2009	0.164
Net Book Value as at 31 March 2010	0.158

Note 24 – Valuation of Fixed Assets

The following schedule shows the progress of the Council's 5 year rolling programme for the revaluation of fixed assets. The properties were valued by Mr S McVie (MRICS), the Council's Principal Surveyor in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors.

Asset Type	Year
Assets less than £0.500m	2010-2011
Community Assets	2011-2012
De Minimis Assets	2012-2013
Council Dwellings	2013-2014
Assets greater than £0.500m	2014-2015

Note 25 – Analysis of Assets Held at Current Value

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m
Value at historical cost:	-	-	7.974	50.580	-	58.554
New Certified Valuation included in Balance Sheet						
2009-10	-	372.499	-	-	3.550	376.049
2008-09	349.451	2.123	-	-	0.778	352.352
2007-08	-	7.901	-	-	0.345	8.246
2006-07	-	5.762	-	-	0.286	6.048
2005-06	-	30.591	-	-	0.752	31.343
Total	349.451	418.876	7.974	50.580	5.711	832.592



Note 26 – Fixed Assets

This Note details the movement in each classification of fixed asset held by the Council.

	OPERATIONAL ASSETS					NON-OPERATIONAL ASSETS		Total £m
	Council Dwellings	Other Land & Buildings	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	
	£m	£m	£m	£m	£m	£m	£m	
Gross Book Value at 31/3/09	380.912	398.366	12.007	67.380	-	5.105	2.480	866.250
Expenditure	12.556	16.043	2.525	4.419	-	-	0.947	36.490
Disposals at Cost	(2.929)	(1.025)	(0.002)	-	-	(0.006)	-	(3.962)
Revaluations	(0.036)	47.356	-	-	-	0.717	-	48.037
Impairments	(0.712)	(22.369)	(0.335)	-	-	-	-	(23.416)
Reclassifications	-	2.480	-	-	-	-	(2.480)	-
Gross Book Value at 31/3/10	389.791	440.851	14.195	71.799	-	5.816	0.947	923.399
Less:								
Depreciation b/fwd 1/4/09	19.727	30.280	4.629	16.671	-	0.076	-	71.383
Depreciation for Year	20.795	11.835	1.594	4.548	-	0.029	-	38.801
Depreciation on Assets Sold/Revalued	(0.182)	(20.140)	(0.002)	-	-	-	-	(20.324)
Reclassifications	-	-	-	-	-	-	-	-
Balance at 31/3/10	40.340	21.975	6.221	21.219	-	0.105	-	89.860
Net Book Value at 1/4/09	361.185	368.086	7.378	50.709	-	5.029	2.480	794.867
Net Book Value at 31/3/10	349.451	418.876	7.974	50.580	-	5.711	0.947	833.539
Nature of asset holding								
Owned	349.451	342.345	7.906	50.580	-	5.711	0.947	756.940
Finance Lease		76.531	0.068					76.599
	349.451	418.876	7.974	50.580	-	5.711	0.947	833.539



Statement of Accounts 2009/2010
Notes to the Core Statements

Note 27 – Information on Assets Held

This Note gives a description of the range of assets that make up the fixed asset balances in the Balance Sheet.

31 March 2009	Asset	31 March 2010
13,086	Council Dwellings	12,981
	Operational Buildings	
17	Pre 5 Schools	17
43	Primary Schools	43
9	Secondary Schools	9
4	Special Schools	4
69	Community Education Centres	69
3	Day Centres	3
37	Car Parks	37
7	Social Work Homes	7
3	Assessment Centres	3
9	Depots	9
9	Sports Centres	9
1	Swimming Pools	1
18	Halls	18
4	Public Conveniences	4
21	Council Offices	21
74	Industrial Units	71
41	Shops	35
21	Libraries	21
6	Museums	6
	Infrastructure Assets	
144	Principal Roads (km's)	146
453	Non Principal Roads (km's)	464
630	Unclassified Roads (km's)	663
797	Highway Bridges	797
19,139	Street Lighting Units	19,954
1,334	Illuminated Signs and Bollards	1,579
	Community Assets	
58	Parks (Hectares)	58
52	Cemeteries (Hectares)	56
773	Playing Fields / Open Spaces (Hectares)	769
	Operational Equipment	
110	Vehicles	127

Note 28 – Net Assets Employed

2008-2009 £m		2009-2010 £m
317.387	General Fund	436.675
362.136	Housing Revenue Account	356.650
2.219	Former Trading Services	-
681.742	Total	793.325



Statement of Accounts 2009/2010
Notes to the Core Statements

Note 29 – Capital Commitments

This Note provides a list of the significant contracts for capital investment that the Council has entered into.

General Fund		£m	Housing		£m
Scheme	Duration		Scheme	Duration	
Muirkirk Primary Roofing	April - July 2010	0.189	Window Replacements	April 2010	0.147
Dick Institute	April - June 2010	0.033	Gas Central Heating	April - July 2010	0.561
Sports Pavilions	April - March 2011	0.771	Kitchens & Bathrooms	April - June 2010	0.444
Cemetery Extensions	April - November 2010	0.319	Sheltered Housing	April - October 2010	0.672
Council Chambers	April - September 2010	0.082			
Total		1.394			1.824

Note 30 – Funding of Capital Expenditure

	General Fund £m	Housing Revenue Account £m	Total £m
Borrowing	16.076	5.896	21.972
Useable Capital Receipts	0.094	2.083	2.177
Specific Grants and Other Income	7.379	-	7.379
Capital Funded From Current Revenue (CFCR)	0.451	4.577	5.028
Gross Capital Expenditure	24.000	12.556	36.556

Note 31 – Debtors

An analysis of Debtors is provided in the following table.

2008-2009 Net Debtor £m		2009-2010		
		Gross Debtor £m	Provision £m	Net Debtor £m
2.150	Arrears of Local Taxation : Council Tax	19.090	17.889	1.201
0.342	Housing Rents	0.893	0.648	0.245
3.319	Accounts Receivable	6.390	3.710	2.680
1.617	VAT and Income Tax Recoverable	3.749	-	3.749
13.496	Other Income Due	14.380	3.855	10.525
20.924	Total	44.502	26.102	18.400

Note 32 – Creditors

An analysis of Creditors is provided in the following table.

2008-2009 £m		2009-2010 £m
14.073	Accounts Payable	13.522
5.949	Payroll Creditors	6.511
22.529	Other	26.996
42.551	Total	47.029



Statement of Accounts 2009/2010
Notes to the Core Statements

Note 33 – Movement in Reserves

This Note details the movements in reserves during the year.

	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Capital Fund
	£m	£m	£m	£m
Opening Balance as at 1 April 2009	193.059	268.669	(17.258)	15.713
Gains / Losses on the Fund	67.771	(45.796)	1.039	0.659
Net Amount Transferred Between Reserves	(13.789)	13.882	-	(0.093)
Closing Balance as at 31 March 2010	247.041	236.755	(16.219)	16.279

	General Fund Balance	Renewals and Repairs	Housing Revenue Account	Pensions Reserve
	£m	£m	£m	£m
Opening Balance as at 1 April 2009	27.009	6.569	2.226	(57.252)
Gains / Losses on the Fund	0.277	0.058	1.653	(127.081)
Net Amount Transferred Between Reserves	(0.683)	0.683	-	-
Closing Balance as at 31 March 2010	26.603	7.310	3.879	(184.333)

Note 34 – Reconciliation of net (surplus) / deficit on the Income & Expenditure Account to the revenue activities net cash flow in the Cash Flow Statement

Notes 34 to 37 support the Cash Flow Statement shown on Page 20.

31 March 2009 £m		31 March 2010 £m
60.500	Revenue Activities	
(9.158)	(Surplus) / Deficit on Group Income and Expenditure Account	52.473
51.342	Surplus / (Deficit) attributable to Associates and Joint Ventures	(7.893)
		44.580
	Non Cash Items in the Income and Expenditure Account	
(62.160)	Depreciation and Impairment	(62.290)
1.386	Amortisation of Deferred Grants	1.737
(4.167)	Net Gain / (Loss) on sale of Fixed Assets	(0.768)
4.701	Amount by which pension costs calculated in accordance with the SORP are different from the contributions due under the pension scheme regulations	(2.470)
(0.265)	EIR Stepped Loan Adjustment	(0.241)
(60.505)		(64.032)
	Changes in Working Capital	
0.290	Increase in Stock & Work in Progress	0.050
(4.304)	Increase in Revenue Activity Debtors	(0.694)
(7.244)	Decrease in Revenue Activity Creditors	(1.009)
(11.258)		(1.653)
-	Dividends Received from Associates and Joint Ventures	-
(11.757)	Returns on Investments and Servicing of Finance	(14.113)
(32.178)	Net Cash Outflow / (Inflow) from Revenue Activities	(35.218)



Statement of Accounts 2009/2010
Notes to the Core Statements

Note 35 – Reconciliation of items under Financing and Management of Liquid Resources sections of the Cash Flow to the opening and closing Balance Sheet

	Balance at 01/04/2009 £m	Cashflow £m	Balance at 31/03/2010 £m
Cash	0.049	(0.002)	0.047
Bank Overdraft	(3.295)	(2.447)	(5.742)
Increase in Cash	(3.246)	(2.449)	(5.695)
Debt Due after 1 Year	(275.600)	0.031	(275.569)
Debt Due within 1 Year	(3.207)	1.201	(2.006)
Total Debt	(278.807)	1.232	(277.575)
Temporary Lending / Short-Term Deposits	39.561	(0.397)	39.164
Total	(242.492)	(1.614)	(244.106)

Note 36 – Reconciliation of Movement in Net Cash to Movement in Net Debt

2008-2009 £m		2009-2010 £m
3.565	Increase / (Decrease) in Cash in Period	(2.449)
(70.989)	(Increase) / Decrease in Debt and Lease Financing	1.232
(1.639)	Increase / (Decrease) in Liquid Resources	(0.397)
(69.063)	Movement in Debt in Period	(1.614)
(173.429)	Net Debt as at 1 April 2009	(242.492)
(242.492)	Net Debt as at 31 March 2010	(244.106)

Note 37 – Analysis of Government Grants

2008-2009 £m		2009-2010 £m
171.918	Scottish Government General Revenue Funding	177.167
48.584	Non Domestic Rates Pool	48.751
6.722	Scottish Government Specific Revenue Grants	6.425
43.105	DWP Housing Benefit & Council Tax Benefit Subsidy	47.604
1.507	DWP Administration of Housing Benefit Grant	1.560
2.087	Criminal Justice Grant	2.014
0.606	Educational Maintenance Allowance	0.759
	Capital Grants	
4.204	General Capital Grant	6.438
0.260	Cycling, Walking & Safer Streets	0.201
-	Telecare	0.100
-	Town Centre Regeneration	2.156
2.888	Flood Prevention	0.493
281.881	Cash Flow from Government Grants	293.668



Note 38 – Contingent Liabilities

The Council is a constituent member of the West of Scotland Loans Fund Ltd, which exists to co-ordinate the 12 former Strathclyde Regional Council authorities in respect of the relationship with the European Regional Development Fund. As at 31 March 2010 the Council's involvement stands at £1.735m and in the event of the Fund being wound up, a contingent liability of £0.613m exists in respect of European Development Fund Grants. The Council does not have an interest in the share capital of any of the companies dealt with by the West of Scotland Loans Fund Ltd.

The Council has an obligation to indemnify and reimburse any cumulative deficit sustained by the Kilmarnock Leisure Centre Trust up to a maximum of £0.200m in each financial year once the reserves held by the Trust have been depleted. A contingent liability also exists in respect of future potential Equal Pay compensation claims.

The Council is a partner in two joint venture companies promoting the regeneration of Cumnock Town Centre, Cumnock Regeneration (Office) Ltd and Cumnock Regeneration (Retail) Ltd. In the event of the discontinuation of the Cumnock Regeneration (Retail) Ltd a contingent liability of £0.225m exists for the repayment of costs incurred by the partner.

On 2 December 2009 Cabinet approved an Alliance Agreement with the former partners resulting in the Council making a payment in respect of the balance of professional services costs held by the (Office) Joint Venture company. Cumnock Regeneration (Office) Ltd no longer trades and is effectively dormant.

Note 39 – Provisions

Employment Tribunal proceedings have been raised against the Council by a number of staff relating to a dispute concerning Equal Pay. A provision has also been made to address legal implications arising from an alleged failure in the evaluation of a contract and a further provision has been made in respect of a pending Health and Safety prosecution. The information usually required by Financial Reporting Standard 12 – (Provisions, Contingent Liabilities and Assets) is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the proceedings.

A provision of £0.115m has been made in respect of holidays accrued by teachers while on maternity leave and a further amount of £0.143m has been set aside in respect of contractor claims relating to the PPP Schools Contract. It is expected that payment will be made in the next twelve months.

A provision of £1.614m has been made in respect of redundancy costs within departments. Arrangements were agreed by the Cabinet prior to the year end and the payments will be made in the coming months.

Note 40 – Post Balance Sheet Events

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Finance Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Fund by around 6-8%.

Note 41 – Statement of Accounts

The unaudited Statement of Accounts was approved by a meeting of the Council on 24 June 2010. The Executive Director of Finance and Corporate Support, being the responsible officer for the Council's financial affairs, signed the unaudited Statement of Accounts on 24 June 2010. Events after 31 March 2010, the Balance Sheet date, have been considered up to the date of signing. The audited Statement of Accounts was authorised for issue on 24 September 2010.



Statement of Accounts 2009/2010
Housing Revenue Account Income and Expenditure Account

The Housing Revenue Account (HRA), reflects the statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing (Scotland) Act 1987. It includes items to be taken into account in determining the surplus or deficit on the HRA for the year.

The amounts included in the HRA differ from the amounts in respect of HRA services included in the following Income and Expenditure Account which includes income and expenditure in accordance with the SORP rather than required by statutory and non-statutory practices.

2008-2009		2009-2010
Net Expenditure	Income	Net Expenditure
£m		£m
(32.349)	Dwelling Rents (Gross)	(33.539)
(0.821)	Non Dwelling Rents (Gross)	(0.779)
(0.264)	Housing Support Grant	(0.244)
(1.066)	Any Other Income	(0.726)
(34.500)		(35.288)
	Expenditure	
15.187	Repairs and Maintenance	12.934
8.325	Supervision and Management	8.619
19.932	Depreciation and Impairment of Fixed Assets	21.645
0.689	Bad and Doubtful Debt Provision	0.595
1.211	Any Other Expenditure	1.020
45.344		44.813
10.844	Net Cost of HRA Services as Included in the whole Authority I&E Account	9.525
0.717	HRA Share of Corporate & Democratic Core	0.725
11.561	Net Cost of HRA Services	10.250
3.614	(Gains)/Losses on Disposal of HRA Fixed Assets	0.731
3.225	Interest Payable and similar charges	3.457
(0.331)	Interest and Investment Income	(0.029)
(0.046)	Pension Interest Cost and Expected Return on Pension Assets	0.171
18.023	Deficit for the Year on HRA Services Before Statutory Adjustments	14.580

The Statement of Movement on the Housing Revenue Account Balance shows how the HRA Income and Expenditure Account surplus for the year reconciles to the movement on the Housing Revenue Account Balance for the year.

2008-2009		2009-2010
£m		£m
18.023	Deficit for the year on the HRA Income & Expenditure Account Before Statutory Adjustments	14.580
(18.194)	Net additional amount required by statute and non-statutory proper practices to be debited or (credited) to the HRA Balance for the Year	(16.233)
(0.171)	Increase in the HRA Balance for the Year	(1.653)
(2.055)	Housing Revenue Account Balance brought forward	(2.226)
(2.226)	Housing Revenue Account Balance carried forward	(3.879)



Statement of Accounts 2009/2010
Statement of Movement on the Housing Revenue Account Balance

The following note provides further analysis of the net additional amount required by statutory and non-statutory proper practices to be debited or credited to the HRA Balance for the year.

2008-2009		2009-2010
£m		£m
	Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year	
(19.932)	Depreciation and Impairment of Fixed Assets	(21.645)
(3.614)	Gain or (loss) on sale of HRA Fixed Assets	(0.731)
0.121	Differences between the amounts credited to the Income and Expenditure Account and amounts payable / receivable to be recognised under statutory provisions relating to premiums and discounts on the early repayment of debt.	0.056
(0.375)	Net charges made for retirement benefits in accordance with FRS 17	(0.639)
(23.800)		(22.959)
	Amounts not included in the HRA Income & Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year	
0.514	Employer's contributions payable to Strathclyde Pension Fund	0.522
0.728	Loans Fund Principal	1.087
4.364	Capital expenditure funded by the HRA	5.117
5.606		6.726
(18.194)	Net additional movement required to be credited to the Housing Revenue Account for the year	(16.233)



**Statement of Accounts 2009/2010
Supplementary Notes to the Housing Revenue Account**

Note 42 – Housing Stock

The number and types of dwellings in the Council's housing stock is as follows:

2008-2009 Total		Flat	House	2009-2010 Total
2,539	One Bedroom	1,683	849	2,532
6,544	Two Bedroom	3,379	3,107	6,486
3,736	Three Bedroom	627	3,069	3,696
265	Four Bedroom	14	251	265
2	Five Bedroom	2	-	2
13,086	Total	5,705	7,276	12,981

Note 43 – Rental Information

The amount of rent arrears and the provision considered necessary in respect of uncollected debts is shown in the table below.

2008-2009		2009-2010
£48.62	Average Weekly Rent (52 weeks)	£50.85
3.14%	Current Rent Arrears (as % of Rent Collectable)	2.54%
£1.088m	Total Rent Arrears	£0.893m
£0.746m	Provision for Bad Debt	£0.648m

Note 44 – Loss on Void Properties

The Council is required to disclose the loss on void properties and in 2009/10 this amounted to £0.875m. The comparator figure for 2008/2009 was £1.017m.



Statement of Accounts 2009/2010
Council Tax Income Account and Supplementary Notes

Council Tax Income

Occupiers of domestic properties are liable to pay Council Tax. This is a tax levied by local authorities on domestic properties within their area.

Dwellings fall within a valuation band 'A' to 'H' which is determined by the Assessor, employed by Ayrshire Valuation Joint Board (AVJB). In setting its budget the Council determines the Council Tax level each year. Charges for other bands are proportionate to the Band 'D' figure. The Band 'D' Council Tax for 2009/10 was £1,188.99.

Properties can be exempt if they are unoccupied or occupied by certain categories of occupant. A reduction may be applied if a resident is disabled and the property adapted. A discount of 25% is available for properties occupied by one liable person aged 18 years and over. The discount is 50% where the property is not the sole or main residence of any person.

BAND	2008-09 £ per year
A	792.66
B	924.77
C	1,056.88
D	1,188.99
E	1,453.21
F	1,717.43
G	1,981.65
H	2,377.98

2008-2009 £m		2009-2010 £m
55.326	Gross Council Tax levied and contributions in lieu	56.057
	Deduct:	
0.106	Council Tax benefits (net of Government Grant)	0.121
(6.719)	Other discounts and reductions	(6.921)
(1.664)	Provision for bad and doubtful debts	(1.663)
1.824	Adjustments to previous years Council Tax and Community Charge	(0.613)
48.873	Net Council Tax Income Transferred to General Fund	46.981

The Calculation of the Council Tax Base

The figures shown in the table below indicate the number of chargeable properties per band.

2008/09 Total	Bands	Disabled										2009/10 Total
		A	A	B	C	D	E	F	G	H		
54,960	Properties	0	26,661	9,369	4,570	6,013	5,771	2,667	700	40		55,791
(1,096)	Exemptions	0	(835)	(162)	(86)	(75)	(61)	(30)	(6)	(2)		(1,257)
-	Disabled Reliefs	111	(30)	(40)	10	19	(38)	(26)	(6)	0		-
(21,336)	Discounts (25%)	(41)	(12,794)	(3,191)	(1,402)	(1,357)	(1,011)	(312)	(58)	(5)		(20,171)
(773)	Discounts (50%)	0	(385)	(89)	(82)	(84)	(63)	(34)	(11)	(1)		(749)
48,143	Total equivalent	100	22,405	8,325	4,103	5,576	5,388	2,516	668	36		49,117
	Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9		
41,079	Band 'D' equivalents	56	14,937	6,475	3,647	5,576	6,585	3,634	1,113	72		42,095
(1,254)	Bad debt provision											(1,583)
39,825												40,512



Statement of Accounts 2009/2010
Non-Domestic Rate Income Account and Supplementary Notes

Occupiers of non-domestic property are liable to pay Non-Domestic Rates. This is a tax levied by local authorities on occupiers of commercial property in their area.

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 Scottish Government. The national Non-Domestic Rate poundage set by the Scottish Government for 2009/10 was £0.481.

2008-2009 £m		2009-2010 £m
31.829	Gross rates levied and contributions in lieu	33.487
(5.648)	Deduct:	
(0.784)	Reliefs and reductions	(7.149)
	Provision for bad and doubtful debts	(0.788)
25.397		25.550
(0.919)	Prior year pool	(0.274)
21.281	Contributions from National Non-Domestic Rate Pool	25.049
45.759	Net Income	50.325

Analysis of Rateable Values

	Number	£m
Shops	1,069	20.206
Public Houses	115	2.012
Offices (including Banks)	488	5.352
Hotels, Boarding Houses etc	33	0.757
Industrial & Freight Transport Subjects	916	13.715
Leisure, Entertainment, Caravans and Holiday Sites	168	3.022
Garages and Petrol Stations	150	1.138
Cultural	23	0.205
Sporting Subjects	8	0.155
Education and Training	75	5.837
Public Service Subjects	206	4.093
Communications (Non-Formula)	4	0.024
Quarries, Mines	13	3.731
Petrochemical	2	0.136
Religious	92	0.739
Health Medical	68	3.401
Other	267	0.626
Care Facilities	51	1.687
Advertising	36	0.068
Undertaking	21	2.124
	3,805	69.028



Statement of Accounts 2009/2010
Common Good, Trusts and Bequests and Supplementary Notes

The Council is the sole Trustee for various Common Good Funds relating to the areas of the former burghs together with a number of Charitable Trusts and Bequests. The Council administers these Funds but they are not assets available to the Council and have not been included in the Council's Balance Sheet.

Summary of Common Good Funds

	Darvel £	Cumnock £	Kilmarnock £	Newmilns £	Stewarton £	Total £
Capital Balance 31/03/09	-	1,000.00	153,159.46	-	-	154,159.46
Revenue Balance 31/03/09	1,301.53	1,939.15	68,076.78	2,773.20	1,965.92	76,056.58
	1,301.53	2,939.15	221,236.24	2,773.20	1,965.92	230,216.04
Expenditure During Year						
Capital	-	-	-	-	-	-
Revenue	-	-	(29,927.16)	-	-	(29,927.16)
Income During Year						
Capital	-	-	-	-	-	-
Revenue	15.16	30.24	1,968.03	29.24	20.22	2,062.89
Capital Balance 31/03/10	-	1,000.00	153,159.46	-	-	154,159.46
Revenue Balance 31/03/10	1,316.69	1,969.39	40,117.65	2,802.44	1,986.14	48,192.31
Closing Balances at 31 March 2010	1,316.69	2,969.39	193,277.11	2,802.44	1,986.14	202,351.77

Summary of Trusts and Bequests

2008-2009 Capital Fund £	2008-2009 Revenue Fund £	2008-2009 Total Funds £	Fund Balances	2009-2010 Capital Fund £	2009-2010 Revenue Fund £	2009-2010 Total Funds £
40,723.30	446,273.71	486,997.01	Opening Balances 01/04/08	40,723.30	448,906.30	489,629.60
-	12,719.50	12,719.50	Expenditure	226.23	3,116.86	3,343.09
-	15,352.09	15,352.09	Income	-	4,017.46	4,017.46
-	2,632.59	2,632.59	Surplus / (Deficit)	(226.23)	900.60	674.37
40,723.30	448,906.30	489,629.60	Closing Balances at 31 March 2010	40,497.07	449,806.90	490,303.97

2008-2009 £	Balance Sheet as at 31 March 2010	2009-2010 £
3,567.00	Investments - External	3,567.00
486,062.60	Investments - Loans Fund	486,736.97
489,629.60		490,303.97
40,723.30	Financed By: Capital Funds	40,497.07
448,906.30	Revenue Funds	449,806.90
489,629.60	Closing Balance at 31 March 2010	490,303.97



Statement of Accounts 2009/2010
Common Good, Trusts and Bequests and Supplementary Notes

Trusts and Bequests

Name	Origin and Purpose	Loans Fund Fund £	Govt Stock Stock £	Total £
Robert Crawford's Bequest (SCO 19301)	To Provide Books For Public Library	8,346.87	1,600.00	9,946.87
Robert Cumming's Bequest (SCO 19298)	To Provide annuity For Testators Legatee Remainder For Maintenance Of Indigent Orphans Natives Of Kilmarnock/Ayrshire	1,832.95	0.00	1,832.95
John Fulton Soup Kitchen Trust (SCO 19300)	To Distribute Soup To The Poor	6,319.70	100.00	6,419.70
Murdoch's Trust (SCO 19305)	Provide An Annual Payment To One Poor Aged Deserving Kilmarnock Resident	3,929.34	0.00	3,929.34
Misses Parker's Bequest (SCO 19303)	To Provide Payments To Females Suffering From Incurable Diseases	2,305.19	0.00	2,305.19
Tannock's Trust (SCO 19304)	To Provide Annuities To Females	3,844.18	0.00	3,844.18
Archibald Taylor Fund (SCO 19308)	To Provide Special Nursing Or Convalescent Treatment Or A Holiday During Convalescence For Certain Class Of Spinsters	424,263.67	0.00	424,263.67
Matthew L. Cochran's Bequest (SCO 19312)	To Provide Holidays For Elderly Deserving People Resident in Kilmarnock	17.51	0.00	17.51
B. C. Roxburgh Bequest	To Be Used For The Benefit Of The Citizens Of Darvel	20,235.21	0.00	20,235.21
East Ayrshire Emergency Relief Trust (SCO 24411)	Assistance for any organisation, body, resident or person suffering hardship, poverty or distress due to emergency, natural disaster, flood, subsidence, severe weather, or fire, or for such other reason as the trustees may agree	8,666.08	0.00	8,666.08
Newmilns Benevolent Assoc	For the alleviation of illness to persons residing in Newmilns and Greenholm	3,493.90	0.00	3,493.90
Graham Ramage Trust	For Cumnock Senior Citizens Club	845.67	1,367.00	2,212.67
Sommerville Trust	Relief of Poor - Sorn Parish	701.75	0.00	701.75
Misses Murray Legacy Trust	Relief of Poor - Old Cumnock Parish	1,934.95	500.00	2,434.95
		486,736.97	3,567.00	490,303.97

Capital & Revenue Accounts	01-Apr-09		Expenditure in Year		Income in Year		31-Mar-10		
	Capital £	Revenue £	Capital £	Revenue £	Capital £	Revenue £	Total Capital £	Total Revenue £	Total £
Robert Crawford's Bequest	2,650.00	7,176.15	-	(14.14)	-	134.86	2,650.00	7,296.87	9,946.87
Robert Cumming's Bequest	2,045.39	176.97	(226.23)	(176.97)	-	13.79	1,819.16	13.79	1,832.95
John Fulton's Soup Kitchen Trust	1,443.00	4,855.32	-	(9.06)	-	130.44	1,443.00	4,976.70	6,419.70
Murdoch's Trust	100.00	3,805.40	-	(5.62)	-	29.56	100.00	3,829.34	3,929.34
Misses Parker's Bequest	1,365.00	926.15	-	(3.30)	-	17.34	1,365.00	940.19	2,305.19
Tannock's Trust	2,255.00	1,565.76	-	(5.50)	-	28.92	2,255.00	1,589.18	3,844.18
Archibald Taylor Fund	17,599.00	405,799.65	-	(2,326.32)	-	3,191.34	17,599.00	406,664.67	424,263.67
Matthew L. Cochran's Bequest	13.91	3.50	-	(0.03)	-	0.13	13.91	3.60	17.51
B. C. Roxburgh Bequest	10,796.00	9,838.13	-	(551.13)	-	152.21	10,796.00	9,439.21	20,235.21
East Ayrshire Emergency Relief Trust	-	8,652.85	-	(12.75)	-	25.98	-	8,666.08	8,666.08
Newmilns Benevolent Association	-	3,284.13	-	(4.51)	-	214.28	-	3,493.90	3,493.90
Graham Ramage Trust	1,837.00	346.22	-	(3.08)	-	32.53	1,837.00	375.67	2,212.67
Sommerville Trust	119.00	578.47	-	(1.00)	-	5.28	119.00	582.75	701.75
Misses Murray Legacy Trust	500.00	1,897.60	-	(3.45)	-	40.80	500.00	1,934.95	2,434.95
Total	40,723.30	448,906.30	(226.23)	(3,116.86)	0.00	4,017.46	40,497.07	449,806.90	490,303.97



Statement of Accounts 2009/2010
Group Income and Expenditure Account for the Year ended 31 March 2010

Details of the income and expenditure relating to the group entities for the year to 31 March 2010 are shown in the following statement.

2008-2009 Net Expenditure £m	Restated Net Expenditure £m	Service	Gross Expenditure £m	Gross Income £m	2009-2010 Net Expenditure £m
142.116	140.443	Education Services	132.866	(8.544)	124.322
58.514	58.514	Social Work	78.701	(13.308)	65.393
20.196	20.196	Housing Services	98.142	(78.192)	19.950
17.551	17.551	Cultural & Related Services	24.539	(3.889)	20.650
12.251	12.251	Environmental Services	16.096	(2.859)	13.237
15.803	15.803	Roads & Transport Services	22.109	(5.274)	16.835
13.370	13.370	Police Services	13.288	(0.506)	12.782
7.064	7.064	Fire Services	7.972	(0.553)	7.419
1.668	1.668	Planning & Development Services	19.445	(9.780)	9.665
11.212	11.212	Central Services to the Public	2.786	(1.015)	1.771
3.595	3.595	Corporate & Democratic Core	3.187	-	3.187
1.052	1.052	Non-Distributed Costs	4.968	-	4.968
(2.564)	(2.564)	Share of Operating Results of Associates	0.147	(4.616)	(4.469)
-	-	Share of Operating Results of Joint Ventures:			
-	-	Turnover	-	-	-
0.001	0.001	Other Operating Income and Expenditure	0.001	-	0.001
301.829	300.156	Net Cost of Services	424.247	(128.536)	295.711
4.182	4.182	Gains on Disposal of Fixed Assets			0.766
(2.582)	(2.582)	Net Surplus on Trading Operations			(1.628)
11.352	14.348	Interest Payable and similar charges			15.956
0.574	0.574	Share of Interest Payable of Associates			0.470
(2.341)	(2.341)	Interest and Investment Income			(0.698)
(0.366)	(0.366)	Share of Interest and Investment Income of Associates			(0.068)
2.145	2.145	Exceptional Item - Impairment of Financial Instruments			(0.665)
(0.616)	(0.616)	Pensions Interest Cost and Expected Return on Pension Assets			5.141
11.498	11.498	Shares of Pensions Interest Cost and Expected Return on Pension Assets of Associates			11.961
325.675	326.998	Net Operating Expenditure			326.946
(48.873)	(48.873)	Council Tax			(46.981)
(171.918)	(171.918)	Revenue Support Grant			(177.167)
(45.707)	(45.707)	Non-Domestic Rates			(50.325)
59.177	60.500	Deficit for the Year			52.473



Statement of Accounts 2009/2010
Reconciliation of the Single Entity Deficit for the Year to the Group Deficit

This statement analyses the deficit on the Group Income and Expenditure Account between the single and associate entities.

2008-2009	Restated		2009-2010
£m	£m		£m
50.019	51.342	Deficit on the Council's Single Entity Income and Expenditure Account for the year	44.580
		Deficit arising from other entities included in the group accounts:	
9.157	9.157	Associates	7.892
0.001	0.001	Joint Ventures	0.001
59.177	60.500	Deficit for the Year on the Group Income and Expenditure Account	52.473



Statement of Accounts 2009/2010
Group Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Group for the year and shows the aggregate increase in its worth for the Council and the associate entities.

2008-2009	Restated		2009-2010
£m	£m		£m
59.177	60.500	Deficit for the year on the Income & Expenditure Account Before Statutory Adjustments	52.473
(201.758)	(201.758)	Surplus on the revaluation of fixed assets	(67.873)
55.757	55.757	Actuarial gains on pension assets and liabilities	205.310
(4.598)	(4.598)	Any other (gains)/losses	0.292
(91.422)	(90.099)	Total Recognised (Gains) and Losses for the year	190.202



**Statement of Accounts 2009/2010
Group Balance Sheet**

31 March 2009	Restated		31 March 2010
£m	£m		£m
0.164	0.164	Intangible Assets	
		Software Licences	0.158
708.800	787.358	Operational Assets	826.881
361.185	361.185	Council Dwellings	349.451
289.528	368.086	Other Land and Buildings	418.876
7.378	7.378	Vehicles, Plant and Equipment	7.974
50.709	50.709	Infrastructure Assets	50.580
-	-	Community Assets	-
7.509	7.509	Non - Operational Assets	6.658
2.480	2.480	Assets Under Construction	0.947
5.029	5.029	Surplus Assets	5.711
4.312	4.312	Investments in Associates	4.494
		Investments in Joint Ventures:	
0.269	0.269	Gross Assets	0.116
(0.270)	(0.270)	Gross Liabilities	(0.117)
4.450	0.069	Long-Term Prepayment	0.060
1.559	-	Long-Term Debtors	-
726.793	799.411	Total Long-Term Assets	838.250
62.244	62.244	Current Assets	58.685
0.998	0.998	Stock and Work-in-Progress	1.048
20.924	20.924	Debtors	18.400
40.273	40.273	Investments	39.190
0.049	0.049	Cash and Bank	0.047
(47.948)	(51.026)	Current Liabilities	(54.852)
(2.102)	(5.180)	Borrowing Repayable on demand within 12 months	(2.081)
(42.551)	(42.551)	Creditors	(47.029)
(3.295)	(3.295)	Bank Overdraft	(5.742)
14.296	11.218	Net Current Assets	3.833
(204.305)	(204.305)	Borrowing Repayable within a period in excess of 12 months	(204.476)
(0.075)	(71.295)	Deferred Liabilities - Finance Leases	(71.093)
(34.731)	(34.731)	Government Grants Deferred	(40.373)
(161.188)	(161.188)	Investment in Associates	(250.152)
(57.252)	(57.252)	Liability related to defined benefit pension schemes	(184.333)
283.538	281.858	Total Assets Less Liabilities	91.656
		Financed by:	
193.059	193.059	Revaluation Reserve	247.041
270.349	268.669	Capital Adjustment Account	236.755
(17.258)	(17.258)	Financial Instruments Adjustment Account	(16.219)
(57.252)	(57.252)	Pensions Reserve	(184.333)
(163.755)	(163.755)	Group Reserve	(252.611)
27.009	27.009	General Fund Balance	26.603
2.226	2.226	Housing Revenue Account	3.879
6.878	6.878	Revaluation Reserve - Associates	6.952
15.713	15.713	Capital Fund	16.279
6.569	6.569	Renewals and Repair Fund	7.310
283.538	281.858	Total Net Worth	91.656



Note 45 – Group Account Entities

The Council has an interest in several Joint Boards and two Joint Ventures. The accounting period for most entities is 31 March 2010 with the exception of Cumnock Regeneration (Office) Ltd and Cumnock Regeneration (Retail) Ltd. The accounting period for these companies is 1 February 2010 and these results have been incorporated into the Group Accounts. Full details are disclosed below.

The Joint Boards that have been consolidated are:

- Strathclyde Fire & Rescue Joint Board
- Strathclyde Joint Police Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Ayrshire Valuation Joint Board

The Joint Boards noted above were incorporated as Associates using the acquisitions method with the date of acquisition being 1 April 2005.

The Joint Venture Companies that have been consolidated are:

- Cumnock Regeneration (Office) Ltd
- Cumnock Regeneration (Retail) Ltd

The two Joint Venture companies noted above were incorporated on 21 November 2007 and the period for these results is the year ended 1 February 2010.

Note 46 - Strathclyde Joint Police Board

The Board is a statutory corporate body established under the Strathclyde Combined Police Area Amalgamation Scheme Order 1995 and to which all local government functions relating to the police area have been delegated from the 12 constituent councils which comprise the Strathclyde Force area. The 34 members of the Board are elected councillors of the 12 councils and are appointed by the councils to the Board in proportions specified in the Amalgamation Scheme. East Ayrshire Council has two elected members on the Joint Police Board. The Council's share of the net assets / liabilities of the Board has been based on the precept requisition of 4.35%.

A copy of the financial statements for the Joint Board can be obtained from the Treasurer to the Strathclyde Joint Police Board, Glasgow City Council, City Chambers, Glasgow G2 1DU.

Note 47 - Strathclyde Partnership for Transport

Strathclyde Partnership for Transport (SPT) was formed by bringing together Strathclyde Passenger Transport Authority and Executive and the West of Scotland Transport Partnership Joint Committee (WESTRANS) voluntary partnership. The new SPT was established by the Transport (Scotland) Act 2005 and the Partnership Board comprises of 29 members representing the 12 constituent unitary authorities in the West of Scotland plus other interested parties. Of the 29 members, 20 are nominated from Councils and seven are public appointments. East Ayrshire Council has two elected members on the Board and the Council's share of the net assets / liabilities of the Partnership has been based on the precept requisition of 5.24%.

A copy of the financial statements for SPT can be obtained from the Assistant Chief Executive (Business Support), Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.



Note 48 - Strathclyde Fire & Rescue Joint Board

The Board is a statutory body with the 34 members of the Board being elected councillors of the 12 councils. East Ayrshire Council has two elected members on the Board and the Council's share of the net assets / liabilities of the Board has been based on the precept requisition of 4.70%.

A copy of the financial statements for the Joint Board can be obtained from the Treasurer to the Strathclyde Fire & Rescue Joint Board, South Lanarkshire Council, County Buildings, Almada Street, Hamilton ML3 0AB.

Note 49 - Strathclyde Concessionary Travel Scheme Joint Committee

The Committee comprises the 12 councils within the designated Strathclyde Passenger Transport area. The costs of the scheme are met by the 12 councils. The Council's share of the net assets / liabilities of the Joint Committee has been based on the precept requisition of 5.69%.

A copy of the financial statements for SCTS can be obtained from the Assistant Chief Executive (Business Support), Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Note 50 - Ayrshire Valuation Joint Board

The Ayrshire Valuation Joint Board is an independent public body formed in 1996 at local government reorganisation by Act of Parliament. The Council has no shares in, nor ownership of, the Board. The Board's running costs are met by the three councils of East, North, and South Ayrshire. Surpluses or deficits on the Board's operation are shared between the three member councils. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of East, North and South Ayrshire. The allocation is based on the percentage share of revenue and capital requisitions. East Ayrshire Council's allocation is 30.33% and the following additional information relating to the Board is provided below.

A copy of the financial statements for the Joint Board can be obtained from the Treasurer to the Ayrshire Valuation Joint Board, South Ayrshire Council, County Buildings, Wellington Square, Ayr KA7 1DR.

The 2009/10 statements show the following:

	£m
Net Assets	(0.234)
Results of Operations and other financial transactions - (Surplus) / Deficit	0.006
Fixed Assets	0.204
Current Assets	0.054
Liabilities due within one year	(0.035)
Liabilities due after one year	(0.457)

Note 51 – Cumnock Regeneration (Office) Ltd

The Joint Venture company was formed in 2007 for the purpose of developing office facilities within Cumnock. The Council owns a 50% share in the company. The company's registered office is at Quartermile One, 15 Lauriston Place, Edinburgh EH3 9EP

On 2 December 2009 Cabinet approved an Alliance Agreement with the former partners resulting in the Council making a payment in respect of the balance of professional services costs held by the (Office) Joint Venture company. Cumnock Regeneration (Office) Ltd no longer trades and is effectively dormant.



Note 52 – Cumnock Regeneration (Retail) Ltd

The Joint Venture company was formed in 2007 for the purpose of developing retail facilities within Cumnock. The Council owns a 50% share in the company. The company's registered office is at Quartermile One, 15 Lauriston Place, Edinburgh EH3 9EP

The Council's share of Cumnock Regeneration (Office) Ltd is as follows:

	£m
Turnover	(0.001)
Profit before tax	(0.001)
Taxation	-
Profit after tax	(0.001)
Fixed Assets	-
Current Assets	0.116
Liabilities due within one year	(0.004)
Liabilities due after one year	(0.113)

Note 53 - Group Cash Flow

As the Group Cash Flow is identical to the single entity statement, this has been included on Page 20.

Note 54 – Alignment of Accounting Policies

Details of the Accounting Policies used in compiling the single entity East Ayrshire Council Financial Statements are contained on Pages 6 - 11. The accounting policies of the Council and Associates noted above are fully aligned with the exception of the period over which fixed assets are depreciated.



The following definitions are intended to be of assistance to the reader: -

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses (Pensions)

The changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

Amortised Cost

Amortised cost is a mechanism that sees through contractual terms to measure the real cost that the Council bears each year from entering a financial liability.

Average Discounted Market Value

The market value of a particular Council dwelling less the average discount entitlement under the Right to Buy legislation.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financed from Current Revenue (CFCR)

This relates to revenue resources used to pay for capital projects.

Capital Adjustment Account

This provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system.

Capital Fund

The Capital Fund is credited with all net capital receipts except where they are related to a specific project.

Capital Financing Cost

This represents the annual cost of financing the sums borrowed by the Council to fund capital programmes, being the repayment of debt, interest on monies borrowed and expenses incurred in managing the debt portfolio.

Community Assets

Assets that the local authority intends to hold in perpetuity which have no determinable useful life and which may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Contingency

A condition which exists at the balance sheet date where the outcome will be confirmed only on the occurrence, or non-occurrence, of one or more uncertain future events.

Corporate and Democratic Core

The Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

Corporate Governance

The Council has approved and adopted a code of corporate governance which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework for Corporate Governance in Local Government. A Corporate Governance Statement of Assurance is included within the Financial Statements.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailments (Pensions)

An event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset whether arising from use, passage of time or obsolescence through technological or other changes.

Depreciated Historic Cost

The historic cost of a particular asset less the depreciation written off over the life of that asset to date.

Depreciated Replacement Cost

The replacement cost of a particular asset less the depreciation written off over the life of that asset to date.



Expected Rate of Return on Pension Assets

The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

This is the price at which an asset could be exchanged in an arms length transaction less any grants receivable towards the purchase or use of the asset.

Financial Asset

A right to future economic benefits controlled by the Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash from another entity or a financial right to exchange financial instruments under conditions that are potentially favourable to the Council.

Financial Instrument

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Instruments Adjustment Account

This holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund balance.

Financial Liability

An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity or a contractual obligation to exchange financial instruments under conditions which are potentially unfavourable to the Council.

Financial Reporting Standard (FRS)

Financial Reporting Standards are issued by the Accounting Standards Board and define proper accounting practice for a given transaction or event.

Fixed Assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Group Accounts

The purpose of group accounts is to show the Council's interest in organisations and companies within the Financial Statements. The Council's shares of the assets and liabilities of these other entities are shown in the Group Income and Expenditure Account and Group Balance Sheet.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past, or future, compliance with certain conditions relating to the activities of the authority.

Government Grants Deferred

All capital grants are initially credited to the Government Grants Deferred then released to departmental revenue accounts over the useful life of the asset to match the depreciation charge in respect of the asset to which the grant relates.

Impairment

A reduction in the value of a fixed or financial asset below the valuation held on the balance sheet.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

Non-financial assets which do not have physical substance but are identifiable and are controlled by the Council.

Interest Cost (Pensions)

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

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

National Non-Domestic Rates Pool

All non-domestic rates collected by local authorities are remitted to the national pool and, thereafter, distributed to councils by the Scottish Government .

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

Net Realisable Value

The open market value of the asset in its existing use, or open market value in the case of non-operational assets, less the expenses to be incurred in realising the asset.



Non-Operational Assets

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Officers' Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are subject to UK Income Tax). Employers' Pension contributions are excluded.

Operating Leases

A lease other than a finance lease, i.e. a lease which does not transfer the risks and rewards of ownership to the lessee.

Operating Assets

All items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Past Service Costs (Pensions)

The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Public Private Partnerships (PPP)

These partnerships enable the public sector to purchase services from the private sector and pay a fee based on pre-defined output criteria. The private sector uses this fee to repay loans taken out to finance the initial building or refurbishment of the assets.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether a charge is made.

Revaluation Reserve

Records unrealised gains arising since 1 April 2007 from holding fixed assets not yet realised through sales.

Service Expenditure Analysis (SEA)

The Service Expenditure Analysis groups together expenditure on services within headings or divisions as defined in the Best Value Accounting Code of Practice.

Specific Government Grants

These are grants received from Central Government in respect of a specific purpose or service.

Statement on the System of Internal Financial Control (SSIFC)

The SSIFC is incorporated within the Statement of Accounts setting out the framework within which financial control is managed and reviewed and the main components of the system, including arrangements for internal audit.

Stocks

Stock may comprise the following:

Goods or other assets purchased for resale; Consumable stores; Raw materials and components purchased for incorporation into products for sale; Products and services in intermediate stages of completion; Long-term contract balances; and finished goods.

Significant Trading Operations

The term is used to cover significant trading operations established under the Local Government in Scotland Act 2003.

Useful Life

The period over which the local authority will derive benefits from the use of a fixed asset.



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

I certify that I have audited the financial statements of East Ayrshire Council and its group for the year ended 31 March 2010 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash-Flow Statement, the Housing Revenue Account Income and Expenditure Account, Statement of Movement on the HRA Balance, the Council Tax Income Account, the Non-Domestic Rate Income Account, the Trust Fund accounts, the Common Good Fund accounts, and the related notes and the Statement of Accounting Policies together with the Group Accounts. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Executive Director of Finance and Corporate Support and auditor

The Executive Director of Finance and Corporate Support's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the 2009 SORP) are set out in the Statement of Responsibilities for the financial statements.

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

I report my opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

In addition, I report to you if, in my opinion, East Ayrshire Council has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects compliance with the SORP, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of East Ayrshire Council's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises the Explanatory Foreword by the Executive Director of Finance and Corporate Support and the Corporate Governance Assurance Statement by the Leader of the Council and the Chief Executive. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.



Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Executive Director of Finance and Corporate Support in the preparation of the financial statements, and of whether the accounting policies are most appropriate to East Ayrshire Council and its group circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, of the financial position of East Ayrshire Council and its group as at 31 March 2010 and the income and expenditure of East Ayrshire Council and its group for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

**Peter Tait CPFA
Assistant Director of Audit (Local Government)
Audit Scotland
7th Floor
Plaza Tower
East Kilbride
G74 1LW**

September 2010



The 2009 SORP has been used to compile the 2009/10 Statement of Accounts shown in the previous pages. East Ayrshire Council has also collated the figures for the 2009/10 financial year on the basis of the new 2010 Code in preparation for full implementation in 2010/11 and significant work has been undertaken to change accounting policies. The change in basis has led to figures being recast from 1 April 2008, and in the case of leases, from the date of inception of the lease. The pages that follow are the 2009/10 Statements shown on Pages 16 to 20 recast on the basis of the 2010 Code.

The 2009 SORP is the last local authority SORP and will be replaced in 2010/11 with a Code of Practice based on International Financial Reporting Standards (IFRS's) developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. It also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance.

The main financial statements have changed and the Council has prepared a complete set of financial statements for the period that comprises a:

- (i) *Movement in Reserves Statement (Shown on Page 64)*
- (ii) *Comprehensive Income and Expenditure Statement (Shown on Page 65)*
- (iii) *Balance Sheet (Shown on Pages 66 and 67)*
- (iv) *Cash Flow Statement (Shown on Page 68)*

The move to an IFRS-based Code from a UK GAAP-based SORP results in a number of significant changes in accounting practice and material changes to all of the Statements. The key accounting changes include:

- Grants and contributions for capital purposes will be recognised as income immediately rather than being deferred and released to revenue to match depreciation;
- All employee benefits are accounted for as they are earned by the employee and this requires accruals for items such as holiday pay;
- Property leases are classified and accounted for as separate leases of land and buildings with a need to assess whether other arrangements contain the substance of a lease;
- Investment properties are measured at fair value, with gains and losses recognised in the Surplus or Deficit rather than through the revaluation reserve;
- Impairment losses will be taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset;
- The Code introduces a new classification of non-current assets held for sale and specific criteria apply to this classification;
- The definition of associates is based on the ability to control rather than actual control, and may lead to a change in the group boundary;
- Emphasis on component accounting and on derecognising parts of an asset that are replaced;
- Additional requirements regarding segmental reporting.



Statement of Accounts 2009/2010 (IFRS Restatement)
Movement in Reserves Statement for Year Ended 31 March 2010

	Reserves: Available to Support Services				Unrealised Gains / Losses			Deferred Impact on Taxation / Reserves				TOTAL
	General Fund Balance	HRA Reserve	Repairs and Renewals	Capital Fund	Revaluation Reserve	Revaluation Reserve (Group)	Group Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instruments Adjustment Account	Employee Benefit Reserve	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Total Comprehensive Income	43.221	-	-	-	(66.642)	(0.102)	88.884		124.611			189.972
Transfers in accordance with Regulations:												
<i>Included in Surplus or Deficit, but excluded from General Fund in accordance with statute</i>												
Depreciation & Impairment	(66.135)				18.313	0.028	(0.028)	47.822				-
Amortisation of Intangibles	(0.072)							0.072				-
Government Grants Applied	7.379							(7.379)				-
Differences relating to Premiums & Discounts	0.196									(0.196)		-
Employee Benefits	0.226										(0.226)	-
Gains / Losses on Disposal of Fixed Assets	(1.386)			(0.425)				1.811				-
Differences relating to Pensions	(18.440)								18.440			-
<i>Excluded from Surplus or Deficit, but included in General Fund in accordance with statute</i>												
Repayment of Debt	11.041							(11.041)				-
Capital Expenditure Funded in Year	5.028							(5.028)				-
Transfers to / from Capital Fund	0.141			(0.141)								-
Transfers to / from Other Statutory Reserves	0.741		(0.741)									-
Impairment of Financial Instruments	0.843									(0.843)		-
Contributions to Pensions Fund	15.970								(15.970)			-
Other Transfers required by Statute												
Transfers to / from HRA	1.653	(1.653)										-
Net Increase / Decrease before Transfers to Reserves available to support services	0.406	(1.653)	(0.741)	(0.566)	(48.329)	(0.074)	88.856	26.257	127.081	(1.039)	(0.226)	189.972
Increase / Decrease in Year	0.406	(1.653)	(0.741)	(0.566)	(48.329)	(0.074)	88.856	26.257	127.081	(1.039)	(0.226)	189.972
Balance at 31 March 2009	(27.009)	(2.226)	(6.569)	(15.713)	(277.636)	(6.878)	163.755	(303.387)	57.252	17.258	8.671	(392.482)
Balance at 31 March 2010	(26.603)	(3.879)	(7.310)	(16.279)	(325.965)	(6.952)	252.611	(277.130)	184.333	16.219	8.445	(202.510)



Statement of Accounts 2009/2010 (IFRS Restatement)
Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2010

2008-2009 £m		2009-2010		
		£m Expenditure	£m Income	£m Net
	Operating			
12.981	Central Services to the Public	2.908	(1.015)	1.893
5.478	Cultural and Related Services	22.048	(3.889)	18.159
139.727	Education Services	132.372	(8.544)	123.828
12.251	Environmental Services	16.097	(2.859)	13.238
1.847	Roads and Transportation	22.259	(5.274)	16.985
24.650	Housing Services	102.048	(78.192)	23.856
0.676	Planning and Development	17.341	(9.780)	7.561
13.370	Police	13.288	(0.506)	12.782
7.064	Fire	7.972	(0.553)	7.419
58.414	Social Work	77.630	(13.308)	64.322
3.595	Corporate and Democratic Core	3.187	-	3.187
1.052	Non Distributed Costs	4.968	-	4.968
281.105	Net Cost Of Services	422.118	(123.920)	298.198
(2.582)	(Surpluses)/Deficits on Trading Undertakings not included in Net Cost of Services			(1.628)
(28.857)	Expected Return on Pension Assets			(20.666)
28.241	Pension Interest Cost			25.807
5.735	Gain or Losses on disposals of assets			1.384
2.537	Other Operating Expenditure			4.897
(48.873)	Income from Council Tax			(46.981)
(171.918)	Government Grants (not service specific)			(177.167)
(45.707)	Distribution from NDR Pool			(50.325)
(266.498)	Other Operating Income			(274.473)
17.144	Net Operating Costs			28.622
	Investment			
(1.554)	Profit of Associates and Joint Ventures			(1.752)
(1.554)	Investment Income			(1.752)
10.697	Loss of Associates and Joint Ventures			9.647
2.145	Exceptional Item - Impairment of Financial Instruments			(0.665)
12.842	Expenses			8.982
11.288	Net Investment Expenditure			7.230
	Financing			
(2.341)	Interest and Investment Income			(0.698)
(2.341)	Income			(0.698)
14.353	Interest Payable and similar charges			15.960
14.353	Expenditure			15.960
12.012	Net Finance Expenditure			15.262
40.444	(Surplus) or Deficit			51.114
(292.342)	(Surplus) or deficit on revaluation of fixed assets			(66.744)
55.757	Actuarial gains / losses on pension assets / liabilities			205.310
(4.598)	Other Comprehensive (Income) / Expenditure			0.292
(200.739)	Total Comprehensive (Income) / Expenditure			189.972



Statement of Accounts 2009/2010 (IFRS Restatement)
Balance Sheet at 31 March 2010

31-Mar-09			31-Mar-10	
£m	<i>Operating</i>		£m	£m
445.817	Council Dwellings		428.930	
368.086	Other Land and Buildings		418.876	
7.433	Vehicles, Plant, Furniture and Equipment		8.007	
50.709	Infrastructure Assets		50.580	
1.895	Community Assets - Surplus Assets Not Held For Sale		2.088	
2.480	Assets Under Construction		0.947	
876.420	Property, Plant & Equipment			909.428
0.164	Intangible Assets			0.158
0.069	Non Current Receivables - LT Debtors			0.060
876.653	Non Current Assets			909.646
0.998	Inventories	1.048		
20.924	Current Receivables	18.400		
3.079	Assets Held for Sale	3.079		
25.001	Current Assets			22.527
(51.222)	Current Payables	(55.474)		
(5.206)	Current Financial Liabilities	(2.108)		
(56.428)	Current Liabilities			(57.582)
(57.252)	Non Current Financial Liabilities (Pensions)	(184.333)		
(71.337)	Non Current Financial Liabilities (Deferred Liabilities)	(71.108)		
(128.589)	Non Current Liabilities			(255.441)
716.637	Net Operating			619.150
	<i>Investment</i>			
4.311	Investments in Associates and Joint Ventures	4.493		
4.311	Non Current Assets			4.493
(161.188)	Investments in Associates and Joint Ventures	(250.152)		
(161.188)	Non Current Liabilities			(250.152)
(156.877)	Net Investment			(245.659)
	<i>Financing</i>			
5.500	Current Financial Assets	5.000		
34.822	Cash and Cash Equivalents	34.237		
40.322	Current Assets			39.237
(3.295)	Bank Overdraft	(5.742)		
(3.295)	Current Liabilities			(5.742)
(204.305)	Non Current Financial Liabilities (Long Term Borrowing)	(204.476)		
(204.305)	Non Current Liabilities			(204.476)
(167.278)	Net Financing			(170.981)
392.482	Net Assets			202.510



Statement of Accounts 2009/2010 (IFRS Restatement)
Balance Sheet at 31 March 2010

31-Mar-09			31-Mar-10	
£m	<i>Reserves</i>		£m	£m
27.009	General Fund Balance		26.603	
2.226	Housing Revenue Account Balance		3.879	
6.569	Renewals and Repairs Fund		7.310	
15.713	Capital Fund		16.279	
51.517	Reserves (available to fund services)			54.071
277.636	Revaluation Reserve		325.965	
6.878	Revaluation Reserve - Associates		6.952	
303.387	Capital Adjustment Account		277.130	
(17.258)	Financial Instruments Adjustment Account		(16.219)	
(57.252)	Pensions Reserve		(184.333)	
(163.755)	Group Reserve		(252.611)	
(8.671)	Employee Benefits Reserve		(8.445)	
340.965	Reserves (Unrealised and Deferred Impact on Taxation)			148.439
392.482	Net Reserves			202.510

£m	NOTE:	£m
880.964	Total Non Current Assets	914.139
65.323	Total Current Term Assets	61.764
946.287	Total Assets	975.903
(494.082)	Total Non Current Liabilities	(710.069)
(59.723)	Total Current Liabilities	(63.324)
(553.805)	Total Liabilities	(773.393)
392.482	Net Assets	202.510



Statement of Accounts 2009/2010 (IFRS Restatement)
Cashflow Statement for Year Ended 31 March 2010

2008-2009 £m		2009-2010 £m
(32.207)	Net Cash Outflow / (Inflow) from Revenue Activities	(35.247)
-	Dividends Received from Associates and Joint Ventures	-
	Returns on Investments and Servicing of Finance	
	Cash Outflows	
10.824	Interest Paid	11.596
3.010	Interest Element of Finance Lease Payments	3.907
13.834		15.503
	Cash Inflows	
(2.072)	Interest Received	(1.386)
(2.072)		(1.386)
11.762	Net Cash Outflow / (Inflow) from Investments and Servicing of Finance	14.117
	Capital Activities	
	Cash Outflows	
42.931	Purchase of Fixed Assets	36.751
42.931		36.751
	Cash Inflows	
(3.249)	Sale of Fixed Assets	(2.623)
(10.760)	Capital Grants Received	(10.076)
(14.009)		(12.699)
28.922	Net Cash Outflow / (Inflow) from Capital Activities	24.052
-	Net Cash Outflow / (Inflow) from Acquisitions and Disposals	-
8.477	Net Cash Inflow Before Financing	2.922
	Management of Liquid Resources	
	Cash Outflows	
(1.640)	Net Increase / (Decrease) in Short Term Deposits	(0.397)
2.825	Net Increase / (Decrease) in Other Liquid Resources	(1.574)
1.185		(1.971)
1.185	Net Cash Outflow / (Inflow) from Management of Liquid Resources	(1.971)
	Financing	
	Cash Outflows	
0.025	Repayments of Amounts Borrowed	0.097
(1.363)	Capital Element of Finance Lease Rental Payments	1.401
(1.338)		1.498
	Cash Inflows	
(11.889)	New Loans Raised	-
(11.889)		-
(13.227)	Net (Increase) / Decrease in Financing	1.498
(3.565)	Net (Increase) / Decrease in Cash	2.449