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Explanatory Foreword

The Accounts Explained

The following accounts describe the financial performance of East Ayrshire Council for the year ended 31 March 2000. The services provided by the Council fall into distinct areas.

General Services

This encompasses Education, Social Work, Development Services, Community Services, General Fund Housing, Revenue Collection, and Other Miscellaneous Services.

Housing Revenue Account

This shows the cost of managing the Council's housing stock.

Central Support Costs

Support for these front line services is provided by Central and Support Services in respect of financial, personnel, legal, information technology and administrative back-up, the costs of which are recharged to the user services.

Constraints on Expenditure

When formulating its annual budget the Council must take cognisance of Government restrictions on the level of revenue expenditure allowed on the General Services Account and the ability to make contributions to the Housing Revenue Account. The Government also controls the level of expenditure on Capital works.

Source of Funds

Each year the Council assesses its expenditure plans for the provision of its services for the forthcoming financial year. The sources of funding for the provision of services in respect of both Revenue and Capital Expenditure are as follows:

Revenue Expenditure

- **General Services**

- (a) **Council Tax**

- The Council sets its levels of Council Tax annually. The level for 1999/2000 was levied at £848.70 for Band 'D' properties.

- (b) **Central Government Grants**

- The Government determines the level of Revenue Support Grant and Specific Grants to be allocated to each Council, largely using statistical methodology which is kept under review jointly by the Scottish Executive and local authorities.

- (c) **Non-Domestic Rates**

- Non-Domestic Rates are collected by the Council but pooled centrally for Scotland and redistributed via the Revenue Support Grant.

Housing Revenue Account

The running costs are met from the income generated from Housing Rents and other sundry income. The average rent level set for the year amounted to £29.94 per week and compares favourably with other Scottish Councils.

Financial Report by Director of Finance

Capital Expenditure

Central Government sets capital allocations annually to enable the Council to undertake capital works. The net allocations approved by Central Government are funded from borrowings from various financial institutions. Capital Programmes, however, may be enhanced by other funds, for example sale of assets or specific grants.

Format of the Accounts

- **Consolidated Revenue Account**

The Consolidated Revenue Account illustrates the net cost for the year of the services provided by the Council, and demonstrates how this cost has been financed from general government grants and income from local taxpayers. Explanatory notes accompany this statement providing further details.

- **Consolidated Balance Sheet**

The Consolidated Balance Sheet shows the balances and reserves at the Council's disposal and its long-term indebtedness, together with the fixed and net current assets employed in its operations. Explanatory notes accompany this statement providing further details.

- **Cash Flow Statement**

The Cash Flow Statement summarises the sources of the Council's funding and how this was spent during the year in terms of the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

- **Common Good Fund, Trusts and Charities Accounts**

These accounts are administered by the Council and are published within the Annual Report giving the financial position and movements of the funds during the year.

Performance for the Year

General Fund

The General Fund deficit for the year of £0.217m includes a £0.633m surplus on Direct Labour and Direct Service Organisations, £1.408m deficit on other General Services activities and a £0.558m surplus from the Housing Revenue Account. Taking account of the deficit balance brought forward from 1998/99 the cumulative position at 31 March 2000 is a deficit of £2.659m.

| General Fund Performance | £m |
|--|--------------|
| Surplus from DLO and DSOs | (0.633) |
| Deficit on other General Services Activities | 1.408 |
| Housing Revenue Account Surplus | (0.558) |
| Net General Fund Deficit for the Year | 0.217 |
| Balance Brought Forward | 2.442 |
| Balance Carried Forward | 2.659 |

The deficit for the year on other General Services activities arises from a delay in the receipt of budgeted income as a result of technical difficulties which should be resolved in 2000/2001.

Financial Report by Director of Finance

Housing Revenue Account

The Housing Revenue Account reports a surplus for the year of £0.558m. This has been applied to the General Fund consistent with the treatment of the HRA deficit in 1998/99.

Capital Programme

The total Capital Expenditure for the year amounted to: £5.868m on General Services and £3.553m on Housing. This was in line with Scottish Executive Guidelines which permits a variance of up to 5%.

| | Capital Consent £m | Actual Expenditure £m | Variance £m | % |
|------------------|-----------------------|--------------------------|----------------|-------|
| Housing - HRA | 3.405 | 3.553 | 0.148 | 4.34% |
| General Services | 5.667 | 5.868 | 0.201 | 3.54% |

Actual Expenditure incurred during 1999/2000 in respect of the General Services Capital programme is as detailed below: -

| | Actual Expenditure £000s |
|----------------------------------|-----------------------------|
| Development Services | 1,501 |
| Community Services | 342 |
| Education | 2,970 |
| General Housing | 301 |
| Policy & Resources | 321 |
| Social Work | 433 |
| Total Capital Expenditure | 5,868 |

Technical difficulties prevented the inclusion of a budgeted receipt of £2.75M in the 1999-2000 Accounts. Had this been achieved the cumulative deficit would have been overtaken. With this exception the outturn indicates that the financial affairs of the Council have been managed within the budget and financial objectives. This reflects the efforts and professionalism of staff in all departments and on the systems of financial management and monitoring which have been put in place. Further development work on these systems is continuing.

Finally I would take this opportunity to acknowledge the considerable effort which was required to produce these financial statements within the timescale available and to record my thanks to staff for their efforts.

Alexander McPhee, ACMA
Director of Finance
19th June 2000

Statement of Accounting Policies

Principles Adopted in Compiling the Accounts

General

The Accounts relate to the financial year ended 31 March 2000 with relevant figures for 1998/99 shown as appropriate for the purposes of comparison.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

Revenue Transactions

Revenue transactions have been recorded on an accruals basis, whereby sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year with provision being made on an actual or estimated basis for all debtors and creditors as at 31 March 2000.

Pension Costs

The cost of providing pensions for employees is charged to the revenue account in accordance with the statutory requirements governing the particular pension schemes to which the Council contributes. As a result the Council is unable to comply with SSAP 24 or FRS 12 as the revenue account does not include provision for the future pension costs of former employees and the liabilities in the balance sheet exclude those in respect of ongoing pension costs.

Operating Leases

Estimates of the undischarged leasing obligations on new and existing operating leases are recorded in notes to the Consolidated Revenue Account, which also shows the amount charged to revenue. Amounts payable under operating leases are charged to the Revenue Account over the term of the lease.

Central Services Expenses

Net expenditure on Central and Corporate Services has been fully allocated to service departments with the exception of those costs which have not been apportioned in accordance with CIPFA guidance.

Loans Fund Interest

Loans fund interest has been calculated in accordance with Local Authority (Scotland) Accounts Advisory Committee Guidance Note Number 2. Interest on revenue balances is allocated on the basis of actual 4 weekly balances held on the respective accounts.

Government Grants

Grants made to finance the general activities of the Council or to compensate for loss of income are credited to the revenue account of the financial year to which they relate. Specific government grants are accounted for when the conditions of receipt have been met. Accruals have been made in the revenue accounts for balances known to be receivable for the period to 31 March 2000.

Capital Accounting

The Accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain. In Scotland the status of this code is derived from the Scottish Office circular 23/1998. As a result all fixed assets are included in the Balance Sheet at valuations and capital financing charges are made to the revenue accounts of service departments for the use of the assets. The total capital charges made are compared to the actual loan charges incurred by the Council in the Asset Management Revenue Account, with the resultant charge or credit being taken to the consolidated revenue account.

Statement of Accounting Policies

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. The basis of valuation has been included as a note to the consolidated balance sheet.

Depreciation

Assets, other than land or community assets, are depreciated over their useful economic lives, except where the Council is making regular repairs and maintenance to extend the asset's useful life in its existing use so that any provision for depreciation would not be material. The period and categories of assets involved are: -

| | |
|-----------------------|---------------|
| Infrastructure assets | 25 – 40 years |
| Vehicles/Plant | 2 – 7 years |
| Equipment | 2 – 10 years |

Investments

Investments are recorded at cost.

Stocks

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

Covenant Scheme

During 1991/92 Kilmarnock and Loudoun District Council entered into a Parallel Loan and Covenant Scheme Agreement, effective from 31 March 1992, to provide finance of £3m for a town centre improvement scheme within Kilmarnock. Commencement of the repayment of the capital sum began in 1994/95. Annual covenant repayments are made to Morgan Grenfell (Local Authority Finance) Ltd and are charged against the Capital Programme in the year in which they are made.

Redemption of Debt

The Council operates a Loans Fund into which all loans raised are paid. This is in accordance with the statutory requirement contained within the Local Government (Scotland) Act 1975 to maintain a Loans Fund. All of the Council's income and expenditure is either credited or debited to the Loans Fund throughout the financial year. Departmental expenditure is met from this fund and all income generated by departments is credited to the fund. Advances are made to departments to finance capital expenditure during the year and the advances are repaid by annual instalments of principal spread over the appropriate permitted period.

Capital Reserves

The accounts reflect capital accounting requirements and include the following reserves: -

A fixed asset restatement reserve which represents the difference between the valuation of the assets under the previous system of capital accounting and their initial revaluation plus the surpluses or deficits on any subsequent revaluations, less the net book value of any assets as they are disposed of.

A capital financing reserve which represents the accumulated balance of capital receipts applied, capital receipts set aside and capital funded from current revenue, less the difference between loans fund principal repayments and depreciation.

The useable capital receipts reserve which represents the capital receipts available to finance capital expenditure in future years.

Statement of Accounting Policies

Provisions

The Council has made provision based on Accounting Code Of Practice (ACOP) guidance for the loss of taxation income arising from bad and doubtful debts. Provision has also been made for bad and doubtful debts for all other items of income.

Consolidated Revenue Account – Service Summary

| 1998-99 Actual | Notes | Committee | 1999-00 Actual | | |
|-------------------|-------|--|----------------------|-----------------|----------------|
| Net £000s | | | Expenditure £000s | Income £000s | Net £000s |
| 69,903 | | Education | 80,525 | 6,242 | 74,283 |
| 4,257 | | Housing Revenue Account | 29,261 | 29,819 | (558) |
| 2,513 | | General Fund Housing | 22,790 | 21,038 | 1,752 |
| 24,191 | | Social Work | 31,473 | 6,345 | 25,128 |
| 34,760 | | Community Services | 39,615 | 2,542 | 37,073 |
| 13,206 | | Development Services | 18,275 | 3,915 | 14,360 |
| - | 1 | Homes and Technical Services | 5,596 | 5,596 | - |
| - | 1 | Central & Corporate Services | 17,541 | 17,541 | - |
| 5,128 | | Miscellaneous Services | 4,150 | 39 | 4,111 |
| 137 | | Urban Aid | 181 | 136 | 45 |
| - | | Other Specific Budget Items | 360 | - | 360 |
| 1,874 | 1 | Unallocated Central and Corporate Services | 3,891 | 190 | 3,701 |
| 155,969 | | Net Cost of Services | 253,658 | 93,403 | 160,255 |
| (202) | | Net (Surplus) / Deficit on DSOs and DLOs | | | (633) |
| (9,786) | 2 | Asset Management Revenue Account | | | (6,092) |
| - | | Interest on Revenue Balances | | | 26 |
| - | 15 | (Gains)/Losses on Early Settlement of Borrowing | | | 279 |
| 1,132 | | Prior Year Adjustment | | | - |
| 147,113 | | Net Operating Expenditure | | | 153,835 |
| | | Appropriations | | | |
| (2,566) | | Transfer to / (from) HRA Balances | | | - |
| 10,462 | | Transfer to Capital Financing Reserve | | | 4,206 |
| - | | Contributions to / (from) Specific Reserves | | | 973 |
| 155,009 | | Amount to be met from Government Grants and Council Tax | | | 159,014 |
| | | Sources of Finance | | | |
| 80,962 | | Revenue Support Grant | | | 81,329 |
| 33,699 | | Non-Domestic Rate Income | | | 34,270 |
| 8,511 | | Specific Grants | | | 11,463 |
| 2,114 | | Community Charge Arrears | | | 1,000 |
| 28,769 | | Council Taxpayers | | | 30,735 |
| 154,055 | | Income from Government Grants and Council Tax | | | 158,797 |
| 954 | | Net General Fund (Surplus) / Deficit for the year | | | 217 |
| 1,488 | | Balances on General Fund Brought Forward | | | 2,442 |
| 2,442 | | (Surplus) / Deficit on General Fund Carried Forward | | | 2,659 |

Consolidated Revenue Account - Notes

Note 1 ~ Unallocated Central Support Costs

Although not part of the Central and Corporate Committee, the Department of Homes and Technical Services is treated as a Central Service Department. The costs of Central Service departments are fully allocated over other services excluding those elements relating to Cost of Collection, Corporate Management, District Court/Licencing Board, Registration of Births, Deaths & Marriages, Administration of Housing Benefit and Childrens Panel.

Capital charges are included in the full allocation of Central Support Services.

| | Gross Expenditure £000s | Gross Income £000s | Net £000s |
|---|-------------------------------|--------------------------|--------------|
| Central & Corporate Services Committee | | | |
| Central Services | | | * |
| Chief Executive | 1,908 | 1,849 | 59 |
| Finance | 5,111 | 5,111 | - |
| Democratic Process | 1,980 | 1,980 | - |
| Corporate Office Accommodation | 1,750 | 1,750 | - |
| Cost of Collection | 778 | - | 778 |
| Administration of Housing Benefits | 1,207 | - | 1,207 |
| Corporate Management | 1,535 | - | 1,535 |
| | 14,269 | 10,690 | 3,579 |
| Corporate Services | | | |
| Administration | 2,106 | 2,106 | - |
| Personnel Services | 812 | 812 | - |
| Information & Technology | 2,819 | 2,819 | - |
| Registration | 91 | - | 91 |
| Childrens Panel | 31 | - | 31 |
| | 5,859 | 5,737 | 122 |
| TOTAL | 20,128 | 16,427 | 3,701 |

* District Court/Licencing Board

| | Gross Expenditure £000s | Gross Income £000s | Net £000s |
|---------------------------------------|-------------------------------|--------------------------|--------------|
| Homes & Technical Services | | | |
| Technical Services | 634 | 634 | - |
| Property Services | 389 | 389 | - |
| Central Repairs Account | 2,240 | 2,240 | - |
| TOTAL | 3,263 | 3,263 | - |

Consolidated Revenue Account – Notes

Note 2 ~ Asset Management Revenue Account

| 1998-99 £000s | | 1999/00 £000s |
|------------------|--|------------------|
| 1,020 | Depreciation | 1,784 |
| 15,537 | Loans Fund Interest | 13,905 |
| 226 | Loans Fund Expenses | 297 |
| 16,783 | Total Expenditure | 15,986 |
| 1,337 | Direct Loan Charges | 1,472 |
| (27,863) | Capital Charges | (23,508) |
| (43) | Notional Interest on DLO/DSO Stock balance | (43) |
| (26,569) | Total Income | (22,078) |
| (9,786) | Total Net Expenditure / Income | (6,092) |

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

| | Total Assets Utilised £000s | Capital Charges Made £000s | Loan Charges Paid £000s |
|--------------------------|--------------------------------|----------------------------------|-------------------------------|
| Housing Revenue Account* | 220,858 | 9,477 | 9,477 |
| General Fund Housing | - | - | 958 |
| Education | 138,291 | 8,163 | 2,447 |
| Social Work | 8,573 | 532 | 755 |
| Community Services | 10,436 | 607 | 2,551 |
| Development Services | 44,813 | 3,296 | 4,629 |
| Policy & Resources | 7,096 | 1,233 | 1,061 |
| Trading Services | 1,365 | 243 | 93 |
| | 431,432 | 23,551 | 21,970 |

* For the Housing Revenue Account Capital charges equate to loan charges, including Capital Funded from Current Revenue (CFCR).

Consolidated Revenue Account - Notes

Note 3 ~ Pension Costs

The Council contributes to two pension schemes: -

(1) 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. This being a 'final salary' based scheme it is not possible for these accounts to fully comply with all the disclosure requirements of the Accounting Code of Practice. The scheme is supported by contributions from both employees and employers. During 1999/2000 the Council contributed £3.463m or (7.64% of total pensionable pay) to the scheme. In addition contributions totalling £1.268m (or 2.80% of total pensionable pay) were made in respect of added years.

As at 31 March 2000 the Pension Fund is unable to accurately estimate the pension costs that the Council would have required to provide for in 1999/2000 in order to meet future pension liabilities.

The last actuarial valuation of the fund took place as at 31 March 1999.

(2) Teachers

The Teachers Pension scheme is administered by the Scottish Executive. Contributions by East Ayrshire Council during 1999/2000 amounted to £2.177m, representing 6.51% of pensionable pay. The employers contribution rate is set at 6.9%.

Note 4 ~ Local Government (Scotland) Act 1973, Section 83

The Council's expenditure under this statute, which is for the benefit of local residents, is limited to the product of £3.80 and the population of the Council's area. For 1999/2000 the limit was £0.461m. Expenditure amounted to £0.428m (1998/99 £0.367m) and is included within service spending.

Note 5 ~ Local Government Act 1986 – Separate Publicity Account

Section 5 of this Act requires the Council to maintain a separate account for publicity. Expenditure of £0.321m was incurred during 1999/2000 (1998/99 £0.325m) and is included within service spending.

Note 6 ~ Skills Training Scheme

These are principally funded by grants from the Training Agency. £0.935m was spent on the schemes in 1999/2000 (1998/99; £1.074m) but only the net cost appears in the Consolidated Revenue Accounts.

Note 7 ~ Operating Lease Rentals

The Council leases a variety of assets on operating leases. The assets involved are mainly vehicles, computers, photocopying equipment and items of plant. The cost of leases is shown as service spending but no asset appears in the balance sheet. Operating leases cost £2.663m in 1999/2000 (1998/99; £2.515m). The unexpired commitment on these at 31 March 2000 is £12.181m.

Consolidated Revenue Account - Notes

Note 8 ~ Items of Income and Expenditure

The service summary at page 7 is presented below on a subjective basis.

| What the money was spent on:- | | | |
|--------------------------------------|--|-------------------------------------|-------------------------------------|
| 1998-99 Actual £000s | | 1999-00 Actual £000s | 1999-00 Budget £000s |
| 82,639 | Employee Costs | 85,677 | 87,044 |
| 24,984 | Property Costs | 26,012 | 25,889 |
| 4,401 | Transport Costs | 5,437 | 5,337 |
| 13,506 | Supplies & Services | 15,203 | 14,363 |
| 4,054 | Administration Costs | 4,198 | 4,024 |
| 48,269 | Payments to Other Bodies | 53,024 | 52,409 |
| - | Bad Debts | 191 | 110 |
| 11,580 | Central Support Costs | 18,306 | 18,215 |
| 27,610 | Funding Costs | 23,307 | 23,102 |
| 21,319 | Housing Benefit Payments | 22,303 | 22,193 |
| 238,362 | Cost of Council Services | 253,658 | 252,686 |
| (202) | Trading Services (Surplus) / Deficit | (633) | (342) |
| - | Contribution to / from Specific Reserves | 973 | - |
| 676 | Capital Accounting Adjustment | (1,581) | (1,216) |
| 238,836 | Total Expenditure | 252,417 | 251,128 |

| Where the money came from:- | | | |
|------------------------------------|---|----------------|----------------|
| 28,389 | Housing Rents | 28,771 | 29,286 |
| 54,004 | Other Income | 64,632 | 64,631 |
| 82,393 | Income Related to Council Services | 93,403 | 93,917 |
| 80,962 | Revenue Support Grant | 81,329 | 81,330 |
| 8,511 | Specific Grants | 11,463 | 11,478 |
| 33,699 | Non Domestic Rates | 34,270 | 34,265 |
| 2,114 | Community Charge Arrears | 1,000 | - |
| 28,769 | Council Tax | 30,735 | 31,060 |
| (178) | General Fund Deficit for Year | 217 | (922) |
| 2,566 | Housing Revenue Account Appropriation | - | - |
| 238,836 | Total Income | 252,417 | 251,128 |

Consolidated Revenue Account - Notes

Note 9 ~ Officers Emoluments

An analysis of Council officers whose total emoluments for 1999/2000 exceeded £40,000 is detailed below.

Of the 61 Council officers listed, 3 terminated their employment with East Ayrshire Council in the year ending 31 March 2000. As such, the figures include redundancy payments made to those officers.

| | Total Officers within this band |
|-------------------|------------------------------------|
| £40,000 - £49,999 | 34 |
| £50,000 - £59,999 | 17 |
| £60,000 - £69,999 | 2 |
| £70,000 - £79,999 | 6 |
| £80,000 - £89,999 | - |
| £90,000 - £99,999 | 2 |
| £100,000 + | - |
| TOTAL | 61 |

Note 10 ~ Members Allowances and Interests

The total Members' Allowances paid during 1999/2000 amounted to £0.441m.

The public record of Members Expenses for 1999/2000 is available for inspection during normal working hours at the Department of Finance, Council Offices, Greenholm St, Kilmarnock.

The Register of Members Interests for 1999/2000 is available for inspection during normal working hours at the Department of Corporate Services, Council Headquarters, London Road, Kilmarnock.

Note 11 ~ Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Council provided maintenance to Trunk Roads within the boundaries of East Ayrshire Council. Income from these services amounted to £1.133m in 1999/2000 as compared with related expenditure of £1.142m.

Note 12 ~ Redundancy Payments

Included in service gross expenditure, as detailed in the Consolidated Revenue Account, are redundancy payments totalling £0.379m.

Note 13 ~ Insurance Fund

The Council operates an internal insurance fund with the balances as at 31 March being carried forward to provide funds for future insurance premiums and uninsured losses. As at 31 March 2000 the balance on the fund amounted to £1.044m, a revenue contribution of £0.973m having been made in 1999/2000.

Consolidated Revenue Account - Notes

Note 14 ~ Related Party Transactions

During 1999/2000 transactions arose with related parties as follows:

| | Income £000s | Expenditure £000s |
|---|-----------------|----------------------|
| Central Government & Govt Agencies | | |
| Revenue Grants | | |
| Revenue Support Grant | 81,329 | |
| Non-Domestic Rates | 34,266 | |
| Housing Benefit Subsidy | 21,034 | |
| Housing Benefit Support Grant | 58 | |
| Council Tax Benefit Subsidy | 6,987 | |
| Specific Grants | 11,463 | |
| Urban Aid | 162 | |
| Enterprise Ayrshire | 391 | |
| Capital Grants | | |
| New Deal for Schools | 646 | |
| Social Inclusion Programme | 254 | |
| Related Companies | | |
| Galleon Centre | | 1,169 |
| West of Scotland Loans Fund | | 140 |
| Related Bodies | | |
| Strathclyde Police Joint Board | | 15,001 |
| Strathclyde Fire Brigade Joint Board | | 3,546 |
| Ayrshire Valuation Joint Board | | 550 |
| Authorities Buying Consortium | | 40 |
| Strathclyde Pension Fund | | 4,732 |
| Scottish Office Pensions Agency | | 2,177 |
| Strathclyde Passenger Transport Authority | | 1,981 |

Note 15 ~ Restructuring of Debt

During 1999/2000 the Council carried out a debt rescheduling exercise which resulted in a premium of £10.855m for the repurchase of debt with outstanding maturities of between one and forty-seven years. £0.279m has been written off in 1999/2000 with the balance being written off over the lifespan of the replacement loans. The total value of loans replaced was £69.824m. The net reduction in the Council's cost of borrowing arising from the restructure was £1.224m.

Collection Accounts

Non Domestic Rate Income Account

| 1998-99 £000s | | 1999-00 £000s |
|------------------|---|------------------|
| 27,198 | Gross Rates levied and contributions in lieu | 27,895 |
| | Less | |
| (3,157) | Reliefs and other reductions | (2,903) |
| (1,145) | Provision for bad and doubtful debts | (1,109) |
| 22,896 | | 23,883 |
| (1,041) | Prior Years- Pool | (470) |
| 11,434 | Contribution from national Non-Domestic Rate Pool | 10,853 |
| 33,289 | Net Income | 34,266 |
| 410 | Adjustments and Pre-Pool Years | 4 |
| 33,699 | | 34,270 |

Occupiers of non-domestic property are liable to pay Non-Domestic rates. This is a tax levied by Local Authorities on the occupiers of property within their areas.

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 Secretary of State. The National Non-Domestic Rate poundage set by the Secretary of State for 1999/2000 was £0.489.

| Analysis of Rateable Values at 1st April 1999: | Number | £000s |
|--|--------------|---------------|
| Shops (inc. restaurants) | 1,107 | 14,569 |
| Offices | 452 | 3,481 |
| Hotels, Boarding Houses etc. | 42 | 478 |
| Industrial and Freight Transport Subjects | 573 | 15,899 |
| Formula Valued | 7 | 3,188 |
| Miscellaneous Subjects | 1,104 | 15,131 |
| Other | 776 | 6,887 |
| Total | 4,061 | 59,633 |

Community Charge Account

During 1999/2000 Community Charge (Poll Tax) Arrears of £0.595m have been collected, being offset against the bad debt provision brought forward from 1998/99.

| 1998-99 £000s | | 1999-00 £000s |
|------------------|---|------------------|
| 764 | Arrears of Community Charge (Poll Tax) recovered during 1998/99 | - |
| | Add | |
| 1,350 | Reduction in Bad Debt Provision | 1,000 |
| 2,114 | Total Income from Community Charge | 1,000 |

In order to comply fully with FRS 12 'Provisions, Contingent Assets and Contingent Liabilities', the Bad Debt Provision in respect of Community Charge outstanding from prior years has been reduced in line with current budgeted recovery levels.

Collection Accounts

Council Tax Account

| 1998-99 £000s | | 1999-00 £000s |
|------------------|--|------------------|
| 34,597 | Gross Council Tax levied and contributions in lieu and penalties | 36,055 |
| | Less | |
| (428) | Council Tax Benefits (Net of Government Grant) | (319) |
| (3,578) | Discounts and Reductions | (3,681) |
| (1,834) | Provision for bad and doubtful debts | (1,045) |
| 12 | Prior Year Adjustments | (275) |
| 28,769 | Total Income from Council Tax | 30,735 |

The Calculation of the Council Tax Base

| 1998-99 Total | Bands | A | B | C | D | E | F | G | H | 1999-00 Total |
|------------------|-----------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|-----------|------------------|
| 51,862 | Properties | 27,355 | 9,603 | 3,729 | 4,868 | 4,401 | 1,686 | 385 | 33 | 52,060 |
| (809) | Exemptions | (722) | (103) | (32) | (19) | (8) | (7) | (1) | (1) | (893) |
| | Disabled relief | 73 | (52) | 23 | (10) | (22) | (4) | (7) | (1) | - |
| (16,463) | Discounts (25%) | (11,872) | (2,724) | (972) | (867) | (683) | (183) | (30) | (1) | (17,332) |
| (382) | Discounts (50%) | (285) | (74) | (50) | (34) | (34) | (7) | (3) | (2) | (489) |
| 46,748 | Total equivalent | 23,596 | 8,730 | 3,452 | 4,605 | 4,183 | 1,626 | 368 | 30 | 46,590 |
| | Ratio | 6/9 | 7/9 | 8/9 | 1 | 11/9 | 13/9 | 15/9 | 18/9 | |
| 38,261 | Band 'D' equivalents | 15,731 | 6,790 | 3,068 | 4,605 | 5,113 | 2,349 | 613 | 60 | 38,329 |
| (1,914) | Bad debt provision | | | | | | | | | (1,916) |
| 17 | Class 18 Dwellings | | | | | | | | | 11 |
| 36,364 | COUNCIL TAX BASE | | | | | | | | | 36,424 |

The figures shown in the table above indicate the number of properties as at 31 October 1999.

The Nature and Actual Amount of Each Charge Fixed

Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The Council Tax charge is calculated using the Council Tax Base, i.e. Band 'D' Equivalents. This value is then decreased/increased dependant on the band. The Band 'D' Charge for 1999/2000 was £848.70.

| BAND | 1999-00 |
|------|------------|
| | £ per year |
| A | 565.80 |
| B | 661.10 |
| C | 754.40 |
| D | 848.70 |
| E | 1,037.30 |
| F | 1,225.90 |
| G | 1,414.50 |
| H | 1,697.40 |

Housing Revenue Account

This statement gives an indication of the amount that the Council spent in fulfilling its statutory requirements in the provision, improvement and management of housing to suit all housing needs.

| 1998-99 | Housing Revenue Account | 1999-00 | |
|-----------------|--|-----------------|-----------------|
| Actual £000s | | Actual £000s | Budget £000s |
| | Expenditure | | |
| 3,008 | Supervision and Management | 2,899 | 2,956 |
| 11,374 | Repairs and Maintenance | 10,302 | 10,229 |
| 14,325 | Capital Charges | 9,478 | 9,622 |
| 150 | Homeless Persons | 473 | 517 |
| 532 | Increase in Provision for Bad Debts | 191 | 110 |
| 3,877 | Other Expenditure | 5,918 | 5,966 |
| 33,266 | Total Expenditure | 29,261 | 29,400 |
| | Income | | |
| 28,389 | Rents - Council Houses | 28,771 | 29,286 |
| 319 | Rents - Other | 631 | 647 |
| 249 | Housing Support Grant | 335 | 345 |
| 26 | Interest | 19 | 11 |
| 26 | Miscellaneous | 63 | 60 |
| 29,009 | Total Income | 29,819 | 30,349 |
| 4,257 | (Surplus) / Deficit for the Year | (558) | (949) |
| (2,566) | HRA (Surplus) brought forward from Previous Year | - | 883 |
| 1,691 | Net (Surplus) /Deficit (Applied) /Charged To General Fund | (558) | (66) |

The Housing Revenue Account surplus of £0.558m has been applied to the General Fund, being consistent with the treatment of the deficit in 1998/99.

Statistical Information

| 1998-99 | | 1999-00 | | |
|---------------|---------------|--------------|---------------|---------------|
| | | Flat | House | Total |
| | One Bedroom | 2,183 | 974 | 3,157 |
| | Two Bedroom | 4,390 | 4,612 | 9,002 |
| | Three Bedroom | 767 | 4,824 | 5,591 |
| | Four Bedroom | 33 | 367 | 400 |
| | Five Bedroom | 2 | - | 2 |
| 18,718 | | 7,375 | 10,777 | 18,152 |

Due to the transfer of data to a new computer system during 1999/2000 a comparative analysis with 1998/99 is not available.

Rental Information

| 1998-99 | Rental Information | 1999-00 |
|---------|---|---------|
| £29.03 | Average Weekly Rent (52 weeks) | £29.94 |
| 10.6% | Current Rent Arrears (as % of Rent Collectable) | 12.6% |
| 1.483m | Total Rent Arrears | 1.938m |
| 0.733m | Provision for Bad Debts | 0.924m |

DLO and DSO Summary Statement

The Direct Service Operations (DSOs) and Direct Labour Organisations (DLOs) are set up by the Council to compete for work under the Government's Compulsory Competitive Tendering arrangements. The financial objective is to break even after taking account of capital charges. In addition various services have a non-statutory element. A summary of the services income and expenditure is set out below:-

| | STATUTORY | | | NON-STATUTORY | | | TOTAL | | |
|---------------------------|-----------------|-----------------|--------------------------------|-----------------|-----------------|--------------------------------|-----------------|-----------------|--------------------------------|
| | Income £000s | Expend £000s | (Surplus)/ Deficit £000s | Income £000s | Expend £000s | (Surplus)/ Deficit £000s | Income £000s | Expend £000s | (Surplus)/ Deficit £000s |
| Catering DSO | 2,972 | 2,694 | (278) | 791 | 736 | (55) | 3,763 | 3,430 | (333) |
| Cleaning of Buildings DSO | 1,990 | 1,978 | (12) | 2,487 | 2,426 | (61) | 4,477 | 4,404 | (73) |
| School Crossing Patrols | 276 | 260 | (16) | - | - | - | 276 | 260 | (16) |
| Roads DLO | 4,835 | 4,830 | (5) | - | - | - | 4,835 | 4,830 | (5) |
| Vehicle Maintenance DSO | 1,218 | 1,217 | (1) | - | - | - | 1,218 | 1,217 | (1) |
| Refuse Collection DSO | 2,304 | 2,294 | (10) | - | - | - | 2,304 | 2,294 | (10) |
| Street Cleansing DSO | 1,340 | 1,310 | (30) | - | - | - | 1,340 | 1,310 | (30) |
| Leisure Management DSO | 1,025 | 1,016 | (9) | - | - | - | 1,025 | 1,016 | (9) |
| Grounds Maintenance DSO | 2,685 | 2,607 | (78) | - | - | - | 2,685 | 2,607 | (78) |
| Building & Works DLO | 11,331 | 11,253 | (78) | - | - | - | 11,331 | 11,253 | (78) |
| TOTAL | 29,976 | 29,459 | (517) | 3,278 | 3,162 | (116) | 33,254 | 32,621 | (633) |

Note: The accounts of the Council's DLOs and DSOs are published separately, and are available on request from the Director of Finance, Council Offices, Greenholm St, Kilmarnock, KA1 4DJ.

Consolidated Balance Sheet

| 31 March 1999 | Consolidated Balance Sheet as at 31 March 2000 | Balance Sheet | 31 March 2000 | |
|------------------|---|------------------|------------------|-----------------|
| £000s | | Note | £000s | £000s |
| | FIXED ASSETS | 1 | | |
| 236,178 | Council Dwellings | | 218,941 | |
| 160,061 | Other Land and Buildings | | 163,623 | |
| 26,207 | Infrastructure | | 26,093 | |
| 6,454 | Vehicles, Plant and Equipment | | 6,176 | |
| 750 | Community Assets | | 600 | |
| 429,650 | Operational Assets | | | 415,433 |
| 16,295 | Investment Properties | | 14,494 | |
| 938 | Surplus Assets | | 1,505 | |
| 17,233 | Non Operational Assets | | | 15,999 |
| | Long Term Prepayment | CRA note 15 | | 10,576 |
| 446,883 | Total Assets | | | 442,008 |
| | CURRENT ASSETS | | | |
| 772 | Stocks and work in progress | | 590 | |
| 19,445 | Debtors | 2 | 25,800 | |
| 33 | Cash | | 35 | |
| 20,250 | | | | 26,425 |
| | LESS: | | | |
| | CURRENT LIABILITIES | | | |
| 19,669 | Creditors | 3 | 22,455 | |
| 13,030 | Temporary Borrowing | 4 | 17,702 | |
| 2,960 | Bank Overdraft | | 2,367 | |
| 35,659 | | | | 42,524 |
| (15,409) | NET CURRENT LIABILITIES | | | (16,099) |
| 431,474 | TOTAL | | | 425,909 |
| | REPRESENTED BY | | | |
| 174,964 | Borrowing Repayable after 12 months | 4 | | 181,641 |
| 197,630 | Fixed Asset Restatement Reserve | 5 | | 172,593 |
| 60,551 | Capital Financing Reserve | | | 73,270 |
| | Usable Capital Receipts Reserve | | | - |
| (1,671) | Fund Balances and Other Reserves | 6 | | (1,595) |
| 431,474 | | | | 425,909 |

Alexander McPhee, ACMA
Director of Finance
19th June 2000

Consolidated Balance Sheet – Notes

The Consolidated Balance Sheet brings together all the assets and liabilities of the Council's General Fund, Direct Labour and Service Organisations and Loans Fund and should be read in conjunction with the Statement of Accounting Principles. It is a snapshot of the Council's financial position at 31 March 2000.

Note 1 ~ Fixed Assets

Fixed Assets are included in the Balance Sheet at their current asset value as at 31 March 2000.

Assets are valued as follows:

Council Dwellings – The valuation of Council Dwellings has been adjusted to reflect the Average Discounted Market Value.

Other Land and Buildings, Surplus Property - Open Market Value for existing use or depreciated replacement cost basis as appropriate. A few minor properties have been valued at historic cost or net realisable value.

Vehicles, Plant, Furniture and Fittings - Depreciated Historic Cost.

Infrastructure - Depreciated Historic Cost.

The asset valuations used in the accounts are based upon professional advice of the Director of Development Services for vehicles and land and buildings.

INFORMATION ON ASSETS HELD

The main assets held by the Council as at 31 March 2000 are as follows:

| | Numbers as at 31 March 2000 | | Numbers as at 31 March 2000 |
|------------------------------|--------------------------------|------------------------------------|--------------------------------|
| Council Dwellings | 18,152 | Operational Equipment | |
| | | Vehicles | 462 |
| Operational Buildings | | | |
| Pre-5 Schools | 22 | | |
| Primary Schools | 46 | Infrastructure Assets | |
| Secondary Schools | 10 | Trunk Roads | 2 |
| Special Schools | 5 | Principal Roads (Km's) | 115 |
| Community Education Centres | 70 | Non-Principal Roads (Km's) | 404 |
| Day Centres | 3 | Unclassified Roads (Km's) | 578 |
| Car Parks | 36 | Highway Bridges | 584 |
| Social Work Homes | 9 | Street Lighting Units | 17,000 |
| Assessment Centres | 6 | | |
| Depots | 9 | | |
| Sports Centres | 8 | Community Assets | |
| Swimming Pools | 2 | Parks (Acres) | 114 |
| Halls | 18 | Cemeteries (Acres) | 108 |
| Public Conveniences | 9 | Playing Fields/Open Spaces (Acres) | 1,848 |
| Council Offices | 20 | | |
| Industrial Units | 115 | | |
| Shops | 42 | | |
| Libraries | 28 | | |
| Museums | 6 | | |

Consolidated Balance Sheet – Notes

Funding Of Capital Expenditure

Capital Expenditure during 1999/2000 was funded as follows:

| | Housing Revenue Account | General Fund | Total |
|--|-------------------------|--------------|---------------|
| Borrowing | 3,553 | 5,868 | 9,421 |
| Useable Capital Receipts | 1,789 | 804 | 2,593 |
| Specific Grants | - | 646 | 646 |
| Capital Funded From Current Revenue (CFCR) | 2,961 | - | 2,961 |
| Gross Capital Expenditure | 8,303 | 7,318 | 15,621 |

Movement in Assets during 1999/2000

| Category | Opening Position | + | - | - | + | = |
|-----------------------------|------------------|-----------------------|--------------------|-----------------------|----------------------|---------------------------|
| | £000s | Acquisitions £000s | Disposals £000s | Depreciation £000s | Revaluation £000s | Closing Position £000s |
| Council Dwellings | 236,178 | - | (7,175) | - | (10,062) | 218,941 |
| Other Land & Dwellings | 160,061 | 1,883 | (17) | - | 1,696 | 163,623 |
| Vehicles, Plant & Equipment | 6,454 | 747 | (30) | (994) | (1) | 6,176 |
| Infrastructure Assets | 26,207 | 676 | - | (790) | - | 26,093 |
| Surplus Assets | 938 | - | (734) | - | 1,301 | 1,505 |
| Work in Progress | - | - | - | - | - | - |
| Community Assets | 750 | - | - | - | (150) | 600 |
| Investment Properties | 16,295 | - | (41) | - | (1,760) | 14,494 |
| TOTALS | 446,883 | 3,306 | (7,997) | (1,784) | (8,976) | 431,432 |

Service Analysis

| | | | | | | |
|-------------------------|----------------|--------------|----------------|----------------|----------------|----------------|
| Housing Revenue Account | 237,885 | - | (7,175) | (2) | (9,887) | 220,821 |
| General Fund Services | 207,510 | 3,306 | (796) | (1,667) | 913 | 209,266 |
| Trading Services | 1,488 | - | (26) | (115) | (2) | 1,345 |
| TOTALS | 446,883 | 3,306 | (7,997) | (1,784) | (8,976) | 431,432 |

Disposal values for all assets are shown as sale proceeds rather than net book values.

Note 2 ~ Debtors

| 1998-99 £000s | | 1999-00 | | |
|------------------|--|-----------------------|-------------------------|-----------------|
| | | Gross Debtor £000s | Less Provision £000s | Debtor £000s |
| 5,389 | Arrears of Local Taxation - Council Tax | 16,435 | 9,513 | 6,922 |
| 2,476 | Arrears of Local Taxation - Non Domestic Rates | 6,507 | 4,115 | 2,392 |
| 1,350 | Arrears of Local Taxation - Community Charge | 10,257 | 8,502 | 1,755 |
| 750 | Housing Rents | 1,938 | 924 | 1,014 |
| 1,725 | VAT and Income Tax Recoverable | | | 1,709 |
| 7,755 | Other Income Due | 13,062 | 1,054 | 12,008 |
| 19,445 | Total | | | 25,800 |

Included in Debtors is an amount of £2.198m in respect of Housing Benefits monies due from the Department of Social Security; as this claim is not due for completion until 30 September 2000 the audit of the claim is as yet outstanding and accordingly the debtor may be subject to change.

Consolidated Balance Sheet – Notes

Note 3 ~ Sundry Creditors

(Repayable on demand or within 12 months)

| 1998/99 £000s | | 1999/00 £000s |
|------------------|-------------------------------------|------------------|
| 3,214 | Loan Interest accrued | 2,400 |
| 300 | Provision for Prior Year Adjustment | - |
| 16,155 | Other | 20,055 |
| 19,669 | Total | 22,455 |

Note 4 ~ Outstanding Borrowing

| | Short-Term | Long-Term Borrowing - time to maturity | | | | | OVERALL | Percentage % |
|---------------------------------|---------------|--|--------------|--------------|----------------|----------------|----------------|-----------------|
| | <365 Days | Under 1 Yr | 1-5 Yrs | 5-10 Yrs | Over 10 Yrs | Total | TOTAL | |
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | |
| Banks/Monetary Sector | 56 | - | 1,679 | - | 7,250 | 8,929 | 8,985 | 4.46% |
| Building Societies | 250 | 2,000 | - | - | 5,000 | 7,000 | 7,250 | 3.60% |
| Financial Institutions | 135 | - | 150 | 500 | - | 650 | 785 | 0.39% |
| Local Authorities | 10,775 | - | - | - | - | - | 10,775 | 5.35% |
| Public Works Loan Board | - | 2,135 | 59 | 1,582 | 167,330 | 171,106 | 171,106 | 85.02% |
| Public Corporations | 800 | - | - | - | - | - | 800 | 0.40% |
| Central Government | 300 | - | 6 | - | - | 6 | 306 | 0.15% |
| Other Sources | 1,250 | 1 | - | - | - | 1 | 1,251 | 0.62% |
| | 13,566 | 4,136 | 1,894 | 2,082 | 179,580 | 187,692 | 201,258 | 100% |
| Investment in Common Good | | | | | | | 164 | |
| Investment in Trusts & Bequests | | | | | | | 639 | |
| Covenant Scheme | | | | | | | 600 | |
| Total | | | | | | | 202,661 | |

As detailed in Note 13 below, within the Consolidated Balance Sheet, Loans Outstanding, as at 31 March 2000 has been updated to reflect £3.318m received from the Glasgow City Council on 3 April 2000; these monies being in respect of debt outstanding in relation to the Strathclyde Passenger Transport Authority.

Note 5 ~ Fixed Asset Restatement Reserve

Refer to Statement of Total Movement in Reserves (Page 27)

| 1998-99 £000s | | 1999/00 £000s |
|------------------|---------------------------------|------------------|
| 197,630 | Balance at 31 March 2000 | 172,593 |

Note 6 ~ Fund Balances and Other Reserves

| 1998-99 £000s | | 1999-00 £000s |
|------------------|----------------------------------|------------------|
| 751 | Insurance Fund | 1,044 |
| (2,442) | General Fund Surplus / (Deficit) | (2,659) |
| 20 | Baird Institute Reserve | 20 |
| - | Housing Revenue Account | - |
| (1,671) | Total | (1,595) |

Consolidated Balance Sheet – Notes

Note 7 ~ Commitments and Guarantees

The Council has a commitment to indemnify and reimburse the Trustees of the Kilmarnock Leisure Centre Trust to the extent of any loss incurred in each financial year.

The Council guarantees the deposits taken by Cumnock Municipal Bank. As at 31 March 2000 the funds deposited with the Bank amounted to £0.056m. These are invested by the Bank on short-term deposit with East Ayrshire Council.

The Council, together with the successor authorities to Strathclyde Regional Council has a continuing commitment to meet its share of any residual liabilities of that authority. The Council has inherited a number of applications for equal pay at various stages of completion at Industrial Tribunal. The final outcome of these is not certain at this time, although there is the possibility that the Council may lose at least some of these cases. No financial provision has been made in the 1999/2000 Accounts for this potential loss given the uncertainties which surround both the final outcome and the settlement levels.

The commitments in respect of capital schemes are as follows:

| General Fund | £000s | Housing | £000s |
|---------------------------|-----------|--------------------|------------|
| Auchinleck Primary School | 41 | Window Replacement | 51 |
| Other General Schemes | 25 | Central Heating | 45 |
| | | Reroofing | 64 |
| | | Modernisation | 22 |
| | | Sheltered Housing | 67 |
| Total | 66 | Total | 249 |

Note 8 ~ Investments in Related Businesses and Companies

East Ayrshire Council provides a capital grant contribution to the West of Scotland Loans Fund Ltd. As at 31 March 2000 the Council's involvement stands at £0.640m. In the event of the Fund being wound up a contingency liability of £0.321m exists in respect of European Development Fund Grants. The Fund exists to co-ordinate the 12 former ex-SRC authorities in respect of the relationship with the European Regional Development Fund.

East Ayrshire 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.

Note 9 ~ European Monetary Union

At present the participation of the United Kingdom in the European Monetary Union has yet to be confirmed. The integrated financial system currently being installed by the Council to replace the current suite of systems is BASDA EMU accredited in accordance with the BASDA EMU advanced checklist and BASDA EMU specification. In the event that the UK enters the EMU in future years the new financial system of the Council will be fully Euro compliant.

Note 10 ~ Year 2000 Costs

A systematic and comprehensive check has been made of all computer hardware, software, and pieces of equipment which contain embedded micro-chips and where necessary remedial action has been taken.

The Accounts Commission report on Year 2000 compliance, accordingly, awarded the Council 'Blue Status', indicating that the Commission identified no risk of material disruption to the infrastructure process at the Millennium. No such disruption was experienced by the Council, at or around 1 January 2000, or subsequent to that date, as at 31 March 2000.

Expenditure incurred in 1999/2000 amounted to £0.080m.

Consolidated Balance Sheet – Notes

Note 11 ~ Movement in Provisions

The 1999/2000 Accounts include a provision for Severance Costs approved as at 31 March 2000 arising from a Council restructure due to take place on 1 July 2000. This provision is £0.307m.

Glasgow City Council as accounting authority for the former Strathclyde Regional Council is seeking to recover proportionate contributions from the other 11 constituent authorities for settlement costs incurred in respect of an outstanding claim for compensation by London and Clydeside Estates Limited relative to the compulsory acquisition on land in Darnley which now forms part of the M77 extension. A provision of £0.182m has been made in 1999/2000 in respect of this item.

Note 12 ~ Amounts held by Schools under DMR Scheme

£0.123m is held in respect of schools under the terms of the scheme of delegation of management of resources. This money is committed to be spent on Educational services.

Note 13 ~ Strathclyde Passenger Transport Authority Receipt post 31 March 2000

The Consolidated Balance Sheet as at 31 March 2000 includes the receipt of £3.318m on 3 April 2000 from the Glasgow City Council. The transfer is required to adjust the debt disaggregated to Glasgow over the other 11 constituent unitary authorities of the former Strathclyde Regional Council.

The Consolidated Revenue Account has not been amended to account for the revenue impact of the transfer.

Cash Flow Statement

| 1998/99 £000s | | 1999/00 £000s | 1999/00 £000s |
|------------------|---|------------------|------------------|
| | REVENUE ACTIVITIES | | |
| | Expenditure | | |
| 80,050 | Employment Costs | 82,914 | |
| 108,803 | Other Operating Costs | 116,494 | |
| 5,992 | Housing Benefit Paid Out | 7,028 | |
| 22,274 | NDRI Contributable to Pool | 24,338 | |
| 9,378 | Precept Paid | 10,942 | |
| 226,497 | | 241,716 | |
| | Income | | |
| (13,061) | Rents (after rebates) | (13,286) | |
| (28,769) | Council Tax Income | (30,735) | |
| (91,169) | Revenue Support Grant/NDRI | (92,271) | |
| (33,289) | NDRI Distributable from Pool | (34,266) | |
| (21,855) | Precept Income | (24,342) | |
| (19,952) | DSS grants for rebates | (28,022) | |
| (8,510) | Other government grants | (11,463) | |
| (18,479) | Fees, Charges and Other Income | (14,355) | |
| (235,084) | | (248,740) | |
| (8,587) | Net Cash In-flow from Revenue Activities | | (7,024) |
| | Servicing of Finance | | |
| 15,396 | Interest and Leasing Charges | 14,829 | |
| (52) | Interest Received | (67) | |
| 15,344 | NET CASH OUTFLOW FROM SERVICING OF FINANCE | | 14,762 |
| | CAPITAL ACTIVITIES | | |
| | Expenditure | | |
| 4,810 | Purchase of Fixed Assets | 3,306 | |
| - | Purchase of Long Term Investments | - | |
| 16,641 | Other Capital Cash Payments | 11,855 | |
| 21,451 | | 15,161 | |
| | Income | | |
| (5,971) | Sale of Fixed Assets | (7,997) | |
| (649) | Capital Grants Received | (646) | |
| (815) | Other Capital Cash Payments/Income | (193) | |
| (7,435) | | (8,836) | |
| 14,016 | NET CASH OUTFLOW FROM CAPITAL ACTIVITIES | | 6,325 |
| 20,773 | Net Cash(In-flow)/Out-flow before Financing | | 14,063 |
| | Financing | | |
| | Management of Liquid Resources | | |
| - | Short Term Deposits Raised | - | |
| - | Short Term Deposits Repaid | - | |
| - | | - | |
| | Expenditure | | |
| 101,941 | Repayments of amounts borrowed | 210,302 | |
| - | Capital element of finance lease rentals payments | - | |
| - | New Short-term Deposits | - | |
| 101,941 | | 210,302 | |
| | Income | | |
| (24,998) | New Loans Raised | (96,820) | |
| (96,713) | New Short-term Loans | (128,140) | |
| - | Short-term Deposits Repaid | - | |
| (121,711) | | (224,960) | |
| (19,770) | NET CASH OUTFLOW / (INFLOW) FROM FINANCING | | (14,658) |
| 1,003 | (Increase)/Decrease in Cash | | (595) |

Cash Flow Statement – Notes

Note 1 ~ Reconciliation of Consolidated Revenue Account to Revenue Activities Cash Flow

| | 1999/00 £'000 | 1999/00 £'000 | 1998/99 £'000 |
|--|------------------|------------------|------------------|
| Surplus/Deficit per the Financial Statement | | 217 | 954 |
| Non Cash Transactions | | | |
| Contributions from Reserves | (973) | | 2,566 |
| Contributions to Capital | (1,380) | | (8,253) |
| Non Cash Movements Relating to Loans Fund | (19,824) | | (16,318) |
| Other Movements | 973 | (21,204) | 642 |
| | | | (21,363) |
| Movements in Working Capital | | | |
| Decrease in Stock and Work in Progress | (182) | | (310) |
| Increase in Debtors | 6,355 | | 132 |
| Increase in Deferred Charge | 10,576 | | |
| Increase in Creditors | (2,786) | 13,963 | 12,000 |
| | | | 11,822 |
| Net Cash Flow from Revenue Activities | | (7,024) | (8,587) |

Note 2 ~ Analysis of Balances of Cash

| | 31 March 2000 £000s | 31 March 1999 £000s | Movement £000s |
|--------------------------------------|------------------------|------------------------|-------------------|
| Cash | 35 | 33 | (2) |
| Bank Overdraft | (2,367) | (2,960) | (593) |
| (Increase) / Decrease in Cash | (2,332) | (2,927) | (595) |

Note 3 ~ Analysis of Government Grants

| | £000s |
|--|----------------|
| Specific Grants | |
| Police Board | 7,626 |
| Civic Defence | 51 |
| Sheltered Employment | 13 |
| Council Tax / Housing Benefit Administration | 416 |
| In Service Teacher Training | 65 |
| Education - Gaelic Language | 73 |
| Social Work - Mental Illness Specific Grant | 289 |
| Social Work - Child Care Training Grant | 80 |
| School Security | 256 |
| Excellence Fund | 2,550 |
| Alternatives to Exclusion | 44 |
| | 11,463 |
| Other Grants | |
| Revenue Support Grant | 92,271 |
| DSS Grants - Housing | 28,022 |
| Urban Aid | 162 |
| | 120,455 |
| Cash Flow From Government Grants | 131,918 |

Cash Flow Statement – Notes

Note 4 ~ Movement in Financing

| | £000s |
|------------------------------------|------------------|
| Loans Repaid | |
| Temporary Loans | 123,166 |
| PWLB | 47,819 |
| Local Bonds | - |
| Market Loans | 39,167 |
| Other Loans | |
| Covenant Repaid | 150 |
| Short-term Deposits | - |
| | 210,302 |
| New Loans | |
| PWLB | (82,570) |
| Market Loans | (14,250) |
| Short-term loans | (128,140) |
| Short-term Deposits Repaid | - |
| | (224,960) |
| Cash Outflow from Financing | (14,658) |

Statement of Total Movement in Reserves

| | General Fund £000s | Baird Institute Reserve Fund £000s | Insurance Fund £000s | HRA £000s | Total £000s |
|------------------------------------|-----------------------|--|----------------------------|--------------|----------------|
| Revenue Reserves | | | | | |
| Balance as at 1 April 1999 | (2,442) | 20 | 751 | - | (1,671) |
| Net Surplus/(Deficit) | (217) | - | 293 | - | 76 |
| Balance as at 31 March 2000 | (2,659) | 20 | 1,044 | - | (1,595) |

The Council operates an internal insurance fund with the balance being carried forward to provide for future insurance premiums and uninsured losses.

| | Fixed Asset Restatement Reserve £000s | Capital Financing Reserve £000s | Useable Capital Receipts Reserve * £000s |
|--|--|--|--|
| Capital Reserves | | | |
| Balance as at 1 April 1999 | 197,630 | 60,551 | - |
| Revaluation of assets during the year | (8,976) | - | - |
| Effects of Fixed Assets Disposals | | | |
| Value of Assets Disposed of | (7,997) | - | - |
| Proceeds from Asset Disposals | - | - | 8,363 |
| Capital Receipts Applied / Capital Income | - | 8,363 | (8,363) |
| Depreciation of Assets | - | (1,784) | - |
| Debt Redemption During Year | - | 3,029 | - |
| Expenditure Not Increasing Asset Values During Year ** | (8,064) | - | - |
| Covenant scheme repayments during year | - | 150 | - |
| Capital Expenditure Financed From Revenue | - | 2,961 | - |
| Balance as at 31 March 2000 | 172,593 | 73,270 | - |

* Refer to Consolidated Balance Sheet Page 18.

** Refer to Consolidated Balance Sheet Note 13 (page 23): includes £3.318m debit in respect of the transfer of Strathclyde Passenger Transport Authority Debt.

Common Good, Trusts and Charities Accounts

The Council administers a number of Common Good Funds relating to the areas of the former burghs, together with a variety of Charitable Trusts and Bequests. A summary of these is as follows: -

Summary of Common Good Funds -

| | Darvel £000s | Cumnock £000s | Kilmarnock £000s | Newmilns £000s | Stewarton £000s | Total £000s |
|----------------------------------|-----------------|------------------|---------------------|-------------------|--------------------|----------------|
| Capital Balance 1 April 1999 | - | 1 | 153 | - | - | 154 |
| Revenue Balance 1 April 1999 | 1 | 1 | 14 | 2 | 1 | 19 |
| | 1 | 2 | 167 | 2 | 1 | 173 |
| Expenditure During Year | | | | | | |
| Capital | - | - | - | - | - | - |
| Revenue | - | - | 19 | - | - | 19 |
| Income During Year | | | | | | |
| Capital | - | - | - | - | - | - |
| Revenue | - | - | 10 | - | - | 10 |
| Capital Balance at 31 March 2000 | - | 1 | 153 | - | - | 154 |
| Revenue Balance at 31 March 2000 | 1 | 1 | 5 | 2 | 1 | 10 |
| | 1 | 2 | 158 | 2 | 1 | 164 |

Summary of Charities and Bequests

| 1998-99 £000s | Revenue Account | 1999-00 £000s |
|------------------|--------------------------|------------------|
| 19 | Expenditure | 15 |
| 38 | Income | 32 |
| 19 | Surplus/(Deficit) | 17 |
| 501 | Balance B/Fwd | 520 |
| 520 | Balance C/Fwd | 537 |

| 1998-99 £000s | Balance Sheet as at 31 March 2000 | 1999-00 £000s |
|------------------|-----------------------------------|------------------|
| 9 | Investments - External | 9 |
| 622 | Investments - Loans Fund | 639 |
| 631 | | 648 |
| | Financed By:- | |
| 111 | Capital Funds | 111 |
| 520 | Revenue Funds | 537 |
| 631 | | 648 |

Charities and Trusts – Capital and Revenue Accounts

| | Amount of Fund at 1 April 1999 | | Expenditure During Year | | Income During Year | | Amount of Fund at 31 March 2000 | |
|----------------------------------|--------------------------------|----------------|-------------------------|---------------|--------------------|-----------------|---------------------------------|----------------|
| | Capital | Revenue | Capital | Revenue | Capital | Revenue | Capital | Revenue |
| Robert Crawford's Bequest | 2,650 | 3,921 | - | - | - | (308) | 2,650 | 4,229 |
| Robert Cumming's Bequest | 3,080 | 25,917 | - | 3,300 | - | (1,365) | 3,080 | 23,982 |
| John Fulton's Missionary Trust | - | 679 | - | - | - | (36) | - | 715 |
| John Fulton's Soup Kitchen Trust | 1,443 | 44,595 | - | 1,000 | - | (2,399) | 1,443 | 45,994 |
| Murdoch's Trust | 100 | 2,412 | - | - | - | (134) | 100 | 2,546 |
| Misses Parker's Bequest | 1,365 | 108 | - | - | - | (78) | 1,365 | 186 |
| Tannock's Trust | 2,255 | 202 | - | - | - | (131) | 2,255 | 333 |
| Archibald Taylor Fund | 17,599 | 290,295 | - | 1,000 | - | (16,361) | 17,599 | 305,656 |
| Matthew L. Cochran's Bequest | 1,948 | 1,168 | - | - | - | (166) | 1,948 | 1,334 |
| Mair Bequest | 15,378 | 119,943 | - | 3,073 | - | (7,084) | 15,378 | 123,954 |
| Kay Park Trust | 43,428 | 1,051 | - | - | - | (2,371) | 43,428 | 3,422 |
| B. C. Roxburgh Bequest | 10,796 | 11,670 | - | 857 | - | (1,152) | 10,796 | 11,965 |
| Sommerville Trust | 119 | 329 | - | - | - | (24) | 119 | 353 |
| Graham Ramage Trust | 1,837 | 977 | - | - | - | (148) | 1,837 | 1,125 |
| Misses Murray Legacy Trust | 500 | 1,070 | - | - | - | (77) | 500 | 1,147 |
| D. Smith's Trust | 100 | 623 | - | - | - | (39) | 100 | 662 |
| Mrs E. McWhirter Trust | 824 | 65 | - | - | - | (34) | 824 | 99 |
| Dalmellington Cemetery Trust | 58 | 4 | - | - | - | (3) | 58 | 7 |
| R Mitchell Trust | 50 | 4 | - | - | - | (2) | 50 | 6 |
| Mrs H S Wilson Trust | 122 | 12 | - | - | - | (8) | 122 | 20 |
| Dalrymple Cemetery Trust | 100 | 10 | - | - | - | (3) | 100 | 13 |
| Polish Patients Fund | 11 | - | - | - | - | (1) | 11 | 1 |
| Miss A. Stevenson Trust | 100 | 7 | - | - | - | (6) | 100 | 13 |
| Mrs C. Gordon Trust | 100 | 7 | - | - | - | (6) | 100 | 13 |
| Miss J. Leiper Young Trust | 100 | 7 | - | - | - | (6) | 100 | 13 |
| Miss J.M.M. Cuthbert Executory | 100 | 7 | - | - | - | (6) | 100 | 13 |
| GAA Trust | 922 | 2,753 | - | - | - | (147) | 922 | 2,900 |
| Gavin Memorial Fund | 1,040 | - | - | - | - | (17) | 1,040 | 17 |
| Brown Prize Fund | 216 | 24 | - | 20 | - | (11) | 216 | 15 |
| Hon. Alex Shaw Prize | 100 | 9 | - | 5 | - | (1) | 100 | 5 |
| Morton Steven Dux Medal | 207 | 173 | - | 20 | - | (19) | 207 | 172 |
| Latta Dux Medal | 143 | 93 | - | 20 | - | (11) | 143 | 84 |
| Jas. Mackie Memorial Prize | 65 | 37 | - | 10 | - | (5) | 65 | 32 |
| Hunter Stewart Fund | 101 | 13 | - | 10 | - | - | 101 | 3 |
| Hood Endowment | 100 | 29 | - | 10 | - | (6) | 100 | 25 |
| Arch. Hood Prize | 100 | 35 | - | 10 | - | (6) | 100 | 31 |
| A.B. Carswell Prize | 216 | 48 | - | 20 | - | (3) | 216 | 31 |
| William Wilson Memorial Prize | 109 | 27 | - | 10 | - | (1) | 109 | 18 |
| Margaret Wilson Memorial Prize | 109 | 28 | - | 10 | - | (1) | 109 | 19 |
| McKenzie Prizes | 44 | 66 | - | 10 | - | (3) | 44 | 59 |
| Galston Town Council Dux Medal | 150 | 37 | - | 20 | - | (4) | 150 | 21 |
| George Mason Prize Fund | 50 | 7 | - | 5 | - | - | 50 | 2 |
| Robert C. Grant Prize Fund | 164 | 69 | - | 20 | - | (11) | 164 | 60 |
| Miss Mary C Smith Memorial Prize | 50 | 6 | - | 5 | - | - | 50 | 1 |
| Marion Hamilton Memorial Prize | 50 | 24 | - | 10 | - | (1) | 50 | 15 |
| Sarah B Campbell | 259 | 1,421 | - | - | - | (76) | 259 | 1,497 |
| Jean G Glennie | 52 | 6 | - | 5 | - | (3) | 52 | 4 |
| John Minto Prize Fund | 100 | 22 | - | 10 | - | (1) | 100 | 13 |
| W S Oughton Memorial Prize Fund | 30 | 28 | - | 10 | - | (2) | 30 | 20 |
| Sir Alexander Fleming Prize Fund | 200 | 10 | - | 5 | - | (11) | 200 | 16 |
| John C Kennedy Trust | 1,000 | 10,073 | - | 6,000 | - | (270) | 1,000 | 4,343 |
| Agnes Smith Campbell Prize Fund | 400 | 26 | - | 15 | - | (2) | 400 | 13 |
| T K Stevenson Memorial Prize | 50 | 13 | - | - | - | (1) | 50 | 14 |
| | 110,190 | 520,160 | - | 15,490 | - | (32,561) | 110,190 | 537,231 |

Charities and Trusts – Origins and Purpose

| Name of Fund | Origin and Purpose | Manner Invested | | |
|----------------------------------|---|-----------------|--------------|--------------------|
| | | Loans Fund | Other | |
| Robert Crawford's Bequest | To Provide Books For Public Library | 5,279 | 1,600 | Govt. Stock |
| Robert Cumming's Bequest | To Provide annuity For Testators Legatee Remainder For Maintenance Of Indigent Orphans Natives Of Kilmarnock/Ayrshire | 27,061 | - | |
| John Fulton's Missionary Trust | To Provide A Missionary For The Poor | 716 | - | |
| John Fulton's Soup Kitchen Trust | To Distribute Soup To The Poor | 47,338 | 100 | Govt. Stock |
| Murdoch's Trust | To Provide An Annual Payment To One Poor Aged Deserving Person Resident In Kilmarnock | 2,645 | - | |
| Misses Parker's Bequest | To Provide Payments To Females Suffering From Incurable Diseases | 1,552 | - | |
| Tannock's Trust | To Provide Annuities To Females | 2,588 | - | |
| Archibald Taylor Fund | To Provide Special Nursing Or Convalescent Treatment Or A Holiday During Convalescence For Certain Class Of Spinsters | 323,255 | - | |
| Matthew L. Cochrans Bequest | To Provide Holidays For Elderly Deserving People Resident in Kilmarnock | 3,282 | - | |
| Mair Bequest | To Provide Relief To Deserving Poor Natives Or Inhabitants Of Newmilns | 139,332 | - | |
| Kay Park Trust | Maintenance of Kay Park | 46,851 | - | |
| B.C. Roxburgh Bequest | To Be Used For The Benefit Of The Of Citizens Of Darvel | 22,762 | - | |
| Graham Ramage Trust | | 1,595 | 1,367 | Govt. Stock |
| Sommerville Trust | | 472 | - | |
| Misses Murray Legacy Trust | | 1,147 | 500 | Govt. Stock |
| D Smiths Trust | To Maintain Burial Grounds | 762 | - | |
| Mrs E McWhirter Trust | To Maintain Burial Grounds | 99 | 824 | Govt. Stock |
| Dalmellington Cemetery Trust | To Maintain Burial Grounds | 65 | - | |
| R Mitchell Trust | To Maintain Burial Grounds | 6 | 50 | Govt. Stock |
| Mrs H S Wilson Trust | To Maintain Burial Grounds | 20 | 122 | Govt. Stock |
| Dalrymple Cemetery Trust | To Maintain Burial Grounds | 13 | 100 | Govt. Stock |
| Polish Patients Fund | To Maintain Burial Grounds | 1 | 11 | Govt. Stock |
| Miss A Stevenson Trust | To Maintain Burial Grounds | 112 | - | |
| Mrs C Gordon Trust | To Maintain Burial Grounds | 112 | - | |
| Miss J Leiper Young Trust | To Maintain Burial Grounds | 112 | - | |
| Miss J.M.M. Cuthbert Executory | To Maintain Burial Grounds | 112 | - | |
| GAA Trust | To Maintain Burial Grounds | 2,899 | 922 | Heritable Property |
| Gavin Memorial Fund | To Provide Prizes for Schools in Dalmellington | 17 | 1,040 | Govt. Stock |
| Brown Prize Fund | To Provide Prizes for Dux Boy & Girl at Cumnock Academy | 15 | 216 | Govt. Stock |
| Hon. Alex Shaw Prize | To provide prizes at Kilmarnock Academy | 5 | 100 | Govt. Stock |
| Morton Steven Dux Medal | To provide A Dux Medal at Kilmarnock Academy | 380 | - | |
| Latta Dux Medal | To provide A Dux Medal at Cumnock Academy | 228 | - | |
| Jas. Mackie Memorial Prize | To provide prizes at Kilmarnock Academy | 97 | - | |
| Hunter Stewart Fund | To provide A Dux Medal at Dalmellington Junior Secondary | 3 | 101 | Govt. Stock |
| Hood Endowment | To provide prizes at Newmilns junior Secondary | 126 | - | |
| Arch. Hood Prize | To provide prizes at Newmilns junior Secondary | 131 | - | |
| A.B. Carswell Prize | To provide prizes at Newmilns junior Secondary & Galston High School | 31 | 216 | Govt. Stock |
| William Wilson Memorial Prize | To provide a cash prize for leadership (Girl) at Auchinleck Junior Secondary | 18 | 109 | Govt. Stock |
| Margaret Wilson Memorial Prize | To provide a cash prize for leadership (Boy) at Auchinleck Junior Secondary | 19 | 109 | Govt. Stock |
| McKenzie Prizes | To provide prizes for nature study at Auchinleck Junior Secondary | 60 | 44 | Govt. Stock |
| Galston Town Council Dux Medal | To provide Dux medals at Galston junior secondary & St Sophia's RCS | 20 | 150 | Govt. Stock |
| George Mason Prize Fund | To provide a prize for Art at Kilmarnock Junior Secondary | 2 | 50 | Govt. Stock |
| Robert C Grant Prize Fund | To provide prizes at Kilmarnock Academy | 225 | - | |
| Miss Mary C Smith Memorial Prize | To provide prizes at Loanhead Primary School | 1 | 50 | Govt. Stock |
| Marion Hamilton Memorial Prize | To provide bursaries at Drongan Junior Secondary | 15 | 50 | Govt. Stock |
| Sarah B Campbell | To provide bursaries for Bellsbank Primary School | 1,497 | 259 | Govt. Stock |
| Jean G Glennie | To provide prizes at Mauchline Senior Secondary | 56 | - | |
| John Minto Prize Fund | To provide a prize at Bentinck Primary | 12 | 100 | Govt. Stock |
| W S Oughton Memorial Prize Fund | To provide a prize at Dalmellington High School | 50 | - | |
| Sir Alexander Fleming Prize Fund | To provide a prize for science at Loudoun Academy | 216 | - | |
| John C Kennedy Trust | To provide a prize at Bellsbank Primary School | 5,343 | - | |
| Agnes Smith Campbell Prize Fund | To provide a prize at Patna School | 43 | 370 | Govt. Stock |
| T K Stevenson Memorial Prize | To provide prizes at Greenmills Primary | 13 | 50 | Govt. Stock |
| | | 638,811 | 8,610 | |

The Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The authority is required:

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

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

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASSAC Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly the financial position of the authority at 31 March 2000 and its income and expenditure for the year.

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

Selected suitable accounting policies and applied them consistently;

Made judgements and estimates that were reasonable and prudent;

Complied with the Code of Practice unless otherwise indicated;

Kept proper accounting records and introduced procedures to ensure that these are kept up-to-date;

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

Glossary of Terms

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 received or paid.

Average Discounted Market Value

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

Capital Charges

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to the value of an existing fixed asset.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that 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.

Deferred Charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets.

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.

Direct Service Organisation (DSO)

The term Direct Service Organisation (DSO) is used to cover both Direct Labour Organisations (DLOs) established under the Local Government, Planning and Land Act 1980 and DSOs established under the Local Government Act 1988.

Glossary of Terms

Emoluments

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). Pension contributions payable by either employer or employee are excluded.

Fixed Assets

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

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.

Impairment

A reduction in the value of a fixed 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.

Net Book Value

The amount at which fixed assets are included in the balance sheet, ie 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.

Operating Leases

A lease other than finance lease; that is a lease which does not transfer the risks and rewards of ownership to the lessee.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Prior Year 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.

Glossary of Terms

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.

Stocks

Comprise the following categories:

- (a) goods or other assets purchased for resale;
- (b) consumable stores;
- (c) raw materials and components purchased for incorporation into products for sale;
- (d) products and services in intermediate stages of completion;
- (e) long-term contract balances; and
- (f) finished goods.

Unallocated Central Overheads

These are overheads for which no user directly benefits and should not be apportioned to services.

Useful Life

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

Audit Certificate

To the members of East Ayrshire Council and the Accounts Commission for Scotland

As auditor, appointed under statute by the Accounts Commission for Scotland, I have audited the accounts of East Ayrshire Council for the year ended 31 March 2000, an abstract of which is set out on pages 4 to 34.

Respective responsibilities of management and auditors in relation to the accounts

As described on page 31 the management of the authority is responsible for the preparation of the accounts. It is my responsibility to form an independent opinion, based on my audit, on the abstract of accounts and to report that opinion to you.

Basis of opinion

I have conducted my audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973 and of the Code of Audit Practice approved by the Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by management in the preparation of the accounts and of whether the accounting policies are appropriate to the authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit of the accounts 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In my opinion the abstract of accounts presents fairly, in accordance with the accounting policies set out on pages 4 to 6, the financial position of the authority as at 31 March 2000 and its income and expenditure for the year then ended.

Signature:

Graham Potter, CPFA, MSc
Chief Auditor
Audit Scotland
9th Floor, Plaza Tower
East Kilbride, G74 1LW

Date: 28 September 2000