

Annual Accounts for the year to 31st March 2015

Audited



LOTHIAN VALUATION JOINT BOARD

CONTENTS

	Page
List of Members and Officials	1
Management Commentary	2 - 5
Statement of Responsibilities for the Annual Accounts	6
<u>Annual Accounts:</u>	
1. <i>Movement in Reserves for the year ended 31st March 2015</i>	7
2. <i>Comprehensive Income & Expenditure Statement for the year ended 31st March 2015</i>	8
3. <i>Balance Sheet as at 31st March 2015</i>	9
4. <i>Cash Flow Statement for the year ended 31st March 2015</i>	10
Statement of Accounting Policies	11 - 19
Notes to the Annual Accounts	20 - 44
Annual Governance Statement	45 - 47
Remuneration Report	48 - 52
Independent Auditors Report	53 - 54

LOTHIAN VALUATION JOINT BOARD

MEMBERS AND OFFICIALS

Members

Convener: Councillor Norman Work, City of Edinburgh Council
Vice-Convener: Councillor Barry Robertson, West Lothian Council

Appointed by The City of Edinburgh Council : Councillor Nigel Bagshaw
Councillor Karen Doran
Councillor Ricky Henderson
Councillor Deidre Brock
Councillor Karen Keil
Councillor Mark McInnes
Councillor Adam McVey
Councillor Jason Rust
Councillor Norman Work

Appointed by East Lothian Council : Councillor Jim Gillies
Councillor John McNeil

Appointed by Midlothian Council : Councillor Jim Bryant
Councillor Margot Russell

Appointed by West Lothian Council : Councillor Dave King
Councillor Greg McCarra
Councillor Barry Robertson

Officials

Chief Executive Officer (Assessor) : Joan M. Hewton BSc, FRICS
Chief Executive and Clerk : Andrew Kerr
Treasurer : Hugh Dunn, CPFA
Solicitor : Carol Campbell, LLB (Hons) DipLP
Monitoring Officer : Alastair Maclean, LLB (Hons), DipLP, NP, WS

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

Strategic Report

1. Basis of the Accounts

The Annual Accounts present the financial position and performance of the Board, for the year to 31st March 2015. The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice in the United Kingdom (the Code) and the Service Reporting Code of Practice (SeRCOP). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Board. The Annual Accounts have been prepared in accordance with the following fundamental accounting principles: relevance, reliability, comparability, understandability and materiality.

The accounting concepts of accruals, going-concern, and primacy of legislation requirements also apply.

All figures in the Annual Accounts are rounded to thousand pounds (£'000) unless stated otherwise.

To show the net position of the Board, adjustments are made to the Comprehensive Income and Expenditure Statement (CIES) to reflect differences in the accounting basis and funding basis under regulations. These adjustments ensure that the actual resources available to the Board are correctly accounted for in the Movement in Reserves Statement. These adjustments are shown in Note 6.

2. Statutory Background

The Lothian Valuation Joint Board was established under the Valuation Joint Boards (Scotland) Order 1995 and provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation services. The Board comprises 16 members appointed from the constituency authorities of whom nine are elected from the City of Edinburgh Council, three from West Lothian and two each from East and Midlothian Councils.

Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for council tax within the area of each constituent authority. This has resulted in expenditure being allocated 61.22% to The City of Edinburgh Council, 9.08% to Midlothian Council, 11.02% to East Lothian Council, and 18.68% to West Lothian Council.

3. The Lothian Valuation Joint Board's strategy and business model

The Lothian Valuation Joint Board is a local authority organisation providing a range of services to and on behalf of City of Edinburgh, West Lothian, Midlothian, and East Lothian Councils. The services provided represent duties embedded in statute and associated legislation. Specifically they relate to the creation and maintenance of the Valuation Roll, Council Tax List and Electoral Register. The Board's strategy is to ensure best value and provide equitable, customer focused, high quality, professional valuation and electoral registration services for all its stakeholders. To support this aim Corporate and Service Plans indicate a detailed range of activities and objectives necessary to deliver services. These plans are underpinned by extensive project and risk management.

4. Principal risks and uncertainties facing the Board.

The principal risks and uncertainties faced by the Board fall into two categories. Firstly, there is the funding uncertainty faced by all local authorities. The Board has a range of statutory duties to enact and services to deliver. While every attempt is made to do this within the budget provided, severe cuts may make this less achievable resulting in a reduction in the quality of service provided.

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

4. Principal risks and uncertainties facing the Board (Contd.)

The second category relates to changes in legislation leading to changes in the services to be delivered. This can create pressures from both a financial and organisational perspective. Electoral Registration is currently undergoing a major overhaul with the introduction of Individual Electoral Registration. Changes are anticipated concerning the appeals process associated with the Valuation Roll and should be set against the backdrop of the 2017 General Revaluation, and Council Tax is currently under review with a range of amendments and alternative local taxes under consideration.

5. Review of the Lothian Valuation Joint Board performance 2014/15

5.1 Financial Performance

The Board's expenditure was under requisition income by £0.175m for 2014/15. This under spend was mainly due to savings

During 2014/15 the Board reached a high level of performance as defined by its Key Performance Indicators. The principal of these show that 95.73% of all new houses were entered onto the Council Tax List within 3 months following occupation and that 75.78% of all Valuation Roll amendments were made within 3 months following completion. The Electoral Register is subject to performance monitoring by the Electoral Commission however due to the introduction of Individual Electoral Registration in 2014/15 the normal performance monitoring was not undertaken. In recent previous years the Board has met or exceeded all the performance criteria set and monitored by the Electoral Commission.

This review of financial performance is based on management accounting information, rather than the unaudited Annual Accounts, which are stated after adjustments to reflect IFRS based Code of Practice.

The outturn position, split between core Board duties and IER duties is summarised below:

	Core Revenue Budget			Individual Electoral Registration (IER)			Total		
	Budget 2014/15 £'000	Actual 2014/15 £'000	Variance 2014/15 £'000	Budget 2014/15 £'000	Actual 2014/15 £'000	Variance 2014/15 £'000	Budget 2014/15 £'000	Actual 2014/15 £'000	Variance 2014/15 £'000
• Employees	4,562	4,552	(10)	0	155	155	4,562	4,707	145
• Property	629	613	(16)	0	4	4	629	617	(12)
• Transport and Plant	103	109	6	0	3	3	103	112	9
• Supplies and Services	695	659	(36)	0	441	441	695	1,100	405
• Third Party Payments	95	108	13	0	0	0	95	108	13
• Support services	80	65	(15)	0	0	0	80	65	(15)
	6,164	6,106	(58)	0	603	603	6,164	6,709	545
• Sales, fees & charges	(43)	(160)	(117)	0	0	0	(43)	(160)	(117)
• IER Grant	0	0	0	0	(603)	(603)	0	(603)	(603)
• IORB	(3)	(3)	0	0	0	0	(3)	(3)	0
	(46)	(163)	(117)	0	(603)	(603)	(46)	(766)	(720)
	6,118	5,943	(175)	0	0	0	6,118	5,943	(175)

For the year ended 31st March 2015, the Board had an under spend against budget on its Comprehensive Income and Expenditure account of £0.175m (Note 16.1 refers). Actual is 97.1% of budget.

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

5. Review of the Lothian Valuation Joint Board performance 2014/15 (Contd.)

5.1 Financial Performance (Contd.)

The Board recorded income totalling £0.817m in relation to Individual Electoral Registration at 31st March 2015, mainly in relation to specific grant provided by the Cabinet Office. Expenditure against this grant was £0.603m and therefore £0.214m was carried forward in to financial year 2015/16.

The principal reasons for the surplus against the core budget are variances in the following budgets:

	£'000
• <u>Employees</u>	(10)
This is due to the ongoing review of vacant posts and staff turnover factor.	
• <u>Property</u>	(16)
This is mainly due to an under spend on utilities costs.	
• <u>Supplies and Services</u>	(36)
Mainly due to reduced ICT expenditure resulting from the requirement to deliver IER developments, which are subject to specific grant funding.	
• <u>Third Party Payments</u>	13
This is a result of a higher than anticipated activity of the Valuation Appeals Committee and additional property maintenance costs.	
• <u>Income</u>	(117)
£0.110m relates to income from the Scottish Government to recover the Scottish Independence Referendum. The balance relates to an over-recovery of other general income.	

The Board has no power to establish a general reserve, however the Board agreed a recommendation to fund future liabilities for early staff release measures. The under spends from 2010/11 - 2013/14 totalling £0.421m were carried forward as previously agreed. This does not include the under spend of £0.175m from 2014/15.

5.2 Overview of performance targets in 2014/15

The Board measures performance in council tax valuation through a number of indicators including the time taken to notify new householders of valuation banding. In 2014/15, 95.73% (2013/14 – 94.9%) of notifications were made within 3 months, exceeding the target of 95%.

For non-domestic properties, a similar indicator is used for notification of changes, with 75.78% of property owners notified within 3 months against a target of 78% (2013/14 : 74.32%). The main reason for not meeting the target has been attributed to the number of self-catering property alterations which can be complex to assess. Targets for 2015/16 have been revised downwards to 75% to recognise the challenge in meeting these timescales within existing resources and pressures.

A key task for the Board is to encourage electoral participation. As at February 2015, the Electoral Registration Officer recorded an electorate of 660,030 (compared to 639,401 in March 2014).

6. The main trends and factors likely to affect the future development and performance

Uncertainty with the future direction of any of the services provided by the Board, either in part or whole, can in the short term prohibit the introduction of improvements and better ways of working. This is in part mitigated by the fact the Board either directly or through its partner organisations participates in the consultative process.

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

6. The main trends and factors likely to affect the future development and performance (Contd.)

We shall however aim to provide a high quality service within whatever legislative framework is in place at any particular time. Financial uncertainties especially those which represent substantial cuts in funding, and the inability to be able to forecast the exact nature and extent of these cuts in sufficient time to develop suitable strategies may have an impact on future development and performance. To date the major impact of budget constraints on service delivery has been mitigated by the provision of additional funding from central government in respect of the recent major statutory changes.

The overall Local Government Finance Settlement for 2015/16 shows a “flat-cash” position, relative to 2014/15.

At its meeting on the 9th February 2015, the Board approved a one year revenue budget for 2015/16. In view of the 'flat cash' funding assumption contained within the Spending Review, the budget approved for 2015/16 was in line with the 2014/15 provision of £6.118m.

In the absence of confirmed budget allocations, even at a Scotland-wide level, for local government beyond 2015/16, longer-term funding assumptions remain subject to considerable uncertainty. Those projections that are available, however, point to a tightening of the overall fiscal position and potential cash-reductions in funding provided through the Scottish Block grant over the following two years. The Board may face a number of challenges if the requisition from Constituent Council's was to reduce beyond the current flat-cash position with additional funding not provided for potential budget pressures. These include:

- The ongoing cost of Individual Electoral Registration (IER) - The expectation is that Cabinet Office funding for the transition to IER shall cease by 2016/17. Any additional budgetary expenditure needed to fulfil the requirements of IER shall fall to the Board's constituent councils to provide funding and at this stage there's no confirmation that the Local Government Finance Settlement will make allowance for this. It is also difficult to predict the ongoing financial requirement of IER due to the fact that ongoing 'steady state' costs are not known during the current implementation stage.
- The future of Council Tax is on the Scottish Government's agenda for consideration. It remains to be seen whether the current system shall face major or minor revision or indeed be removed altogether in favour of an alternative system. Autumn 2015 has been identified as the end of the consultation period. It is envisaged that the current system as it stands shall not remain and the Board considers that this expected change gives rise to financial uncertainty.
- The Scottish Government's response to the consultation “Supporting Business-Promoting Growth” is entering its second phase. Under consideration are changes to the appeal process associated with the Valuation Roll. This issue shall continue to be monitored for any financial implications.
- 2017 is a year of Revaluation and work shall continue to be under-taken into the 2016/17 year which may arise in some additional financial pressures.

The Assessor has prepared a service plan which aims to integrate the direction of the service with the revenue budget. Over the coming years the focus will be on improving service delivery and creating efficiencies through improved work practices and procedures.

Chief Executive Officer (Assessor) : _____ **Date:** 7th September 2015
Joan M. Hewton BSc, FRICS

Treasurer: _____ **Date:** 7th September 2015
Hugh Dunn, CPFA

Convener: _____ **Date:** 7th September 2015
Norman Work

LOTHIAN VALUATION JOINT BOARD

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Board's Responsibilities

The Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs. In this Board, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of those resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Lothian Valuation Joint Board at its meeting on the 7th September 2015.

Convener:

Norman Work

Date: 7th September 2015

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice).

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the Code of Practice, except where stated in the Policies and Notes to the Financial Statements.

The Treasurer has also:

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

The Annual Accounts

The Annual Accounts present a true and fair view of the financial position of the Board as at 31st March 2015, and its income and expenditure for the year ended 31st March 2015.

Treasurer:

Hugh Dunn, CPFA

Date: 7th September 2015

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on different reserves held by the Board, analysed into Usable Reserves (that is, those that can be applied to fund expenditure) and Unusable Reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance before any discretionary transfers to or from other statutory reserves undertaken by the Board.

2013/14 - Previous Year Comparative	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2013	0	5,822	5,822
Movement in reserves during 2013/14			
(Surplus) or deficit on provision of services	411	0	411
Other Comprehensive Expenditure and Income	0	1,353	1,353
Total Comprehensive Expenditure and Income	411	1,353	1,764
Adjustments between accounting basis & funding basis under regulations (Note 6.1)	(411)	411	0
Net increase/(decrease) before transfers to Other Statutory Reserves	0	1,764	1,764
Transfers to/from Other Statutory Reserves	0	0	0
Increase/(Decrease) in 2013/14	0	1,764	1,764
Balance at 31 March 2014 carried forward	0	7,586	7,586

2014/15 - Current Financial Year	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2014	0	7,586	7,586
Movement in reserves during 2014/15			
(Surplus) or deficit on provision of services	501	0	501
Other Comprehensive Expenditure and Income	0	3,250	3,250
Total Comprehensive Expenditure and Income	501	3,250	3,751
Adjustments between accounting basis & funding basis under regulations (Note 6.1)	(501)	501	0
Net increase/(decrease) before transfers to Other Statutory Reserves	0	3,751	3,751
Transfers to/from Other Statutory Reserves	0	0	0
Increase/(Decrease) in 2014/15	0	3,751	3,751
Balance at 31 March 2015 carried forward	0	11,337	11,337

LOTHIAN VALUATION JOINT BOARD

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with the generally accepted accounting practices, rather than the amount to be funded from requisitions. The Board receives requisitions to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2013/14				2014/15		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,555	(26)	1,529	Registration of Electors	1,713	(191)	1,522
4,666	(79)	4,587	Local Tax Collection	5,140	(572)	4,568
6,221	(105)	6,116	Cost Of Services	6,853	(763)	6,090
Financing and Investment Income:						
0	(3)	(3)	Interest & Investment income (Note 9.2)	0	(3)	(3)
0	0	0	Pensions interest cost & expected return on pensions assets	0	0	0
1,778	0	1,778	Interest Cost on Defined Benefit Obligation (Note 23.5)	1,868	0	1,868
0	(1,492)	(1,492)	Interest Income on Plan Assets (Note 23.4)	0	(1,517)	(1,517)
1,778	(1,495)	283	Total Financing and Investment Income	1,868	(1,520)	348
Other operating Expenditure:						
7	0	7	(Gains) / Losses on disposal of Non-Current Assets	0	0	0
7	0	7		0	0	0
Taxation and Non-Specific Grant Income:						
0	(5,995)	(5,995)	Constituent council requisitions (Note 27)	0	(5,937)	(5,937)
0	(5,995)	(5,995)	Total Taxation and Non-Specific Grant Income	0	(5,937)	(5,937)
8,006	(7,595)	411	(Surplus) or Deficit on Provision of Services (Note 16.1)	8,721	(8,220)	501
Other Comprehensive Income and Expenditure:						
0	0	0	Surplus or deficit on revaluation of non-current assets	0	0	0
1,835	0	1,835	Change in Financial Assumptions (Note 23.5)	5,701	0	5,701
0	0	0	Change in Demographic Assumptions (Note 23.5)	2,014	0	2,014
6	0	6	Other Experience (Note 23.5)	0	(23)	(23)
0	(488)	(488)	Return on pension assets excl. amounts included in net int. (Note 23.4)	0	(4,442)	(4,442)
		0	Actuarial gains / losses on pension assets / liabilities			0
9,847	(8,083)	1,764	Total Comprehensive Income and Expenditure	16,436	(12,685)	3,751

LOTHIAN VALUATION JOINT BOARD

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first category of reserves are usable reserves, that is, those reserves that the Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the Board is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2014 £'000		Notes	31 March 2015 £'000
512	Property, plant and equipment	7.1	564
63	Intangible assets	8	65
102	Long-term debtors	25	96
<u>677</u>	Long term assets		<u>725</u>
0	Inventories	10	0
165	Short-term debtors	11	164
924	Cash and cash equivalents	12	1,233
<u>1,089</u>	Current assets		<u>1,397</u>
(650)	Short-term creditors	13	(994)
<u>(650)</u>	Current liabilities		<u>(994)</u>
(630)	Other long-term liabilities	26	(595)
(8,072)	Other long-term liabilities (Pensions)	23.3	(11,870)
<u>(8,702)</u>	Long-term liabilities		<u>(12,465)</u>
<u>(7,586)</u>	Net assets		<u>(11,337)</u>
(7,586)	Unusable reserves	14	(11,337)
<u>(7,586)</u>	Total reserves		<u>(11,337)</u>

The unaudited Annual Accounts were authorised for issue on the 3rd June 2015. The audited Annual Accounts were authorised for issue on the 7th September 2015.

Treasurer:
Hugh Dunn, CPFA

Date:

7th September 2015

LOTHIAN VALUATION JOINT BOARD

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of requisitions and recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows.

31 March 2014 £'000	31 March 2014 £'000		31 March 2015 £'000	31 March 2015 £'000
OPERATING ACTIVITIES				
(84)		Cash received for goods and services	(646)	
(23)		Other local authorities	(117)	
(3)		Interest received	(3)	
(5,991)		Other operating cash receipts	(6,001)	
	(6,101)	Cash inflows generated from operating activities		(6,767)
4,297		Cash paid to and on behalf of employees	4,526	
1,648		Cash paid to suppliers of goods and services	1,795	
	5,945	Cash outflows generated from operating activities		6,321
	(156)	Net cash flows from operating activities (Note 15.1)		(446)
INVESTING ACTIVITIES				
98		Purchase of property, plant and equipment and intangible assets.	137	
0		Proceeds from sales of property, plant and equipment and intangible assets.	0	
	98	Net cash flows from investing activities		137
	0	Net cash flows from financing activities		0
	(58)	Net (increase)/decrease in cash and cash equivalents (Note 15.2)		(309)
1st April			1st April	
866		Cash and cash equivalents	924	
	866			924
31st March			31st March	
924		Cash and cash equivalents	1,233	
	924			1,233
	(58)	Net (increase)/decrease in cash and cash equivalents (Note 15.2)		(309)

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES

1.1 General

The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice in the United Kingdom (the Code) and the Service Reporting Code of Practice (SeRCOP). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Board.

From 1st April 2010, the Board implemented the requirements of International Financial Reporting Standards for the first time and these are used for the purpose of preparing the Annual Accounts for the year ended 31st March 2015.

The Annual Accounts have been prepared on an historic cost basis, modified by the revaluation of certain categories of fixed assets where appropriate.

1.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place and not simply when cash payment is made or received. This means that expenses are recorded when goods or services have been received and income is recorded when goods or services have been provided. This recording is irrespective of whether cash has actually been paid or received in the year.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions, repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments maturing in three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events or conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, that is, in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.5 Revenue Expenditure

Revenue expenditure is that which does not yield benefit beyond the year of account. In broad terms the revenue expenditure of the Board can be divided into two categories:

- employees;
- day-to-day operating expenses, includes costs incurred in respect of furniture and fittings, and equipment.

All revenue expenditure is accounted for on an accruals basis.

Each year net revenue expenditure is met by way of requisitions on the City of Edinburgh, Midlothian, East Lothian and West Lothian Councils.

1.6 Capital Expenditure

Capital expenditure is presented as a fixed asset in the Balance Sheet. Capital expenditure is the expenditure on the acquisition of tangible or intangible assets which adds to and not merely maintains the value of an existing asset provided that it yields benefits to the Board and the services it provides for a period of more than one year. Capital expenditure is subject to a de-minimis level of £6,000.

These fixed assets are matched by a Capital Adjustment Account within the Balance Sheet. This reserve does not represent resources available to the Board.

1.7 Short Term Debtors and Short Term Creditors

The revenue and capital transactions of the Board are recorded on an accruals basis which means that amounts due to or from the Board, but still outstanding at the year end, are included in the accounts. Where there was insufficient information to provide actual figures, estimates have been included.

1.8 Value Added Tax

Value Added Tax is excluded from the Annual Accounts unless it is not recoverable from HM Revenues and Customs.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.9 Non-Current Assets

a) *Intangible Assets*

Recognition:

- Intangible assets are non-current assets that have no physical substance but are identifiable and controlled by the Board and it can be established that there is an economic benefit or service potential associated with the item which will flow to the Board. This expenditure is mainly in relation to software licenses purchased by the Board. Expenditure on the acquisition, creation or enhancement of intangible assets has been capitalised on an accruals basis.

Depreciation:

- Software licences classified as intangible assets. In most cases intangible assets are depreciated over the period of the licence, however, where the period of the licence is deemed 'infinite' the software will be depreciated based on an assessment of expected useful life. Depreciation charges commence in the year after acquisition.

Measurement:

- Intangible assets are initially measured at cost and included in the Balance Sheet at net historical cost.

b) *Property, Plant and Equipment*

Property, plant and equipment are tangible items held for use by the Board in its provision of service and are expected to be used for more than one financial year. Property, plant and equipment are included in the Balance sheet in the following classes:

- Leasehold improvements;
- Vehicles, plant, furniture and equipment

Recognition:

- Expenditure on the acquisition, creation or enhancement of these non-current assets has been capitalised on an accruals basis, provided that future economic benefits or service potential associated with the item will flow to the Board and the cost of the item can be measured reliably. This expenditure is subject to the application of a de-minimis level of £6,000.

Depreciation:

Depreciation is provided on all property, plant and equipment with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- No depreciation is charged on freehold land;
- Depreciation is not provided in the year of an asset's purchase;
- Depreciation is calculated using the straight-line basis on the opening book value over the remaining useful life of the asset;

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.9 Non-Current Assets (Contd.)

b) Property, Plant and Equipment (Contd.)

Depreciation (Contd.):

- Non-current assets are depreciated as follows:

Asset	Years
Property (Leasehold improvements) Depreciated over remaining life of asset	17
Vehicles, plant and equipment	5

Measurement:

Property, plant and equipment, and leasehold improvements are measured at depreciated historic cost. This does not comply with the Code, however, the difference is not considered material.

De-recognition:

An asset is de-recognised either on its disposal or where no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an asset is included in "Surplus or Deficit on the Provision of Service" within the Comprehensive Income and Expenditure Statement when the asset is de-recognised. The gain or loss on de-recognition of property, plant and equipment assets is a reconciling item in the "Movement in Reserves Statement for the General Fund".

Impairment:

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired, that is, that the carrying value of an asset on the Balance sheet exceeds its recoverable amount. Where indications exist and any possible differences are material, the recoverable amount is estimated and an impairment loss is recognised for the shortfall. Impairment losses, if any, are accounted for by debiting any accumulated balance of revaluation gains for the asset held in the Revaluation Reserve or where there is no or insufficient balance in the Revaluation Reserve, by debiting the relevant service line in the Comprehensive Income and Expenditure Statement.

1.10 Overheads and Support Services

The costs of support services are allocated on a basis appropriate to the service provided in order to match costs to service usage. Certain support service costs are provided under a Service Level Agreement between the Board and service provider.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.11 Charges to Comprehensive Income and Expenditure Statement for use of non-current assets

The Comprehensive Income and Expenditure Statement is charged with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the Board;
- Impairment losses, if any, attributable to the clear consumption of economic benefits on property, plant and equipment used by the Board.

The Board is not required to raise requisitions on the constituent councils to cover depreciation or impairment losses. Depreciation and impairment losses are not proper charges under statutory accounting requirements and are therefore a reconciling item in the Movement in Reserves Statement for the General Fund by way of an adjusting transaction with the Capital Adjustment Account.

1.12 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

a) Finance Leases

Leased-in assets

The Board has not identified any leased-in assets that fall under the definition of finance leases.

Leased-out assets

The Board has not identified any leased-out assets that fall under the definition of finance leases.

b) Operating Leases

Leased-in assets

Rental payments, net of benefits received, under operating leases are charged to the Comprehensive Income and Expenditure statement on a straight line basis over the life of the lease.

Leased-out assets

The Board has not identified any leased-out assets that fall under the definition of operating leases.

1.13 Provisions

Provision is made within the Statement of Accounts when the board has a present legal or constructive obligation as a result of a past event, there is a probability of a transfer of economic benefit and a reliable estimate can be made of the obligation. Provisions are charged to the Comprehensive Income and Expenditure Statement in the year in which the Board becomes aware of the obligation.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.14 Contingent Liability

A contingent liability is defined as either a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one of more uncertain future events, which are not wholly within the control of the Board or a present obligation that arises from past events, but it is not possible that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. If such obligation exist, they are not recognised in the Balance Sheet but are disclosed as a note to the Statement of Accounts.

1.15 Contingent Assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not wholly within the control of the Board. If such assets exist, they are disclosed as a note to the Statement of Accounts.

1.16 Employee Benefits

Cost of service includes a charge for annual leave to which employees are entitled, but have not taken as at the Balance Sheet date. The Board is not required to raise requisitions on constituent councils to cover the cost of accrued annual leave. These costs are therefore replaced by revenue provision in the Movement in Reserves Statement for the General Fund balance by way of an adjusting transaction with the Accumulated Absences Account.

1.17 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate employees' employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These amounts are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Board is demonstrably committed to either terminating the employment of an employee or making an offer to encourage voluntary redundancy.

1.18 Inventories

Inventories are assets in the form of materials or supplies which are consumed, distributed or held for sale in the ordinary course of the Board's operations. The balance of inventories held 2012/13 was deemed to have no realisable value and was written off to the Income and Expenditure during 2013/14.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.19 Pensions

The Joint Board is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by the Lothian Pension Fund. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The Annual Accounts have been prepared including pension costs, as determined under International Accounting standard 19 - Employee Benefits (IAS 19). The cost of service in the Comprehensive Income and Expenditure Statement includes expenditure equivalent to the amounts of retirement benefits the Board has committed to pay during the year. Interest Cost on Defined Pension Obligation and Interest Income on Plan Assets have been included in the "Surplus or Deficit on the Provision of Services" within the Comprehensive Income and Expenditure Statement. Other comprehensive income and expenditure within the statements also now shows the financial effect of changes in financial assumptions, other experience and return on pension assets excluding amounts included in net interest.

The pension costs charged to the Comprehensive Income and Expenditure Statement in respect of employees are not equal to contributions paid to the funded scheme for employees. The amount by which pension costs under IAS19 are different from the contributions due under the pension scheme regulations are disclosed in the Movement in Reserves Statement for the General Fund Balance.

Pension assets have been valued at bid value (purchase price), as required under IAS19.

Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

1.20 Revenue Contributions

Revenue contributions from constituent councils have been included in the Annual Accounts on an accruals basis. Where such contributions remain unspent at the Balance sheet date, but approval has been given to carry these funds forward to the next financial year, these amounts have been set aside in creditors.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.21 Reserves

Reserves held on the Balance Sheet are classified as either usable or unusable. Usable reserves hold monies that can be applied to fund expenditure. Unusable reserves cannot be applied to fund expenditure.

The Board operates the following usable reserves:

a) *General Fund*

This represents the balance of the surpluses or deficits arising from the Comprehensive Income and Expenditure Statement. However, the Board has no statutory powers to hold a general fund balance, there is therefore no balance on the General fund.

The Board operates the following unusable reserves:

b) *Capital Adjustment Account*

This provides a balancing mechanism between the different rates at which assets are depreciated and financed.

c) *Pension Reserve*

This represents the difference between the monies which the Board requires to meet its pension liability as calculated under International Accounting Standards 19, Employee Benefits (IAS 19) and the amount required to be charged to the General Fund in accordance with statutory requirement governing Local Government Pension Scheme.

d) *Accumulated Absences Account*

This represents the net monies which the Board requires to meet its short-term compensated absences for employees under IAS19.

1.22 Financial Instruments

a) *Financial Liabilities*

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. As at 31st March, 2015, the Board had no borrowings.

b) *Financial Assets*

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The Board holds its surplus funds with the City of Edinburgh Council in a pooled investment arrangement and does not place external deposits in its own name. These sums are presented in the Balance Sheet as the balance due from the City of Edinburgh Council and interest receivable from this investment is credited to the Comprehensive Income and Expenditure Statement.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.22 Financial Instruments (Contd.)

b) Financial Assets (Contd.)

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 Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

1.23 Events After the Balance Sheet Date

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such items;
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.24 Exceptional Items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Board's financial performance.

1.25 Going Concern

It is appropriate to adopt a going concern basis for the preparation of the Annual Accounts as the constituent authorities have a legal obligation under the 1995 Combined Area Amalgamation Scheme Order to provide the Joint Board with funding to meet all liabilities as they fall due.

LOTHIAN VALUATION JOINT BOARD

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code. For 2014/15 the following accounting policy changes that need to be reported relate to:

IFRS 13 Fair Value Measurement, Annual Improvements to IFRSs 2011 – 2013 Cycle and IFRIC 21 Levies.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 annual accounts. IFRS 13 relates to Fair Value Measurement with changes to increase consistency and comparability in fair value measurements and related disclosures. The issues included in the Annual Improvements to the 2011-2013 cycle are:

- IFRS 1: Meaning of effective IFRSs;
- IFRS 3: Scope exceptions for joint ventures;
- IFRS 13: Scope of paragraph 52 (portfolio exception); and
- IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property.

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government. Overall, these new or amended standards are not expected to have a significant impact on the Annual Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is high degree of uncertainty about future levels of funding for local government, however, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board about the future or events that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.

4.1 Property, Plant and Equipment

Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relations to individual assets. The current economic climate may mean that the Board restricts spending on repairs and maintenance which, in turn, may have an effect on the useful lives of the assets.

Effect if Actual Result Differs from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £0.001m for every year that useful lives had to be reduced.

LOTHIAN VALUATION JOINT BOARD

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Contd.)

4.2 Pension Liabilities

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.

Effect if Actual Result Differs from Assumptions

During 2014/15, the Board's actuaries advised that the balance sheet position has deteriorated since last year. This was principally due to two main factors:

- Reductions in financial assumptions - such as discount rate, salary growth, pension increases and demographic assumptions such as longevity. More prudent assumptions will give a higher liability value, whereas more optimistic assumptions will give a lower value. The effect of this is a negative impact on the balance sheet and CIES. This has been partially offset by:
- Investment performance - higher than expected. The effect of this was to increase assets and results in a positive impact on the balance sheet and CIES.

The following table shows the sensitivity of the results to the changes in the assumptions used to measure the scheme liabilities. Approximate percentage changes and monetary values are shown:

	Approximate % increase to Employer Obligations %	Approximate monetary value £000
0.5% decrease in Real Discount Rate	11%	6,068
1 year increase in member life expectancy	3%	1,597
0.5% increase in the Salary Increase Rate	5%	2,481
0.5% increase in the Pension Increase Rate	6%	3,406

5. EVENTS AFTER BALANCE SHEET DATE

There are no events after balance sheet date.

LOTHIAN VALUATION JOINT BOARD

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

6.1 This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Board to meet future capital and revenue expenditure.

2014/15 - Current Financial Year	Usable Reserves		Unusable Reserves		
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	(73)	73	0	0	73
(Gain) / Loss on disposal of non-current assets	0	0	0	0	0
Amortisation of intangible assets	(10)	10	0	0	10
Insertion of items not debited or credited to the CIES					
Capital expenditure charged against General Fund Balance	137	(137)	0	0	(137)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,330)	0	1,330	0	1,330
Reversal of exceptional items relating to retirement benefits debited or credited to the CIES	0	0	0	0	0
Employer's pension contributions and direct payments to pensioners payable in the year	782	0	(782)	0	(782)
Adjustments primarily involving the Employee Statutory Adjustment Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(7)	0	0	7	7
Total Adjustments	(501)	(54)	548	7	501

LOTHIAN VALUATION JOINT BOARD

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (Contd.)

6.2 This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Board to meet future capital and revenue expenditure.

2013/14 - Previous Year Comparative	Usable Reserves		Unusable Reserves		
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	(61)	61	0	0	61
(Gain) / Loss on disposal of non-current assets	(7)	7	0	0	7
Amortisation of intangible assets	(10)	10	0	0	10
Insertion of items not debited or credited to the CIES					
Capital expenditure charged against General Fund Balance	98	(98)	0	0	(98)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,181)	0	1,181	0	1,181
Reversal of exceptional items relating to retirement benefits debited or credited to the CIES	0	0	0	0	0
Employer's pension contributions and direct payments to pensioners payable in the year	767	0	(767)	0	(767)
Adjustments primarily involving the Employee Statutory Adjustment Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(17)	0	0	17	17
Total Adjustments	(411)	(20)	414	17	411

LOTHIAN VALUATION JOINT BOARD

7. PROPERTY PLANT AND EQUIPMENT

Movements on balances:

	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
7.1 <u>Current Year Movements in 2014/15</u>			
Cost or Valuation			
At 1st April 2014	432	298	730
Impairment	0	0	0
Derecognition - disposals	0	0	0
Additions	0	124	124
At 31st March 2015	432	422	854
Accumulated Depreciation			
At 1st April 2014	(113)	(105)	(218)
Disposals/Impairment depreciation reversal	0	0	0
Depreciation charge	(18)	(54)	(72)
At 31st March 2015	(131)	(159)	(290)
Net Book Value at 31st March 2015	301	263	564
7.2 <u>Previous Year Movements in 2013/14</u>			
Cost or Valuation			
At 1st April 2013	414	433	847
Impairment	0	(6)	(6)
Derecognition - disposals	0	(209)	(209)
Additions	18	80	98
At 31st March 2014	432	298	730
Accumulated Depreciation			
At 1st April 2013	(97)	(273)	(370)
Disposals/Impairment depreciation reversal	0	212	212
Depreciation charge	(16)	(44)	(60)
At 31st March 2014	(113)	(105)	(218)
Net Book Value at 31st March 2014	319	193	512

LOTHIAN VALUATION JOINT BOARD

7. PROPERTY PLANT AND EQUIPMENT (Contd.)

7.3 Depreciation

The following useful lives have been used in the calculation of depreciation:

- Leasehold improvements (buildings) - 17 years
- Vehicles, plant and equipment - 5 years

7.4 Capital Commitments

At 31st March 2015, there were no capital commitments entered into by the Board.

7.5 Revaluations

Property, plant and equipment are shown in the balance sheet at depreciated historic cost.

The significant assumptions applied in estimating the fair values are:

- the property was not inspected - this was neither practical nor considered by the valuer to be necessary for the purpose of the valuation;
- unless stated otherwise, all properties with greater than de-minimus value were assumed to be in reasonable state of repair and have a life expectancy of more than 50 years;
- the valuations were prepared using information from the City of Edinburgh Council's internal records as well as the valuation Roll produced by the Lothian Valuation Joint Board.

	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
Carried at historical cost	301	263	564
Valued at fair values as at:			
• 31st March 2014	0	0	0
• 31st March 2013	0	0	0
• 31st March 2012	0	0	0
• 31st March 2011	0	0	0
• 31st March 2010	0	0	0
• 31st March 2009	0	0	0
• 31st March 2008	0	0	0
Total Cost or Valuation	<u>301</u>	<u>263</u>	<u>564</u>

LOTHIAN VALUATION JOINT BOARD

8. INTANGIBLE ASSETS

The Board accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

All software is given a useful life, based on assessments of the period that the software is expected to be of use to the Board. The useful lives assigned to the major software suites used by the Board are:

3 years:	Sophos upgrade - Dacoll
10 years :	Dacoll virtual environment - software/licences Microsoft Office licences Document & Data Disposal Module software

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £0.010m was charged to the Comprehensive Income and Expenditure during 2014/15.

The movement on Intangible Assets during the year is as follows:

	2013/14 £'000	2014/15 £'000
Balance at start of year:		
• Gross carrying amounts	124	77
• Accumulated amortisation	(47)	(14)
Net carrying amount at start of year	77	63
Additions	0	12
Impairment of assets	(9)	0
Derecognition - disposals	(38)	0
Derecognition - disposals (accum amort adjustment)	43	0
Amortisation for the period	(10)	(10)
Net carrying amount at end of year	63	65
Comprising:		
• Gross carrying amounts	77	89
• Accumulated amortisation	(14)	(24)
	<u>63</u>	<u>65</u>

LOTHIAN VALUATION JOINT BOARD

9. FINANCIAL INSTRUMENTS

9.1 In accordance with IAS 32 Financial Instruments: Presentation; IAS 39 Financial Instruments: Recognition and Measurement; and FRS 7 Financial Instruments : Disclosures; this note details the make up of financial instruments, both assets and liabilities, the key risks the Board is exposed to in its management of its financial instruments, and how these are managed. From 1st April 2012, the Board changed its Accounting Policy in respect of the transfer of assets to comply with amendments to IFRS 7 issued in October 2010. The standard does not have a material impact on the Annual Accounts of the Board.

	Long-term		Current	
	31st March 2014 £'000	31st March 2015 £'000	31st March 2014 £'000	31st March 2015 £'000
Investments				
Loans and receivables	0	0	924	1,232
Creditors				
Trade creditors	0	0	(17)	(22)

9.2 Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities measured at amortised cost 31st March 2014 £'000	Financial Liabilities measured at amortised cost 31st March 2015 £'000
Total expense and income in Surplus or Deficit on the Provision of services :		
Interest income	3	3

Fair Values of Assets and Liabilities

- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Trade debtors	(17)	(17)	(22)	(22)
Loans and receivables	924	924	1,232	1,232

LOTHIAN VALUATION JOINT BOARD

10. INVENTORIES

The stock held at 31st of March 2014 was deemed as having no realisable value and was written off to the Comprehensive Income and Expenditure Account during 2013/14. The majority of this stock related to paper and envelopes and the balance is not considered to be material.

11. SHORT TERM DEBTORS

	31st March 2014 £'000	31st March 2015 £'000
Debtors:		
• HM Revenues and Customs - VAT	40	50
• Rent	57	57
• Car leasing	25	10
• Car purchase advances	0	0
• Annual licenses, support or maintenance	23	25
• Insurances	15	17
• Other entities and individuals	5	5
	<hr/>	<hr/>
	165	164
	<hr/>	<hr/>

12. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March 2014 £'000	31st March 2015 £'000
Cash held by the Board	1	1
Other local authorities	923	1,232
	<hr/>	<hr/>
	924	1,233
	<hr/>	<hr/>

LOTHIAN VALUATION JOINT BOARD

13. SHORT TERM CREDITORS

	31st March 2014 £'000	31st March 2015 £'000
Other local authorities	(421)	(596)
Employee costs	(89)	(96)
Valuation Appeals Panel - Secretary's fees	(12)	(12)
IER Grant	(80)	(214)
Other entities and individuals	(48)	(76)
Total	(650)	(994)

14. UNUSABLE RESERVES

	31st March 2014 £'000	31st March 2015 £'000
14.1 Capital Adjustment Account	(574)	(629)
14.2 Pension Reserve	8,072	11,870
14.3 Accumulated Absence Account	88	96
	7,586	11,337

LOTHIAN VALUATION JOINT BOARD

14. UNUSABLE RESERVES (Contd.)

14.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.

	2013/14 £'000	2014/15 £'000
Balance at 1st April	(554)	(574)
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	60	72
• Revaluation losses on Property, Plant and Equipment	0	0
• Amortisation of intangible assets	10	10
• Amounts of non-current assets written off on gain/loss on disposal to CIES	8	0
Net written out amount of the cost of non-current assets consumed in year	(476)	(492)
Capital financing for the year:		
• Use of capital receipts to finance new capital expenditure	0	0
• Statutory provision for the financing of capital expenditure	(98)	(137)
Balance at 31st March	(574)	(629)

14.2 Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

LOTHIAN VALUATION JOINT BOARD

14. UNUSABLE RESERVES (Contd.)

14.2 Pension Reserve (Contd.)

	2013/14 £'000	2014/15 £'000
Balance at 1st April	6,305	8,072
Actuarial gains or losses on pension assets and liabilities	0	0
Remeasurements of the net defined benefit liability / (asset)	1,353	3,250
Reversals of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	1,181	1,330
Employer's pension contributions and direct payments to pensioners payable in the year.	(767)	(782)
Balance at 31st March	<u>8,072</u>	<u>11,870</u>

14.3 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2013/14 £'000	2013/14 £'000	2014/15 £'000	2014/15 £'000
Balance at 1st April		71		88
Settlement or cancellation of accrual made at the end of the preceding year	(71)		(88)	
Amounts accrued at the end of the current year	<u>88</u>		<u>96</u>	
Amount by which officer remuneration charged to the Comprehensive Income and expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		17		8
Balance at 31st March		<u>88</u>		<u>96</u>

LOTHIAN VALUATION JOINT BOARD

15. CASH FLOW STATEMENT

15.1 Reconciliation between the General Fund Balance and the revenue activities net cash flow.

	2013/14 £'000	2014/15 £'000
Net increase/(decrease) in the General Fund Balance	0	0
Exclude accumulated absences	17	7
Exclude revenue contribution to capital	(97)	(137)
	<hr/>	<hr/>
	(80)	(130)
(Decrease)/increase in revenue debtors	1	(1)
(Decrease)/increase in long term debtors	(6)	(6)
(Decrease)/increase in stocks	(16)	0
Decrease/(increase) in deferred credit	35	35
Decrease/(increase) in revenue creditors *	(90)	(344)
	<hr/>	<hr/>
Revenue activities net cash flow	(156)	(446)

15.2 Reconciliation of the movement in cash with the related items in the opening and closing balance sheets for the period.

	2013/14 £'000	2014/15 £'000
Due by/(to) the City of Edinburgh Council at 31st March	866	924
Due by/(to) the City of Edinburgh Council at 1st April	924	1,233
	<hr/>	<hr/>
(Increase)/decrease in cash	(58)	(309)

16. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Board on the basis of budget reports analysed across functions. These reports are prepared on a different basis from the accounting policies used in the Annual Accounts. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement),
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year,

LOTHIAN VALUATION JOINT BOARD

16. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (Contd.)

16.1 2014/15 - Current Year	2014/15
Service Information	£'000
Fees, charges and other service income	(763)
Interest and investment income	(3)
Income from requisitions	(6,113)
Govt grants and other contributions	0
	<u>(6,879)</u>
Employee expenses	4,708
Other operating expenses	1,931
Support Services	65
	<u>6,704</u>
Cost of Services	(175)

Reconciliation to Net Cost of Service in Comprehensive Income and Expenditure Statement

Cost of Service in Service Analysis	(175)
Add: amounts not reported to management	1,068
Remove: amounts reported to management not included in CIES	5,197
	<u>6,090</u>
Net Cost of Services in CIES	6,090

	Service Analysis £'000	Not Reported to Mgmt £'000	Not Included in CIES £'000	Allocation of Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	(Surplus)/ Deficit on Provision of Service £'000
Reconciliation to Subjective Analysis							
Fees, charges and other income	(763)	0	0	0	(763)	0	(763)
Interest and investment income	(3)	0	3	0	0	(3)	(3)
Income from requisitions	(6,113)	0	6,113	0	0	(5,937)	(5,937)
Interest (receipts) / cost	0	0	0	0	0	351	351
Total Income	(6,879)	0	6,116	0	(763)	(5,590)	(6,353)
Employee expenses	4,708	986	(782)	26	4,938	0	4,938
Other operating expenses	1,931	0	(137)	39	1,833	0	1,833
Support Services	65	0	0	(65)	0	0	0
Depreciation, amort & impair	0	82	0	0	82	0	82
Interest payments	0	0	0	0	0	0	0
Gain/Loss on disposal of assets	0	0	0	0	0	0	0
Total Expenditure	6,704	1,068	(919)	0	6,853	0	6,853
(Surplus) or Deficit on the Provision of Service	(175)	1,068	5,197	0	6,090	(5,590)	501

LOTHIAN VALUATION JOINT BOARD

16. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (Contd.)

16.2 2013/14 - Comparative figures	2013/14
Service Information	£'000
Fees, charges and other service income	(105)
Interest and investment income	(3)
Income from requisitions	(6,113)
Govt grants and other contributions	0
	<u>(6,221)</u>
Employee expenses	4,358
Other operating expenses	1,683
Support Services	62
	<u>6,103</u>
Cost of Services	(118)

Reconciliation to Net Cost of Service in Comprehensive Income and Expenditure Statement

Cost of Service in Service Analysis	(118)
Add: amounts not reported to management	983
Remove: amounts reported to management not included in CIES	5,251
	<u>6,116</u>
Net Cost of Services in CIES	6,116

	Service Analysis £'000	Not Reported to Mgmt £'000	Not Included in CIES £'000	Allocation of Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	(Surplus)/ Deficit on Provision of Service £'000
Reconciliation to Subjective Analysis							
Fees, charges and other income	(105)	0	0	0	(105)	0	(105)
Interest and investment income	(3)	0	3	0	0	(3)	(3)
Income from requisitions	(6,113)	0	6,113	0	0	(5,995)	(5,995)
Interest (receipts) / cost	0	0	0	0	0	286	286
Total Income	(6,221)	0	6,116	0	(105)	(5,712)	(5,817)
Employee expenses	4,358	912	(767)	25	4,528	0	4,528
Other operating expenses	1,683	0	(98)	37	1,622	0	1,622
Support Services	62	0	0	(62)	0	0	0
Depreciation, amort & impair	0	71	0	0	71	0	71
Interest payments	0	0	0	0	0	0	0
Gain/Loss on disposal of assets	0	0	0	0	0	7	7
Total Expenditure	6,103	983	(865)	0	6,221	7	6,228
(Surplus) or Deficit on the Provision of Service	(118)	983	5,251	0	6,116	(5,705)	411

LOTHIAN VALUATION JOINT BOARD

17. MEMBERS ALLOWANCES

The Board paid the following amounts to members during the year.
These figures include NI and Pensions.

	2013/14 £000's	2014/15 £000's
Salaries (incl. NI and Pensions)	9	9
Expenses	0	0
Total	<u>9</u>	<u>9</u>

18. EXTERNAL AUDIT COSTS

The Board has incurred the following costs in relation to the audit of the Statement of Accounts:

Fees payable in respect of:	2013/14 £000's	2014/15 £000's
<ul style="list-style-type: none">external audit services carried out by the appointed auditor for the year	<u>7</u>	<u>7</u>

19. GRANT INCOME

There was no revenue grant credited to the Comprehensive Income and Expenditure Statement in 2014/15 (2013/14 £0).

20. RELATED PARTIES

The Board is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

20.1 Scottish Government

The Scottish Government is responsible for providing the statutory framework within which the Board operates. It provides the majority of the Board's funding in the form of grants to the constituent councils, and prescribes the terms of many of the transactions that the Board has with other parties. Constituent councils provide funding to the Board at the start of each financial year. Grants received are set out in the subjective analysis in Note 16, Amounts Reported for Resource Allocation Decisions.

LOTHIAN VALUATION JOINT BOARD

20. RELATED PARTIES (Contd.)

20.2 Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid in 2014/15 shown in Note 17 and the Remuneration Report.

20.3 Other Parties

During the year, the Board entered into the following transactions with related parties:

	2013/14 £000's	2014/15 £000's
• The City of Edinburgh Council:		
Rates	180	184
Central support costs	63	65
Interest on revenue balances	(3)	(3)
Constituent council contribution	(3,742)	(3,740)
Car purchase advances	0	0
Due from City of Edinburgh Council	924	1,232
Long term debtor - lease of office	102	96
Convener remuneration *	5	5
• The Scottish Government - referendum costs recovered	(45)	(110)
• The Cabinet Office - IER grant received	(98)	(806)
• Midlothian Council		
Constituent council contribution	(555)	(556)
• East Lothian Council		
Constituent council contribution	(673)	(674)
• West Lothian Council		
Constituent council contribution	(1,142)	(1,143)
Vice Convener remuneration *	4	4

* additional disclosure since audited annual accounts 2013/14.

21. TERMINATION BENEFITS

No exit packages were entered in to during 2014/15.

LOTHIAN VALUATION JOINT BOARD

22. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Board, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Board that has yet to be financed.

	2013/14 £000's	2014/15 £000's
Opening Capital Financing Requirement	0	0
Capital investment		
• Property, Plant and Equipment	98	124
• Intangible assets	0	13
Sources of finance		
• Capital receipts	0	0
• Direct revenue contributions	(98)	(137)
Closing Capital Financing Requirement	0	0

23. DEFINED BENEFIT PENSION SCHEMES

23.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Board makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until the employees retire, the Board has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in the following post employment scheme:

- Local Government Pension Scheme (LGPS) - a funded defined benefit statutory scheme as administered by the City of Edinburgh Council's Lothian Pension Fund. The LGPS is administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

A funded defined benefit final salary scheme, requires the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.2 Transactions Relating to Post-employment Benefits

The Board recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2013/14 £000	2013/14 £000	2014/15 £000	2014/15 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	840		979	
Past service costs	<u>55</u>		<u>0</u>	
		895		979
<i>Financing and investment income:</i>				
Net interest expense		<u>286</u>		<u>351</u>
Total post employee benefit charged to the surplus on the provision of services		1,181		1,330
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Remeasurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	(488)		(4,442)	
Actuarial gains and (losses) arising on changes in financial and demographic assumptions	1,835		7,715	
Other experience	<u>6</u>		<u>(23)</u>	
		<u>1,353</u>		<u>3,250</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>2,534</u>		<u>4,580</u>
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>(1,767)</u>		<u>(3,798)</u>
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		690		703
Contributions in respect of unfunded benefits		<u>77</u>		<u>79</u>
		<u>767</u>		<u>782</u>

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Board's obligations in respect of its defined benefit plan is as follows:

	2013/14	2014/15
	£000	£000
Fair value of employer assets	35,206	41,358
Present value of funded liabilities	(41,610)	(51,352)
Present value of unfunded liabilities	<u>(1,668)</u>	<u>(1,876)</u>
Net liability arising from defined benefit obligation	<u><u>(8,072)</u></u>	<u><u>(11,870)</u></u>

23.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2013/14	2014/15
	£000	£000
Opening fair value of scheme assets	33,074	35,206
Interest income	1,492	1,517
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	488	4,442
Contributions from employer	690	703
Contributions from employees into the scheme	224	239
Contributions in respect of unfunded benefits	77	79
Benefits paid	(762)	(749)
Unfunded benefits paid	(77)	(79)
Closing fair value of scheme assets	<u><u>35,206</u></u>	<u><u>41,358</u></u>

23.5 Reconciliation of Present Value of the Scheme Liabilities

	2013/14	2014/15
	£000	£000
Present value of funded liabilities	(37,761)	(41,610)
Present value of unfunded liabilities	<u>(1,618)</u>	<u>(1,668)</u>
Opening balance at 1 April	<u>(39,379)</u>	<u>(43,278)</u>
Current service cost	(840)	(979)
Interest cost	(1,778)	(1,868)
Contributions from employees into the scheme	(224)	(239)
Remeasurement gain / (loss):		
Change in financial assumptions	(1,835)	(5,701)
Change in demographic assumptions	0	(2,014)
Other experience	(6)	23
Past service cost	(55)	0
Benefits paid	762	749
Unfunded benefits paid	77	79
Closing balance at 31 March	<u><u>(43,278)</u></u>	<u><u>(53,228)</u></u>

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.6 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

	2013/14		2014/15	
	£000	%	£000	%
<u>Equity Securities</u>				
Consumer *	5,335.1	15	5,800.6	14
Manufacturing *	4,805.7	14	4,864.8	12
Energy and Utilities *	3,917.6	11	4,132.4	10
Financial Institutions *	2,452.3	7	3,407.5	8
Health and Care *	2,401.9	7	2,818.2	7
Information technology *	2,290.2	7	2,586.5	6
Other *	1,555.6	5	1,852.3	4
Sub-total Equity Securities	22,758.4		25,462.3	
<u>Debt Securities:</u>				
Corporate Bonds (investment grade)	1,138.2	3	0.0	0
Corporate Bonds (non-investment grade)	171.2	0	0.0	0
UK Government *	1,198.1	3	2,394.8	6
Other *	30.0	0	1,019.9	2
Sub-total Debt Securities	2,537.5		3,414.7	
<u>Private Equity</u>				
All *	286.9	1	0.0	0
All	3,983.9	11	4,795.7	12
Sub-total Private Equity	4,270.8		4,795.7	
<u>Real Estate:</u>				
UK Property	2,452.9	7	2,705.2	7
Overseas Property	285.2	1	419.4	1
Sub-total Real Estate	2,738.1		3,124.6	
<u>Investment Funds and Unit Trusts:</u>				
Equities *	365.3	2	448.7	2
Equities	130.8	0	0.0	0
Bonds *	150.4	0	118.8	0
Infrastructure *	0.0	0	248.7	1
Commodities *	119.6	0	132.2	0
Other	0.0	0	147.7	0
Other *	114.4	0	133.7	0
Sub-total Investment Funds and Unit Trusts	880.5		1,229.8	
<u>Derivatives:</u>				
Foreign Exchange *	0.0	0	63.4	0
Other	3.7	0	0.0	0
Sub-total Derivatives	3.7		63.4	
<u>Cash and Cash Equivalents</u>				
All *	2,016.9	6	3,267.5	8
Sub-total Cash and Cash Equivalents	2,016.9		3,267.5	
Total Fair Value of Employer Assets	35,205.9	100	41,358.0	100

Scheme assets marked with an asterisk (*) have quoted prices in active markets.

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.7 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2015 were those from the beginning of the year (i.e. 31 March 2014) and have not been changed during the year. The main assumptions in the calculations are:

<u>Expected return on assets</u>	2013/14	2014/15
Equity investments	6.0%	3.2%
Bonds	6.0%	3.2%
Property	6.0%	3.2%
Cash	6.0%	3.2%

Average future life expectancies at age 65:

Current pensioners	male	20.4 years	22.1 years
Current pensioners	female	22.8 years	23.7 years
Future pensioners	male	22.6 years	24.2 years
Future pensioners	female	25.4 years	26.3 years

<u>Financial assumptions:</u>	2013/14	2014/15
Pension increase rate	2.8%	2.4%
Salary increase rate (see below) *	5.1%	4.3%
Discount rate	4.3%	3.2%

* Note: The salary increases are assumed to be 1.0% p.a. until 31 March 2015, reverting to the long-term assumption shown thereafter.

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2015 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

For example, to quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption and changes in some of the assumptions may be interrelated.

<u>Change in assumptions at 31 March 2015</u>	Approximate % increase to Employer	Approximate Monetary Amount
0.5% decrease in Real Discount Rate	11.0%	6,068
1 year increase in member life expectancy	3.0%	1,597
0.5% increase in the Salary Increase Rate	5.0%	2,481
0.5% increase in the Pension Increase Rate	6.0%	3,406

23.8 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2016

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Current service cost	0	(1,152)	(1,152)	33.30%
Total Service Cost	0	(1,152)	(1,152)	33.30%
Interest income on plan assets	1,319	0	1,319	38.10%
Interest cost on defined benefit obligation	0	(1,705)	(1,705)	49.30%
Total Net Interest Cost	1,319	(1,705)	(386)	11.20%
Total included in Profit or Loss	1,319	(2,857)	(1,538)	44.50%

The Board's estimated contribution to Lothian Pension Fund for 2015/16 is £0.726m.

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.9 Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Board has agreed a contribution stability mechanism with the schemes actuary until 31st March 2018.

24. LEASES

Operating Leases

The Board currently occupies land and buildings listed below by entering into the following operating lease:

- 17a South Gyle Crescent - offices

	2013/14 £000's	2014/15 £000's
The future minimum lease payments due in future years are:		
<ul style="list-style-type: none">Not later than 1 year	305	305
<ul style="list-style-type: none">Later than 1 year not later than 5 years	1,526	1,526
<ul style="list-style-type: none">Later than 5 years	3,663	3,358
The Board has no finance lease obligations.	<u>5,494</u>	<u>5,189</u>

25. LONG TERM DEBTORS

The long term debtor is in respect of a cash incentive received by the Board on its relocation of offices to its new premises at 17a South Gyle Crescent (Note 24 Leases refers). The cash incentive is amortised on a straight line basis over the term of the lease. A 25 year lease was entered into in December 2006, the remaining life amounts to 17 years, consequently £5,642 will be written to the Comprehensive Income and Expenditure Statement each year.

	2013/14 £000's	2014/15 £000's
<ul style="list-style-type: none">Cash incentive:		
Balance at 1st April	107	102
Amortised to Comprehensive Income and Expenditure Statement	(5)	(6)
Balance at 31st March	<u>102</u>	<u>96</u>
<ul style="list-style-type: none">Car purchase advances (Balances due more than 12 months)	0	0
Total	<u>102</u>	<u>96</u>

26. OTHER LONG TERM LIABILITIES

The Board relocated to its new offices in December 2006. As part of the agreement, the landlord agreed to pay a cash incentive of £0.400m on date of entry and £0.475m in 2011. This will be amortised on a straight line basis totalling £0.035m per annum over 25 years, the term of the lease.

	2013/14 £000's	2014/15 £000's
Balance at 1st April	(665)	(630)
Amortised to Comprehensive Income and Expenditure Statement	35	35
Balance at 31st March	<u>(630)</u>	<u>(595)</u>

LOTHIAN VALUATION JOINT BOARD

27. CONSTITUENT COUNCIL REQUISITIONS

The net expenditure of the Board is a charge upon the City of Edinburgh Council, West, East and Midlothian Councils. The division of net expenditure borne by the constituent councils is made in accordance with the Valuations Joint Boards (Scotland) Order 1995.

	Amount due for 2014/15 £000's	Amount received 2014/15 £000's	Amount due (to)/from Constituent Councils 2014/15 £000's
City of Edinburgh Council	3,635	3,740	(105)
Midlothian Council	539	556	(17)
East Lothian Council	654	674	(20)
West Lothian Council	1,110	1,143	(33)
	<hr/>	<hr/>	<hr/>
	5,938	6,113	(175)

28. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

All Treasury Management is carried out on the Board's behalf by the City of Edinburgh Council. The Council complies with the CIPFA Prudential Code, and has adopted the CIPFA Treasury Management in the Public Services Code of Practice. The City of Edinburgh Council, on behalf of the Board, has overall risk management procedures that focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

The Board's activities expose it to a variety of financial risks which have been assessed in order to determine whether or not such risks have, in order to comply with financial instrument accounting requirements, an impact on these Annual Accounts. For all of the financial risks, the impact on Annual Accounts was found to be immaterial. Each risk is detailed below along with an explanation as to why there is no financial effect arising:

- Re-financing risk - the possibility that the Board might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms is considered immaterial because although the Board has powers to obtain loan finance, no such loans were held during the year;
- Market risk - the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rate movements is considered immaterial because the finances of the Board are such that during the year there was no interest payable and interest receivable was immaterial;
- Credit risk - the possibility that other parties might fail to pay amounts due to the Board is considered immaterial on the basis of past experience and the fact that most debt payable to the Board is due from other public bodies;
- Liquidity risk - the possibility that the Board might not have funds available to meet its commitments to make payments is considered immaterial given the statutory responsibility that the Board has to have a balanced budget and that constituent authorities have to fund the activities of the Board.

28. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Contd.)

- Price risk - the possibility that fluctuations in equity prices has a significant impact on the value of financial instruments held by the Board is considered immaterial because the Board does not generally invest in equity shares.
- Foreign exchange risk - the possibility that fluctuations in exchange rates could result in loss to the Board is considered immaterial because there are no financial assets or liabilities held at the year end denominated in foreign currencies.

The Board holds its surplus funds with the City of Edinburgh Council and does not place external deposits in its own name. The balance held by and due from the City of Edinburgh Council at 31st March 2015 amounted to £1.232m (2013/14 £0.828m). No breaches of the Board's counterparty criteria occurred during the reporting period and the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits. During the reporting period, the Board held no collateral as security.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Lothian Valuation Joint Board aims to ensure best value and provide equitable, customer focussed, high quality, professional valuation and electoral services for all its stakeholders.

The Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, effectively and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Board's affairs and facilitating the effective exercise of its functions, including arrangements for management of risk.

The Board has approved and adopted a Local Code of Corporate Governance that is consistent with the principles, and reflects the requirements, of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government* and is supported by detailed evidence of compliance, which is regularly reviewed. A copy of the code is on our website www.lothian-vjb.gov.uk or can be obtained from the Assessor.

This statement explains how the Lothian Valuation Joint Board delivers good governance and reviews the effectiveness of those arrangements. It also includes a statement on internal financial control in accordance with proper practice.

The Board's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled, and its activities through which it accounts to, engages with and influences the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance.

- Focusing on the purpose of the Board and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT (Contd.)

The Board's Governance Framework (Contd.)

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives. This will enable the Board to manage its key risks efficiently, effectively, economically and ethically.

Within overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

Determining the Board's purpose, its vision for the local area and intended outcomes for the Community

The Board has communicated its vision in the Corporate and Service Plan. Delivery of the vision is the responsibility of the Board, the Assessor, Depute Assessor and Heads of Service. The Board has developed a partnership approach when working with other authorities.

Review of Effectiveness

The Board has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within Lothian Valuation Joint Board has been nominated to review the effectiveness of the Local Code and will report annually to the LVJB Board.

The review of the effectiveness of its governance framework including the system of internal financial control is informed by:

- the work of the Internal Auditors and the Head of Internal Audit's Annual Statement on the adequacy and effectiveness of the Board's system of internal financial control;
- the Assessor's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Board Managers; and
- the External Auditors in their Annual Audit Letter and other reports.

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Lothian Valuation Joint Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Board's performance.
- **Internal Audit** provides an independent and objective assurance service to the Board by completing a programme of reviews throughout the year, to provide an opinion on internal control, risk management and governance arrangements of Lothian Valuation Joint Board.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT (Contd.)

Review of Effectiveness (Contd.)

- **Audit Scotland's Annual Audit Report** is considered by the Board along with the output from other external audits.
- **The Strategic, Operational and Project Risk Registers** are reviewed as part of the Board's Corporate and Service Plan (the Corporate and Service Plan is approved by the Board). Key risks are monitored quarterly by the Board. This ensures that actions are taken to effectively manage the Board's highest risks.
- **The Monitoring Officer** is responsible to the Board for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Certification

In compliance with accounting practice, the Treasurer had provided the Chief Executive with a statement on the adequacy and effectiveness of the Board's internal financial control system for the year ended 31st March 2015. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

During the year, the Head of Internal Audit reviewed changes to the current corporate governance arrangements and systems of internal control and his findings are included in the Head of Internal Audit's Annual Report.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Board in all significant areas of its corporate governance arrangements.

Chief Executive Officer (Assessor) :

Date: 7th September 2015

Joan M. Hewton BSc, FRICS

Convener of Lothian Valuation Joint Board:

Date: 7th September 2015

Norman Work

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT

The Remuneration Report provides details of the Board's remuneration policy for its senior employees and states how remuneration arrangements are managed. Senior employees within the Board are defined as those having the responsibility for the management of the Board to the extent that they can direct or control the major activities of the Board. This includes activities involving the expenditure of money, during the year to which the report relates, whether solely or collectively with other persons.

As well as providing details of the Board's remuneration policy, the Remuneration Report will also show:

- Details of the number of employees whose remuneration was £50,000 or more, which will be disclosed in pay bands of £5,000;
- Details of remuneration paid to senior employees of the Board for 2014/15;
- Details of the Board's senior employees who participate in the Local Government Pension Scheme, administered by the Lothian Pension Fund, and the benefits provided under the scheme.

1. Audit of Remuneration Report

All information disclosed in the remuneration tables in this Remuneration Report will be audited by Audit Scotland and all other sections of the Remuneration Report has been reviewed to ensure that they are consistent with the Annual Accounts.

2. Remuneration policy

The Lothian Valuation Joint Board is responsible for approving the remuneration level of the Assessor and Electoral Registration Officer, and the Depute Assessor, these being the only Chief Official posts within the Board. The Scottish Joint Negotiating Committee (SJNC) for Local authority Services sets the salaries for the Chief Officials of Scottish local authorities and is responsible for agreeing annual inflationary increases. The post of Assessor and Electoral Registration Officer was reviewed at the creation of the Joint Board in 1996. Advice on such matters is received from the Human Resources division of the City of Edinburgh Council and from the Director of Corporate Governance, City of Edinburgh Council, who is currently the Monitoring Officer to the Board.

The salaries of all other employees is set by reference to the Scottish Joint Council for Local Government Employees for all other categories of staff. The Board's Scheme of Delegation provides the Assessor and Electoral Registration Officer with delegated authority to appoint employees within agreed staffing and expenditure levels. The City of Edinburgh Council provides remuneration advice and assistance to the Board on request.

The Convener and Vice-Convener of the Board are remunerated by the Council of which they are a council member. The remuneration of councillors is regulated by the Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200).

The Board has an arrangement with each council that remunerates the Convener and Vice-Convener to reimburse the Council for the additional costs of that councillor arising from them being a Convener or Vice-Convener of the Board. The disclosures made in this report are limited to the amounts paid to the council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the councillor.

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

2. Remuneration policy (Contd.)

All other members of the Board are remunerated by the Council of which they are a council member.

The position of Chief Executive is provided and remunerated by the City of Edinburgh Council.

3. Pension Entitlement of Senior Employees

The Board's senior employees participate in the Local Government Pension Scheme administered by the Lothian Pension Fund. This is a final salary pension scheme which means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age for employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls in to each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non manual employees.

The tiers and members contributions rates for 2014/15 are as follows:

On earnings up to and including £20,335 (5.5%), on earnings above £20,335 and up to £24,853 (7.25%), on earnings above £24,853 and up to £34,096 (8.5%), on earnings above £34,096 and up to £45,393 (9.5%) and on earnings above £45,393 (12%).

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum payment up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009, the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80ths of final pensionable salary and years of pensionable service.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

4. Remuneration by Pay Band

Details of the Board's employees receiving more than £50,000 remuneration for the year, excluding employer's pension contributions are:

<u>Remuneration Band</u>	Number of Employees	
	2013/14	2014/15
£50,000 - £54,999	-	-
£55,000 - £59,999	3	3
£60,000 - £64,999	1	-
£65,000 - £69,999	1	1
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	1	1
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	1	1
Totals	7	6

5. Remuneration paid to Senior Employees

The table below details remuneration paid to senior employees within the Board. Senior Employees are defined as having the responsibility for management of the Board to the extent that they can direct or control the major activities of the Board. This includes activities involving the expenditure of money, during the year to which the report relates, whether solely or collectively with other persons.

<u>Name and Post Title</u>	Salary, Fees and Allowances 31 March 2014	Salary, Fees and Allowances 31 March 2015
	£	£
J.Hewton - Assessor and Electoral Reg Officer	115,508	116,657
G. Strachan - Depute Assessor	92,951	94,875
Total	208,460	211,531

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

6. Pension Entitlement of Senior Employees

<u>In-year pension contributions</u>		For year to	For year to
Name and Post Title		31 March	31 March
		2014	2015
		£	£
J.Hewton - Assessor and Electoral Reg Officer		24,021	24,261
G. Strachan - Depute Assessor		19,284	19,476
<u>Accrued Pension Benefits</u>		As at	Difference
Name and Post Title		31 March	from
		2015	31 March
		£'000	2014
			£'000
J.Hewton - Assessor and Electoral Reg Officer	Pension	54	4
	Lump sum	127	4
G. Strachan - Depute Assessor	Pension	42	2
	Lump sum	99	1

All senior employees shown in the tables above are members of the Local Government Pension Scheme.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, not solely their current appointment.

7. Remuneration of Convener and Vice Conveners

The following table provides details of the remuneration paid to the Board's Convener and Vice-Convener by the Board, excluding NI and Pensions.

	Salary, fees and allowances £	Taxable Expenses £	Total Remun. 2014/15 £	Total Remun. 2013/14 £
N.Work - Convener	4,142	0	4,142	4,101
B.Robertson - Vice-Convener	3,075	0	3,075	3,075
	<u>7,217</u>	<u>0</u>	<u>7,217</u>	<u>7,176</u>

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

8. Pension Entitlement of Convener and Vice Convener

<u>In-year pension contributions</u>	For year to	For year to	
	31 March	31 March	
	2014 *	2015 *	
Name and Post Title	£	£	
N.Work - Convener	4,366	4,410	
B.Robertson - Vice-Convener	3,965	4,006	
		Difference	
<u>Accrued Pension Benefits</u>	As at	from	
Name and Post Title	31 March	31 March	
	2015 *	2014 *	
	£'000	£'000	
N.Work - Convener	Pension	3	1
	Lump sum	2	0
B.Robertson - Vice-Convener	Pension	1	1
	Lump sum	0	0

* includes full pension entitlement as a Councillor, not just that in respect of Convener/Vice Convener of the Lothian Valuation Joint Board.

9. Exit Packages

The following information details the number, and total cost, of exit packages agreed, grouped in rising bands of £20,000 up to £100,000.

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs. No exit packages were agreed 2014/15.

Exit Packages Band	Number of Employees		Total Cost	
	2013/14	2014/15	2013/14	2014/15
			£	£
£0 - £20,000	-	-	-	-
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	2	-	92,961	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
Totals	2	0	92,961	0

There have been no compulsory redundancies entered into by the Board. Costs for 2013/14 are in respect of voluntary retirements which were approved on the basis of Regulation 30 (Rule of 85) of the Pension Fund Regulations.

Chief Executive Officer (Assessor) :

Joan M. Hewton BSC, FRICS

Date: 7th September 2015

Convener:

Norman Work

Date: 7th September 2015

LOTHIAN VALUATION JOINT BOARD

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Lothian Valuation Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Lothian Valuation Joint Board for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code).

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 125 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 Treasurer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of Lothian Valuation Joint Board as at 31 March 2015 and of the income and expenditure of the Board for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

LOTHIAN VALUATION JOINT BOARD

INDEPENDENT AUDITOR'S REPORT (Contd.)

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Senior Audit Manager:

Stephen O'Hagan

Date:

Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT