

CENTRAL SCOTLAND
VALUATION JOINT BOARD



FINANCIAL REPORT
&
ACCOUNTS

2007 / 2008

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF ACCOUNTS 2007/2008

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CENTRAL SCOTLAND VALUATION JOINT BOARD

MEMBERS AND OFFICIALS

CONVENOR

Councillor A Simpson, Stirling Council (from 22nd June)
Councillor John Jenkinson, Falkirk Council (until 2nd May)

VICE CONVENOR

Councillor H McLaren, Clackmannanshire Council (from 22nd June)
Councillor E Carrick, Clackmannanshire Council (until 2nd May)

FALKIRK COUNCIL

Appointed Members:-

Councillor S Carleschi (from 22nd June)
Councillor G Hughes (from 22nd June)
Councillor S Jackson (from 22nd June)
Councillor C MacDonald
Councillor J Patrick (from 22nd June)
Councillor J Blackwood (from 22nd June)
Councillor A Nimmo (from 22nd June)
Councillor A McNeill (from 22nd June)
Councillor T Coleman (until 2nd May)
Councillor J Constable (until 2nd May)
Councillor K Hamid (until 2nd May)
Councillor J McNally (until 2nd May)
Councillor J Wilson (until 2nd May)
Councillor R Wilson (until 2nd May)

STIRLING COUNCIL

Appointed Members:-

Councillor C Finlay
Councillor S Paterson (from 22nd June)
Councillor D Goss (from 22nd June)
Councillor C Campbell (from 22nd June)
Councillor T Coll (until 2nd May)
Councillor T Hazel (until 2nd May)
Councillor G Power (until 2nd May)

CLACKMANNANSHIRE COUNCIL

Appointed Members:-

Councillor J Biggam (from 22nd June)

Councillor D Balsillie (from 22nd June)

Councillor A Campbell (until 2nd May)

Councillor H McLaren (until 2nd May)

OFFICIALS

Assessor	-	Brian Byrne
Clerk	-	Rose Mary Glackin
Treasurer	-	Muir Wilson

CENTRAL SCOTLAND VALUATION JOINT BOARD

INTRODUCTION

by Brian Byrne, Assessor

Central Scotland valuation area covers three council areas of Clackmannanshire, Falkirk and Stirling. The Valuation Joint Board appoints an Assessor for the valuation area and bears the costs of carrying out the statutory duties. The three Councils have also appointed the Assessor as Electoral Registration Officer.

The Assessor has three core statutory duties. These are:-

1. Valuation of Lands and Heritages

The Valuation Roll contains every non-domestic property in the valuation area showing the rateable value of the property. Rateable value is effectively the estimated rental value of the property at April 2003. There are around 11,000 non-domestic properties in Central Scotland with a total rateable value of over £260 million. The Roll includes commercial properties like shops and offices, industrial properties from small workshops to giants like Ineos, Grangemouth (formerly BP) and publicly owned properties such as schools and sport centres. The Assessor maintains survey records of each property and is obliged by law to carry out a Revaluation of non-domestic properties every five years, and to maintain the Roll to reflect new and altered properties.

The programming of valuation appeals remaining from the 2005 Revaluation was agreed with the Secretary of the Valuation Appeal Committee. Appeal disposal has to be completed through the local appeal stages by 31st December, 2008. Appeal disposals have progressed satisfactorily and are on schedule for completion within the statutory timescale. Of the original 2,700 appeals 213 are left to be dealt with at 31st March, 2008.

Central Scotland's Assessor is the designated utilities Assessor for those docks and harbours throughout Scotland, which cross local government areas. At present there are three such subjects, only one of which has an outstanding revaluation appeal.

2. Compiling the Valuation List

All domestic properties are shown in the Valuation List. The Assessor places every domestic property in a valuation band based on the capital value that the property would have had at April 1991 and in line with statutory assumptions. While the pace of new building is levelling out there are now over 135,000 entries in the Council Tax List in Central Scotland.

The Council Tax band for an altered existing property is reconsidered when it is sold. While normal appeal/proposal activity in Council Tax for new and altered houses is very light, recent media interest in the Council Tax proposal procedures throughout the UK has resulted in an increased level of enquiry into existing bandings. An increase in Council Tax enquiries follows each television programme on this issue which creates an unplanned workload for technical staff. Staff have handled this well with as little as possible impact on the timing of other survey work in domestic alterations.

3. Compiling the Register of Electors

The Register of Electors is published annually and is a listing of every eligible elector in the local authority area set against the address at which the elector is entitled to vote. The Register is used for all Local Government, United Kingdom and Scottish Parliamentary, and European Parliamentary elections. It is also used for National Park elections, Community Councils' elections and for referendums. In this year the combined Scottish Parliament and Local Government Election was in May 2007 and much of the preparation was carried out before 1st April, 2007 however, amended legislation allowed late changes to the Register and absent voting arrangements.

In the financial year 2007/08 the new combined Electoral Management/Electoral Registration System was fully tested by the combined Scottish Parliament and Local Government Elections. The system performed well and despite the publicity surrounding the elections it is worth noting that none of the problems arose from any part of the Electoral Registration process and none of the official reports arising from the elections raised any significant issue with the work of any Electoral Registration Officer.

Although introduced in late 2006 the new duties placed on Electoral Registration Officers to encourage electoral registration and participation came fully into effect in 2007/08. Various procedures and initiatives were carried out in co-operation with other Electoral Registration Offices and with the Electoral Commission. Among other changes was the introduction of electronic methods of responding to canvass forms which were used by 26,000 electors in the area. An important initiative in early 2008 was that we contacted approximately 22,000 postal and proxy voters to explain new regulations designed to improve the security of absent voting and requested signature and date of birth as personal identifiers. Delays in legislation meant that the initial contact could not be made in January 2008 as planned but was nevertheless completed in March 2008 with a very good response rate from electors.

The number of properties canvassed by post and by house to house method now stands at over 131,000.

CENTRAL SCOTLAND VALUATION JOINT BOARD

EXPLANATORY FOREWORD

The Valuation Joint Board was formed on 1 April 1996 following local government reorganisation in Scotland. The Joint Board covers the boundaries of Falkirk, Stirling and Clackmannanshire Councils, and the service is jointly funded by these Councils on a pre-determined formula basis.

The Statement of Accounts consists of the Annual Report by the Treasurer and the statutory audited accounts for the financial year 2007/2008. The Annual Report gives interested parties an overall guide to the most significant matters reported in the accounts and contains a commentary on the major influences affecting the Joint Board's income and expenditure, and cash flow.

The accounts for the year consist of:-

Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts and to outline the accounting policies adopted in compiling the 2007/2008 accounts.

Income and Expenditure Account

This statement reports on the net cost for the year of the functions undertaken by the Joint Board, and demonstrates how the cost has been financed.

Statement of the Movement on the General fund Balance

The Income and Expenditure Account shows the Board's actual performance for the year, measured in terms of resources consumed and generated over the last twelve months. However, the Board is required to raise requisitions on a different accounting basis, the main differences being:

Capital Investment is accounted for as it is financed, rather than when fixed assets are consumed.

Retirement benefits are charged as amounts become payable to the pension fund and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Board's spending against the requisitions that it receives for the year, taking into account the use of reserves built up in the past and contributions to funds and reserves.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Board for the year and shows the aggregate increase in net worth. In addition to the surplus generated on the Income and Expenditure Account it includes the re-measurement of the net liability to cover the cost of retirement benefits.

The Balance Sheet

This statement sets out the financial position of the Joint Board as at the 31st March 2008, and includes all assets and liabilities in respect of all the activities undertaken.

The Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for operational purposes.

System of Internal financial Control

This statement provides assurance in relation to corporate governance including the systems of internal financial control.

CENTRAL SCOTLAND VALUATION JOINT BOARD

GLOSSARY OF TERMS

In the Financial Statements various terms are used because of legal and accounting requirements which may not be familiar to the reader. The following are the most commonly used technical terms:-

Budgetary Performance	-	Performance of the service is monitored against the annual budget which sets out in monetary terms the aims and policies of the Valuation Joint Board.
Revenue Costs	-	The day to day running costs of providing services.
Staff Costs	-	The cost of salaries and wages, including overtime, employer's national insurance and superannuation, as well as staff training.
Property Costs	-	Rent and rates, property insurance, repairs and maintenance, heat and light, and furniture and fittings.
Transport Costs	-	The running costs of all vehicles, including hiring and leasing, staff car allowances and travelling expenses.
Supplies and Services	-	Printing and stationery, office equipment, advertising, postages and telephone costs, and expenditure on materials.
Third Party Payments	-	Payments to other Councils, individuals and organisations, in respect of goods and services received.
Accruals	-	The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.
Consistency	-	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Fixed Assets	-	Tangible assets that yield benefits to the services provided for a period of more than one year. All assets are currently depreciated over three years.

Operating Lease	-	Rental costs for the use of an asset. The asset does not belong to the Board.
Finance Lease	-	Agreement to pay for an asset over a specified period of time. At the end of the agreement the asset belongs to the Board. An interest charge may be incurred.
Reserves	-	<p>The Valuation Joint Board has three reserve accounts. The General Reserve, the Capital Adjustment Account and the Pensions Reserve.</p> <p>The General Reserve shows the accrued net surplus attributable to the Valuation Joint Board.</p> <p>The Capital Adjustment Account contains amounts set aside from revenue applied to capital expenditure.</p> <p>The Pensions Reserve shows the net pensions liability of the Board. This has been created in order to negate the impact of FRS 17 costs on the funding due from the constituent authorities.</p>
Pension cost-		<p>The board has fully adopted the accounting principles as required by Financial Reporting Standard 17 (FRS 17) 'Retirement Benefits'. This requires the cost of retirement benefits to be recognised in the Financial Statements when employees earn them, rather than when the benefits are actually paid as pensions.</p> <p>Disclosure requirements included the Net Pension Asset/Liability and the Pension Reserve in the Balance Sheet, together with entries in the Income and Expenditure Account and Statement of Movement in the General Fund Balances to reflect movement in the net pension asset/ liability from one year to the next. Entries are also required to reconcile back to actual pension contributions payable for Requisition purposes.</p>

CENTRAL SCOTLAND VALUATION JOINT BOARD

ANNUAL REPORT

by Muir S Wilson, Treasurer

Introduction

The purpose of the Statement of Accounts is to present a summary of the financial activities of the Valuation Joint Board for the benefit of members and officers of the three constituent authorities and the general public, to report on the stewardship of funds for the financial year 2007/2008, and explain in overall terms the Joint Board's financial position.

This financial year a deficit of £5K has been realised. This has been deducted from previous surpluses. The surplus of £158K remaining at the end of 2007/08 has again been retained.

Excluding electoral Administration Act costs the Computer budget was overspend by £36K. This was due to the purchase of new servers and associated software. This additional spend was offset by savings in Employee and Property costs.

It was approved by the Board that the contribution from Constituent authorities for the financial year 2008/09 would be £2,632K. Once again this includes £60K for additional duties that will be carried out as a result of the Electoral Administration Act and £12K maintenance costs for the new Combined Electoral Management and Electoral Registration System.

Revenue Outturn

The main components of the budget for 2007/2008 and how these compare with actual income and expenditure are outlined below:-

	Revised Budget £000	Actual Outturn £000	Variance £000
Gross Expenditure			
- Staff Costs	1909	1948	39
- Property Costs	257	251	(6)
- Transport Costs	34	40	6
- Supplies and Services	327	313	(14)
- Third Party Payments	9	89	80
- Support Services	42	55	13
- Depreciation	0	67	67
	2578	2763	185
Income	(7)	(87)	(80)
Net Expenditure	<u>2571</u>	<u>2676</u>	<u>105</u>
Interest on Revenue Balances	<u>(0)</u>	<u>(6)</u>	<u>(6)</u>
Pension Interest Cost	<u>0</u>	<u>(41)</u>	<u>(41)</u>
Net Operating Expenditure	<u>2571</u>	<u>2629</u>	<u>58</u>
Net Operating Expenditure met by constituent Authorities	<u>(2571)</u>	<u>(2571)</u>	<u>0</u>
Removal of Depreciation Charge	<u>0</u>	<u>(67)</u>	<u>(67)</u>
Net charges made for retirement benefits (FRS 17)	<u>0</u>	<u>(16)</u>	<u>(16)</u>
Capital Financed From Current Revenue	<u>0</u>	<u>30</u>	<u>30</u>
Net operating Expenditure funded from Reserves		<u>5</u>	<u>5</u>

The total overspend against budget was £5K. This included costs of £30K that were used to finance Capital Expenditure. This has been deducted from previous year surpluses. The remaining balance of £158K has been retained as a surplus attributable to the constituent authorities in the general fund reserve.

Within the overall budgetary performance there were a number of variances, both positive and negative, and these major variances are highlighted below.

Expenditure on staffing has outturned with an overspend of £39K. However the spend against staffing includes the effects of FRS 17. An additional £57K of spend relates to the accounting requirements introduced by FRS 17. Therefore prior to this the staffing budget would have been underspent by £18K. This is mainly due to staff vacancies.

Supplies and services were underspent by £14K. The budget of £60K relating to Electoral Administration Act costs is held in this area but only £42K of the £58K total EAA costs were attributable to supplies and Services.

Third party payments includes £75k relating to the National Assessors Project funded from MGF.

The 2007/08 budget did not fully reflect the total cost of the support services provided by constituent authorities and as a result there was an overspend in support service costs of £13K.

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF RESPONSIBILITIES

The Valuation Joint Board's responsibilities

The Joint Board is required:-

- (1) to make arrangements for the proper administration of its financial affairs, and to ensure that one of its officers has responsibility for the administration of those affairs. In respect of the Valuation Joint Board that officer is the Treasurer.
- (2) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Valuation Joint Board's statement of accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly the financial position of the Valuation Joint Board at the accounting date and its income and expenditure for the year then ended.

In preparing this statement of accounts, the Treasurer has:

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

The Treasurer has also:

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

Statement by the Treasurer

I confirm that the Statement of Accounts presents fairly the financial position of the board as at 31st March 2008 and its income and expenditure for the year ended 31st March 2008.

Muir S Wilson
Treasurer
30th September 2008

ACCOUNTING POLICIES

The following policies have been adopted in compiling the Financial Statements for 2007/2008:-

1. GENERAL

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets. The financial statements for the year ended 31st March 2008 have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2007* (the SORP).

At 31st March 2008, the Board's balance sheet reflects negative reserves of £822K. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Board's other sources of income, may only be met by future requisitions from the constituent authorities. This is because, under the terms of the Valuation Joint Boards (Scotland) Order 1995 requisitions from the constituent authorities are based on expenses incurred in the forthcoming financial year and not with reference to liabilities falling due in future years.

Requisitions for 2008-09, taking into account the amounts required to meet the Board's expenses falling due in that year, have already been determined and agreed. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

2. REVENUE TRANSACTIONS

The revenue accounts are maintained on an accruals basis. That is, account has been taken of all known relevant income and expenditure due in respect of the financial year to 31 March 2008. Wherever possible actual figures have been used in preparing the accounts. Where actual figures were not obtainable the best available estimates have been used.

Debtor and Creditor balances represent sums due but unpaid at the 31 March 2008.

3. FIXED ASSETS

Equipment is valued in the accounts based upon the net value after allowing for depreciation and amortisation. There is no charge in the year of acquisition but a full charge is made in the year of disposal.

Tangible Assets – Computer Equipment is deemed to have a useful life of three years.

Intangible Assets – Software is deemed to have a useful life of three years.

4. LEASING

Computer systems and equipment, were the subject of operational leases, the details of which are included in Note 6 to the Financial Statements. The operating lease came to an end during the 2007/08 financial year and replacement servers were the subject of an interest free finance lease.

5. INTEREST

Finance services are provided by Clackmannanshire Council who act as bankers to the Joint Board. An interest charge is levied by the Council in respect of the net financing cost of the Valuation Joint Board in accordance with the Local Authority (Scotland) Accounts Advisory Committee Guidance Note 2.

6. SUPPORT SERVICES

The main support services to the Valuation Joint Board provided by the constituent authorities are as follows:-

Council	Service	Charges 2007/08
Clackmannanshire	Professional Services	
	Accountancy/ Finance	£25K charged
	Human Resources	£22K charged
Falkirk	Clerking Services	£7K Accrued

7. RESERVES

It was agreed during the 2005/06 financial year to refund £200K of the surpluses generated since then to the constituent authorities with the remaining balance retained.

The Capital Adjustment Account contains the amounts set aside from revenue applied to finance capital expenditure.

Under the pension arrangements introduced by FRS 17, a pensions reserve has been established which mitigates the effect on the Income and Expenditure Account of the differences between the accounting costs, as calculated under FRS 17, and the funding costs and contributions made to the scheme throughout the year.

8. FINANCIAL INSTRUMENTS

Financial liabilities and asset instruments are classified according to the substance of the contractual arrangements entered into.. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

9. ACCOUNTING FOR PENSION COSTS

The Valuation Joint Board is a recognized 'employing authority' within the meaning of the Local Government Superannuation (Scotland) Regulations, and transfers sums collected from employee members and employer's contributions to Falkirk Council which is the administering authority. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected accrued benefit method. The scheme is a defined benefit scheme providing pension benefits and life assurance for all permanent staff and has been accounted for in accordance with the requirements of Financial Reporting Standard 17 ("FRS 17"), Retirement Benefits.

The defined benefits pension scheme's assets are included at market value and this is compared to the present value of the scheme liabilities using a projected unit method and discounted at a rate prescribed by CIPFA/ LASAAC. The increase in the present value of the schemes liabilities arising from the passage of time are included within the net operating expenditure. An appropriation is made to/from the pension reserve so the amount to be met from Council contributions excludes amounts relating to FRS17 pension costs and returns.

CENTRAL SCOTLAND VALUATION JOINT BOARD

INCOME AND EXPENDITURE ACCOUNT

		2006/07	2007/08
	Notes	£'000	£'000
Gross Expenditure			
Continuing Operations	2	2,702	2,763
Income			
Continuing Operations	3	(209)	(87)
Net Operating Expenditure		2,493	2,676
Interest on Revenue Balances		(13)	(6)
Pension Interest Cost and Expected return on pension assets	4	(17)	(41)
Net Operating Expenditure		2,463	2,629
Funded by Constituent Authorities	5	(2,462)	(2,571)
Deficit for the Year		<u>1</u>	<u>58</u>

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

	2006/07 £'000	2007/08 £'000
Deficit for the year on the Income and Expenditure Account	1	58
Net Additional Amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	139	(53)
Decrease in the General Fund Balance for the year	140	5
General Fund Balance brought forward	(303)	(163)
General Fund Balance carried forward	(163)	(158)

NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENTS ON THE GENERAL FUND BALANCE

	2006/07 £'000	2007/08 £'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
Depreciation	(37)	(67)
Net Charges made for retirement benefits in accordance with FRS 17	(307)	(248)
Amounts not included in the Income and Expenditure but required to be included by statute when determining the Movement on the General Fund Balance for the year		
Capital Expenditure Charged in the year to the General Fund Balances	116	30
Employer's Contribution payable to the Central Scotland Valuation Joint board Pension Fund and retirement benefits payable direct to pensioners.	367	232
Net Additional amount to be credited to the General Fund Balances for the year	139	(53)

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2006/07 £'000	2007/08 £'000
Deficit for the year	1	58
Actuarial (Gains) on the pension fund	(737)	(1,190)
	<u>(736)</u>	<u>(1,132)</u>

CENTRAL SCOTLAND VALUATION JOINT BOARD

BALANCE SHEET

		2006/07	2007/08
	Notes	£'000	£'000
Assets			
- Intangible	10	73	60
- Tangible	10	95	71
TOTAL LONG TERM ASSETS		168	131
Current Assets			
- Debtors	11	63	84
- Cash		339	346
		402	430
Current Liabilities			
- Creditors	12	(239)	(272)
NET CURRENT ASSETS		163	158
Long Term Liabilities			
- Liability related to defined benefit pension scheme	14	(2,285)	(1,111)
NET (LIABILITIES)		(1,954)	(822)
<u>RESERVES:-</u>			
- Capital Adjustment Account	13	168	131
- Pensions Reserve	14	(2,285)	(1,111)
- General Fund Balance	15	163	158
		(1,954)	(822)

Muir S Wilson
Treasurer
30th September 2008

CENTRAL SCOTLAND VALUATION JOINT BOARD

CASH FLOW STATEMENT

		2006/07	2007/08
	Notes	£'000	£'000
Revenue Activities			
<i>Cash Outflows</i>			
Cash paid to and on behalf of employees		1,828	1,887
Other operating cash payments		<u>801</u>	<u>740</u>
		<u>2,629</u>	<u>2,627</u>
<i>Cash Inflows</i>			
Contributions from constituent authorities		(2,462)	(2,571)
Cash received for goods and services		(209)	(87)
		<u>(2,671)</u>	<u>(2,658)</u>
Revenue Activities Net Cash (Inflow)	16	<u>(42)</u>	<u>(31)</u>
Servicing of Finance			
<i>Cash Inflows</i>			
Interest received		(13)	(6)
Servicing of Finance Net Cash (Inflow)	17	<u>(13)</u>	<u>(6)</u>
Capital Activities			
<u>Cash Outflows</u>			
Purchase of Fixed Assets		<u>116</u>	<u>30</u>
Capital Activities Net Cash Outflow		<u>116</u>	<u>30</u>
Net Cash Outflow (Inflow) before Financing		<u>61</u>	<u>(7)</u>
(Increase) /Decrease in Cash	18	<u>61</u>	<u>(7)</u>

CENTRAL SCOTLAND VALUATION JOINT BOARD

NOTES TO THE MAIN FINANCIAL STATEMENTS

1 Financial Reporting Standard 17

The pension costs that are charged to the Joint Board's accounts comply with the Financial Reporting Standard 17. The overall amount to be met from council contributions has remained unchanged and the costs disclosed for the Board is 2.1% higher after the replacement of employers contributions with current service costs and Net Operating Expenditure is 2.2% higher than it would otherwise have been. The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the Valuation Joint Board by £1,111K.

2 Gross Expenditure	2006/07	2007/08
	£'000	£'000
- Staff Costs	1,786	1,948
- Property Costs	265	251
- Transport Costs	35	40
- Supplies & Services	318	313
- Third Party Payments	210	89
- Support Services	50	55
- Capital Financing Costs	<u>38</u>	<u>67</u>
Continuing Operations	2,702	2,763

Gross expenditure includes £75K (£202K 06/07) relating to a National Assessors portal project. This is offset by MGF funding included in Income. See Note 3.

3 Income	2006/07	2007/08
	£'000	£'000
- Sales of Valuation Roll	(3)	0
- Sales of Electoral Roll	(4)	(12)
- Other Income	<u>(202)</u>	<u>(75)</u>
	(209)	(87)

Other Income includes £75K MGF income (£202K 06/07) relating to a National Assessors Portal Project. Expenditure detailed in note 2.

4 Pension Costs

Local Government Pension Scheme

The Valuation Joint Board participated in the Local Government Pension Scheme, the Local Government Pension Scheme is a funded scheme administered by Falkirk Council and provides defined benefits for employees. This means that the Board and the Scheme members pay contributions into the fund, calculated at a level that is intended to balance the pensions liabilities with investment assets. Although retirement benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement. The cost of retirement benefits are recognised in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Contributions is based on the cash payable in the year, so the real cost of retirement benefits is reversed out within the Statement of Movements on the General Fund Balances.

	2006/07	2007/08
	£000	£000
Net Cost of Service		
- Current Service Cost	324	289
- Past Service Cost	(144)	0
Net Operating Expenditure		
- Interest Cost	594	647
- Expected Return on Assets in the Scheme	<u>(611)</u>	<u>(688)</u>
Net Charge to the Revenue and Expenditure Account	163	248
Actual Amount Charged against approved budget for pensions in the year		
- Employers Contributions payable to the Scheme	<u>223</u>	<u>232</u>

5 Council Contributions

		2006/07	2007/08
		£'000	£'000
- Falkirk Council	49.2%	(1,211)	(1,267)
- Stirling Council	35.4%	(872)	(907)
- Clackmannanshire Council	15.4%	(379)	(397)
		<u>(2,462)</u>	<u>(2,571)</u>

6 Leases

The operating lease to fund computer hardware and software ended during the 2007/08 financial year. The first quarter of the interest free financing lease was paid during the 07/08 financial year. The remaining payments of the financing lease will be paid during the 08/09 financial year. The gross amount of assets held under a finance lease is £19K. No depreciation is charged in the first year. The current and undischarged obligation under these leases is disclosed below:-

	2006/07			2007/08		
Operating Leases	Annual Payment	Undischarged Liability		Annual Payment	Undischarged Liability	
	2006/07	2007/08	2008/09	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000	£'000
Computer Hardware	18	4	0	4	0	0
Financing Lease						
Computer Hardware	0	0	0	5	14	0
Installation	0	0	0	1	2	0
Maintenance	0	0	0	1	5	0

7 Officers' Emoluments

The number of employees whose remuneration, excluding pensions contributions, was £50,000 or more, in bands of £10,000 is detailed below.

Remuneration Band	2006/07 No of employees	2007/08 No of employees
£50,000 - £59,999	0	0
£60,000 - £69,999	2	2
£70,000 - £79,999	1	1

8 Disclosure of Audit Costs

In 2007/08 Central Scotland Joint Valuation Board incurred the following fees relating to external audit and inspection:

	2006/07 £'000	2007/08 £'000
Total Fees Payable	8	8

9 Local Government Act 1986 - Publicity Account

Under the terms of section 5(1) of the above Act the Board must disclose the total expenditure incurred in respect of publicity.

	2006/07	2007/08
	£'000	£'000
The Board's spending on publicity was:-	9	9

10 Assets

	2006/07	2007/08
	£'000	£'000
Intangible Assets - Software		
Gross Valuation		
Opening Balance as at 1 April	0	73
Additions	73	11
Disposals	0	0
Balance as at 31 March	<u>73</u>	<u>84</u>
Amortisation		
Opening Balance as at 1 April	0	0
Charge for the year	<u>0</u>	<u>24</u>
Balance as at 31 March	<u>0</u>	<u>24</u>
Net Book Value as at 31 March	<u>73</u>	<u>60</u>
Fixed Assets – Computer Equipment		
Gross Valuation		
Opening Balance as at 1 April	167	210
Additions	43	19
Disposals	0	0
Balance as at 31 March	<u>210</u>	<u>229</u>
Depreciation		
Opening Balance as at 1 April	78	115
Charge for the year	<u>37</u>	<u>43</u>
Balance as at 31 March	<u>115</u>	<u>158</u>
Net Book Value as at 31 March	<u>95</u>	<u>71</u>

11 Debtors

	2006/07	2007/08
	£'000	£'000
Sundry Debtors	<u>3</u>	<u>8</u>
Prepayments	2006/07	2007/08
	£'000	£'000
Property Rental and Service Charge	22	22
Other Prepayments	<u>38</u>	<u>54</u>

12	Creditors	2006/07	2007/08
		£'000	£'000
	Inland Revenue	33	35
	Falkirk Council (Superannuation)	22	25
	Sundry Creditors	42	4
	Other Accruals	<u>142</u>	<u>208</u>
		<u>239</u>	<u>272</u>

13	Capital Adjustment Account	2006/07	2007/08
		£'000	£'000
	Balance as at 1st April	90	168
	Transfer from Revenue Account of Capital		
	Financed from Current Revenue	<u>116</u>	<u>30</u>
		206	198
	Less Amortisation	<u>(38)</u>	<u>(67)</u>
	Balance as at 31st March	<u>168</u>	<u>131</u>

14 Pension Assets and Liabilities

The Valuation Joint Board Pension scheme is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In addition, the Board has discretionary powers to grant additional benefits under the Local Government and Discretionary Payments Regulations of 1998 and 1996 respectively. Typically, benefits under the regulations may be awarded by the Board where an employee leaves in the interests of the efficiency of the service or on the grounds of redundancy. These are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities.

As at 31st March 2008 in order to comply with FRS 17 the Board has the following overall assets and liabilities relating to the pension scheme now included in the balance sheet.

	31 March 2008	31 March 2007	31 March 2006
	£000s	£000s	£000s
Estimated liabilities in Local Government Pension Scheme	(10,366)	(11,663)	(11,835)
Estimated liabilities arising from unfunded discretionary benefits	(203)	(254)	(264)
Estimated assets in Local Government Pension Scheme	9,458	9,632	9,017

Net asset (liability)	(1,111)	(2,285)	(3,082)
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Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson, an independent firm of Actuaries has assessed both the liabilities arising from the award of discretionary benefits and the Falkirk Council Pension Fund liabilities. The latest formal valuation of the Fund for the purpose of setting employers actual contributions was at 31st March 2005, with the next formal valuation due as at 31st March 2008.

The main assumptions used in their calculations have been:-

	2007/08	2006/07	2005/06
Rate of Inflation	3.6%	3.2%	3.1%
Rate of increase in salaries	5.1%	4.7%	4.6%
Rate of increase in pensions	3.6%	3.2%	3.1%
Rate for discounting scheme liabilities (based on 2.1% real)	6.9%	5.4%	4.9%

Assets in the Falkirk Council Pensions Fund are valued at fair value, principally market value for investments, and consist of the following categories by proportion of the total assets held by the Fund:

	31 March 2008	31 March 2007	31 March 2006
Equity Investments	72%	73%	73%
Bonds	14%	14%	13%
Property	10%	11%	11%
Cash	4%	2%	3%
	100%	100%	100%

Expected Return on Assets

	31 March 2008	31 March 2007	31 March 2006
Equity Investments	7.7%	7.8%	7.4%
Bonds	5.7%	4.9%	4.6%
Property	5.7%	5.8%	5.5%
Cash	4.8%	4.9%	4.6%

15	General Fund Balance	2006/07	2007/08
		£'000	£'000
	Opening Balance at 1 April	303	163
	Net (Deficit) for Year	<u>(140)</u>	<u>(5)</u>
	Closing Balance at 31 March	<u>163</u>	<u>158</u>
16	Reconciliation between Revenue Account and Revenue Activities Net Cash Flow	2006/07	2007/08
		£'000	£'000
	Decrease in General Fund balance for year	140	5
	Less Creditors and Prepayments	(79)	(12)
	Less Servicing of Finance - Interest (Payments)	13	6
	Less Capital Financed from Current Revenue	(116)	(30)
	Revenue Activities Net Cash (Inflow)	<u>(42)</u>	<u>(31)</u>
17	Interest Paid	2006/07	2007/08
		£'000	£'000
	Interest paid as per Income and Expenditure Account	(13)	(6)
	add Creditors and Prepayments	<u>0</u>	<u>0</u>
		<u>(13)</u>	<u>(6)</u>
18	Movement in Cash	2006/07	2007/08
		£'000	£'000
	(Increase) / Decrease in Cash	<u>61</u>	<u>(7)</u>
		<u>61</u>	<u>(7)</u>
19	Financial Instruments		

As at the 31st March 2008 the Valuation Joint Board has Debtors of £84K and Creditors of £272K. There is no provision for Bad Debts. The transactions entered into do not give rise to any market, liquidity or credit risk.

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the Statement of Accounts for Central Scotland Valuation Joint Board. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

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

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

- detailed budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecasts;
- clearly defined capital expenditure guidelines

The Internal Audit function is provided by the Internal Audit section of Clackmannanshire Council as part of Finance Services. The section reports directly to myself, although also has free access to the Chief Executive, Monitoring Officer and Elected members of the Board as and when required. The Head of Internal Audit has not provided an assurance statement in respect of internal controls for the 2007-08 financial year, however I have obtained assurances from the Internal Audit section that no serious failure of controls have come to light during the 2007-08 financial year. The Internal Audit section operates in accordance with CIPFA's Code of Practice for Internal Audit in Local Government.

My review of the effectiveness of the system of internal financial control is informed by:

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

Having reviewed the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Valuation Joint Board's internal control system. However, I note that work in the ongoing development associated with the Council's main financial ledger system, to improve the extraction and availability of management information, would enhance control mechanisms.

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Muir S Wilson, B.A., FCCA
Treasurer
30th September 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CENTRAL SCOTLAND JOINT VALUATION BOARD AND THE ACCOUNTS COMMISSION FOR SCOTLAND

We certify that we have audited the financial statements of the Central Scotland Joint Valuation Board (the "Board") for the year ended 31 March 2008 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we 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

The Treasurer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2007 - A Statement of Recommended Practice (the 2007 SORP) are set out in the Statement of Responsibilities for the financial statements. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

We report our opinion as to whether the financial statements present fairly, in accordance with applicable laws and regulations and the 2007 SORP, the financial position of the Board and its income and expenditure for the year, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. We also report to you if, in our opinion, the Board has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the Statement on the System of Internal Financial Control reflects compliance with the SORP, and we report if, in our opinion, it does not. We are not required to consider whether this Statement covers all risk and controls, or form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

We read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. Our audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements, and of whether the accounting policies are appropriate to Board's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements present fairly, in accordance with applicable laws and regulations and the 2007 SORP, the financial position of the Board as at 31 March 2008 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors

1-4 Atholl Crescent
Edinburgh
EH3 8LQ

30th September 2008