DRAFT
AGENDA ITEM 3(a)

MINUTE of MEETING of CENTRAL SCOTLAND VALUATION JOINT BOARD held within HILLSIDE HOUSE, STIRLING on FRIDAY 20 JUNE 2014 at 10.00 a.m.

COUNCILLORS:	Depute Provost Balsillie Jim Blackwood (substituting for Rosie Murray) Margaret Brisley Craig Holden Charles MacDonald (Convener) Corrie McChord Adrian Mahoney Alan Nimmo Sandy Turner
OFFICERS:	Shona Barton, Assistant to Clerk Iain Burns, Internal Audit Liz Shaw, Assistant to Treasurer Jane Wandless, Assistant Assessor Peter Wildman, Acting Assessor and Electoral Registration Officer

VJB3. APOLOGIES

Apologies for absence were intimated on behalf of Depute Provost Irene Hamilton; Councillors Neil Benny, Gordon Hughes, Cecil Meiklejohn and Rosie Murray.

VJB4. DECLARATIONS OF INTEREST

There were no declarations made.

VJB5. MINUTES

(a) There was submitted (circulated) and **APPROVED** Minute of Meeting of Central Scotland Valuation Joint Board held on 21 March 2014, and

(b) There was submitted (circulated) and **APPROVED** Minute of Meeting of Central Scotland Valuation Joint Board – Appointments Committee held on 3 June 2014.

VJB6. DRAFT FINAL ACCOUNTS AS AT 31 MARCH 2014

The Board considered a report by the Treasurer on the arrangements for preparing and auditing the draft final accounts for 2012/13.

The Board was required by law to prepare a Statement of Accounts setting out its financial position at the end of the financial year. Draft accounts must be submitted by 30 June to the Controller of Audit who will audit their accuracy and completeness. The 2013/14 draft accounts had been drawn up in accordance with the local authority Code of Practice (which reflected International Financial Reporting Standards) and showed a draft surplus of £144k. This meant that the Board now had a usable reserve of £763k.

Decision

The Joint Board noted the 2013/14 Draft Statement of Accounts and agreed to their submission to the Controller of Audit.

Councillor McChord entered the meeting during discussion of the foregoing item of business.

VJB7. NON - DOMESTIC APPEAL DISPOSAL

With reference to the minute of meeting of the Joint Board held on 21 March 2014 (paragraph VJB45 refers), the Board considered a report by the Assistant Assessor which provided information on the non-domestic appeal workload dealt with in the period between 1 April 2013 and 31 March 2014.

Decision

The Joint Board noted the contents of the report.

Depute Provost Balsillie entered the meeting during discussion of the foregoing item of business.

VJB8. BEST VALUE REPORT 2014

The Board considered a report by the Assistant Assessor on the performance of the Assessor's Service in 2013/14 as measured against key performance indicators.

The report outlined the performance levels on Assessor's work in the 2013/14 financial year for the Valuation Roll and Council Tax Performance Indicators. The drop in performance for both indicators was highlighted and linked to the increased workload in terms of appeals.

Decision

The Joint Board noted the continuing commitment to Best Value.

VJB9. RISK ASSESSMENT REPORT

The Board considered a report by the Acting Assessor & Electoral Registration Officer which provided a review of the Board's Risk Management Strategy.

The Board had approved the Risk Management Strategy in February 2012, with it being reviewed on an annual basis. The main purpose of the strategy is to identify potential risks before they occur, to then establish the potential consequences and finally determine the nature of the response to those risks.

Decision

The Joint Board noted the risk strategy and the current general risk assessment analysis for all functions.

VJB10. INTERNAL AUDIT ANNUAL REPORT

The Board considered the Internal Auditor's report for 2013/14 on the internal control environment.

An annual opinion is required by Performance Standard 2450 of the Public Sector Internal Audit Standards (PSIAS). In line with best practice the report will be used by the Board to inform its Annual Governance Statement.

Decision

The Joint Board noted the contents of the report.

VJB11. EXCLUSION OF PUBLIC

AGREED in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude from the meeting the press and public for the following item of business on the ground that it involves the likely disclosure of exempt information as defined in Paragraph 14 of Part 1 of Schedule 7A of the said Act.

VJB12. INTERNAL AUDIT REPORT – INFORMATION GOVERNANCE AND DATA SECURITY

The Board considered a report by the Internal Audit and Fraud Team Leader which presented the final Internal Audit Report in relation to Information Governance and Data Security.

The report summarised the audit findings and attached as an appendix a copy of the Action Plan which has been agreed to address the areas for improvement.

Discussion took place on the dates for completion of targeted actions.

Decision

The Joint Board noted the contents of the report.

DRAFT
AGENDA ITEM 3(b)

MINUTE of MEETING of CENTRAL SCOTLAND VALUATION JOINT BOARD APPOINTMENTS COMMITTEE held within HILLSIDE HOUSE, STIRLING on MONDAY 11 AUGUST 2014 at 9.30 a.m.

PRESENT: Councillors Brisley, Holden, MacDonald, McChord, Nimmo and Meiklejohn.

CONVENER: Councillor MacDonald.

ATTENDING: Assistant to Clerk (B Pirie); Tom Denovan, HR Team Leader, Clackmannanshire Council and Joan Hewton, Chair of the Assessor's Association for Scotland.

DECLARATIONS OF INTEREST: None.

VJB13. MINUTE

The Minute of Meeting of Central Scotland Valuation Joint Board Appointments Committee held on 3 June 2014 was approved.

VJB14. EXCLUSION OF PUBLIC

RESOLVED in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude from the meeting the press and public for the following item of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 7A to the said Act.

VJB15. POST OF ASSESSOR AND ELECTORAL REGISTRATION OFFICER

The Committee considered a report by the Clerk to the Board on the outcome of the advertising phase of the recruitment process and on the process for selecting a shortlist of candidates for interview.

The post of Assessor and Electoral Registration Officer had been advertised on My Job Scotland with a closing date for applications of 27 June 2014. The Advert had also been circulated to each of the Assessors in Scotland. Eight applications had been received. The application forms were attached to the report together with candidate's assessment forms. The committee was invited to determine a shortlist of candidates for interview. The committee was additionally invited to confirm the interview questions and presentation topic together with the date of interview.

Decision

AGREED:-

1) to invite four candidates to interview on 29 August 2014; and

(2) that the HR and professional advisers will finalise the presentation topic and interview questions and circulate these to members in advance of the meeting.

DRAFT
AGENDA ITEM 3(c)

MINUTE of MEETING of CENTRAL SCOTLAND VALUATION JOINT BOARD APPOINTMENTS COMMITTEE held within HILLSIDE HOUSE, STIRLING on FRIDAY 29 AUGUST 2014 at 9.00 a.m.

PRESENT: Councillors Brisley, Holden, MacDonald, Meiklejohn and Nimmo.

CONVENER: Councillor MacDonald.

ATTENDING: Brian Pirie, Assistant to Clerk; Tom Denovan, HR Team Leader, Clackmannanshire Council and Joan Hewton, Chair of the Assessor's Association for Scotland.

DECLARATIONS OF INTEREST: None.

VJB16. APOLOGY

An apology was intimated from Councillor McChord.

VJB17. DECLARATIONS OF INTERESTS

No declarations were made.

VJB18. MINUTE

The Minute of Meeting of Central Scotland Valuation Joint Board Appointments Committee held on 11 August 2014 was approved.

VJB19. EXCLUSION OF PUBLIC

RESOLVED in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude from the meeting the press and public for the following item of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 7A to the said Act.

VJB20. POST OF ASSESSOR AND ELECTORAL REGISTRATION OFFICER

The Committee considered a report by the Clerk to the Board setting out the selection process for the post of Assessor and Electoral Registration Officer.

The post of Assessor and Electoral Registration Officer had been advertised on myjobscotland with a closing date for applications of 27 June 2014. The committee had agreed, on 11 August 2014 (ref VJB5), to invite 4 applicants to interview. It had also agreed that the final stage of the selection process would comprise an online strategic executive scenario exercise (carried out prior to interview) and a 10 minute presentation followed by interview.

Members were provided at the meeting with a pack containing:- the interview schedule; each application form together with an assessment form for each candidate and a summary report of each applicant's online exercise. The committee was supported by Joan Hewton, Chair of the Assessor's Association for Scotland and Tom Denovan, HR Team Leader, Clackmannanshire Council.

The committee was invited, having interviewed each candidate, to select its preferred candidate and to appoint an Assessor and Electoral Registration Officer.

Decision

The committee agreed to appoint Peter Wildman to the post of Assessor and Electoral Registration Officer.

AGENDA ITEM 4 (a)

CENTRAL SCOTLAND VALUATION JOINT BOARD

Subject: **FINAL ACCOUNTS as at 31 MARCH 2014**
Meeting: **CENTRAL SCOTLAND VALUATION JOINT BOARD**
Date: **26th September 2014**
Author: **TREASURER**

1. INTRODUCTION

1.1 The Board is required by law to prepare a statement of accounts in accordance with 'proper practices' which set out its financial position at the end of each financial year. This is defined as meaning compliance with the terms of the Code of Practice in Local Authority Accounting in the United Kingdom prepared by CIPFA/ LASAAC Joint Committee.

1.2 The Code specifies the principles of accounting required to give a 'true and fair' view of the financial position and transactions of the Board, following completion of the audit.

1.3 The Board is legally obliged to complete the draft accounts and submit them by 30th June 2014 to the Controller of Audit so that they can be scrutinised by the appointed external auditor for accuracy and completeness.

1.4 The Audit of the Accounts is required to be completed and approved by the Board prior to their final submission to the Controller of Audit by the 30th September 2014.

2. BACKGROUND

2.1 At the Board meeting on the 20th June 2014 the submission of the draft Accounts to the Controller of Audit was approved by the Board. It was noted in the report that a final audited set of accounts, and the auditors report, would be presented to the Board at the next appropriate meeting.

2.2 This report now ensures that the Board formally approve the Audited Accounts prior to their submission to the Controller of Audit.

2.3 The main financial statements comprise a :

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Account
- Balance Sheet
- Cash Flow Statement

2.4 The deficit on the provision of services reported in the Comprehensive Income and Expenditure Account is £54k. However this includes £198k of accounting adjustments which require to be reversed out in the Movement in Reserves Statement to create a surplus of £144k for the year.

2.6 The useable surplus brought forward from previous years is £619k. The surplus achieved in the year is £144k. The surplus carried forward to future years is therefore £763K. There is £225K set-aside for approved earmarked projects. This leaves a useable general reserves balance of £538K. The reserves strategy is to maintain a minimum level of useable general reserves of 3% (£77K). This will be reviewed as part of the budget setting process.

2.7 As a result of the Audit process there have been no material adjustments made to the draft accounts.

3. CONCLUSIONS

3.1 The Valuation Joint Board has outturned a surplus of £144k which when added to previous surpluses results in a net surplus of £763k now being held.

4. RECOMMENDATIONS

4.1 The Joint Board is asked to note the 2013/14 Statement of Accounts and agree to their submission to the Controller of Audit.

……………………………………..
Treasurer
26th September 2014

LIST OF BACKGROUND PAPERS

1. Annual Year End Working Papers.

Any person wishing to inspect the above background papers should contact the Treasurer, Nikki Bridle, on Alloa (01259) 452030.

CENTRAL SCOTLAND VALUATION JOINT BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013/14

Contents | **Page**

CENTRAL SCOTLAND VALUATION JOINT BOARD

MEMBERS AND OFFICIALS

CONVENER

Councillor C MacDonald, Falkirk Council

VICE CONVENER

Councillor C Holden, Clackmannanshire Council

FALKIRK COUNCIL

Appointed Members:-
Councillor G Hughes
Councillor A Mahoney
Councillor C Meiklejohn
Councillor R Murray
Councillor A Nimmo
Councillor A Turner

STIRLING COUNCIL

Appointed Members:-
Councillor N Benny
Councillor M Brisley
Councillor C McChord
Councillor S Paterson

CLACKMANNANSHIRE COUNCIL

Appointed Members:-
Depute Provost D Balsillie
Depute Provost I Hamilton

OFFICIALS

Assessor	-	Brian Byrne (to 31 December 2013)
Acting Assessor	-	Peter Wildman (from 1 January 2014)
Clerk	-	Rose Mary Glackin
Treasurer	-	Nikki Bridle

CENTRAL SCOTLAND VALUATION JOINT BOARD

INTRODUCTION

by Peter Wildman, Assessor (Acting)

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 (unless exempted by statute) in the Valuation Area showing the rateable value of the property. Rateable value is effectively the estimated rental value of the property. Since the revaluation in April 2010, rateable value has been effectively the estimated rental value of the property at April 2008. There are over 11,000 non-domestic properties in Central Scotland with a total rateable value of over £325 million. The Roll includes commercial properties like shops and offices, industrial properties from small workshops to giants like the petrochemical works and the refinery at Grangemouth, 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 regular revaluations of non-domestic properties. The next revaluation is due in April 2017. Between revaluations the Assessor must maintain the Roll to reflect new and altered properties.

The vast majority of valuation appeals from the 2005 Revaluation have been dealt with. There are a few appeals from the 2005 Revaluation still to be heard by the Lands Tribunal. Significant progress has been made during 2013/14 to deal with the appeals from the 2010 Revaluation. Of the original 3,532 properties under appeal 39 properties remain under appeal at the end of March 2014. The appeals on these properties have all been referred to the Lands Tribunal for determination.

In the year 2013/14 along with the Revaluation appeal work we continued to maintain the Roll for new entries, amendments and deletions. In addition to the normal level of appeals arising from these routine changes we received a large number (approximately 5,000) of material change appeals referring to the economic climate. These material change appeals were dealt with based on the outcome of three significant appeals determined by the Lands Valuation Appeal Court for properties in other Valuation Areas (Dundee, Glasgow, and Fife) and by the statutory deadline of 31 December 2013.

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. The pace of new building has levelled and is beginning to show signs of an increase. There are now over 136,000 domestic properties on the Council Tax Valuation List in Central Scotland.

2. Compiling the Valuation List (continued)

The Council Tax band for an altered existing property is reconsidered when it is sold. While appeal/proposal activity in Council Tax for new and altered houses is normally fairly light, occasional media interest in the Council Tax proposal procedures throughout the UK can result 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 continued to handle 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 declared eligible elector in each local authority area set against the local address that satisfies the residence qualification. The Register is used for all Local Government, United Kingdom, Scottish and European Parliamentary Elections. It is also used for Community Councils' elections and for referendums. In combination with data from other Electoral Registration Officers it is used to compile a register as required for National Park Elections. The Electoral Registration Officer is also required to publish an Edited Register and to maintain Absent Voter Lists.

The last annual canvass under the existing legislation was carried out between October 2013 and the publication of the new Register on 10 March 2014. The canvass also for the first time included collecting details of young voters in preparation for the Register of Young Voters to be used at the Scottish Independence Referendum on 18 September 2014. This reflects the reduction in voting age for the Referendum to 16 years.

The number of properties canvassed by post and by other methods now stands at over 135,000. The number of electors stands at over 220,000.

Significant work has gone into the preparation for the introduction of Individual Electoral Registration on 19 September 2014. This has involved upgrading IT systems and training of staff in the new procedures and processes. This will be a fundamental change in Electoral Registration and will involve individuals registering rather than relying on a single household return and will significantly change the workload of the organisation. Preparation work has also been undertaken for the forthcoming European Parliament Election in May 2014, the Loch Lomond and Trossachs National Park Election in July 2014 and the Scottish Independence Referendum in September 2014.

EXPLANATORY FOREWORD

by Nikki Bridle, Treasurer

Introduction

I am pleased to present the Board's Annual Report and Financial Statements for the year ended 31 March 2014.

The purpose of the Annual Report and Financial Statements 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 2013/14, and explain in overall terms the Joint Board's financial position.

The Annual Report and Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC), based on International Financial Reporting Standards (IFRS).

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

The Code aims to improve the comparability of public sector accounts and, over time, public sector accounts with those of the private sector. Overall this results in the presentation of more detailed financial statements which aim to provide greater transparency about the key issues affecting the Board's finances.

Core Financial Statements

The main financial statements comprise the following:

- **Movement in Reserves Statement**
  The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (those that can be used to fund expenditure) and other reserves.

- **Comprehensive Income and Expenditure Statement**
  The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from requisitions.

- **Balance Sheet**
  The balance sheet is a consolidation of the Board's financial position. It shows the balances available, long term indebtedness and the long-term and current assets and liabilities of the Board.

Core Financial Statements (continued)

- **Cash Flow Statement**
  The Cash Flow statement shows the inflows and outflows of cash as a result of the Board's transactions, both capital and revenue.

There have been no changes in the Code that impinge upon the accounts for 2013/14.

The deficit on the provision of service for the financial year reported in the Comprehensive Income and Expenditure Account is £54k. However this includes £198k of adjustments between the accounting and funding basis. When these are removed from the deficit shown in the Comprehensive Income and Expenditure Account the net useable surplus available is £144k. This is the amount that that is available to meet future capital and revenue expenditure.

The usable surplus brought forward from previous years is £619k. The usable surplus achieved in the year, per above, is £144k. The surplus carried forward to future years is therefore £763k. The balance of £763k has been retained as a surplus attributable to the constituent authorities in the general fund usable reserve.

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

There is a saving of £79k relating to salaries. This has arisen as a result of general staff turnover and the retirement of the Assessor. The Depute Assessor is currently employed in this acting up role and the post of Depute is currently vacant. Staffing costs in particular are further off-set by additional income of £63K which has been provided to assist with the costs of the implementation of Individual Electoral Registration.

There is a savings of £35K attributable to rental costs. This reduction in costs is reflected in the 2014/15 budget and is a direct result of the property review.

Administration payments includes £89k relating to the National Assessors Project. This is funded by contributions from all Scottish Assessors included in Income and has no effect on the net cost to the Valuation Joint Board.

Financial Outlook

Work will continue through the current year ready for the implementation of Individual Electoral Registration on 19 September 2014. The Cabinet Office is committed to support Electoral Registration Offices financially in identifying and engaging with individual electors and financial assistance has been provided. However it is not known at this stage if the Cabinet Office will reimburse all associated costs. Earmarked reserves have been set aside to off-set any shortfall in funding.

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 Annual Report and Financial Statements which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain, is required to present a true and fair view of the financial position of the Valuation Joint Board at the accounting date and its income and expenditure for the year then ended.

In preparing the Annual Report and Financial Statements, the Treasurer has:

(1) selected suitable accounting policies and then applied them consistently;

(2) made judgements and estimates that were reasonable and prudent; and

(3) complied with the Code of Practice.

The Treasurer has also:

(1) kept proper accounting records which were up to date; and

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

The Financial Statements present a true and fair view of the financial position of the Board at the accounting date and its income and expenditure for the year ended 31 March 2014.

Nikki Bridle
Treasurer
26 September 2014

Scope of responsibility

The Valuation Joint Board and the Assessor are responsible for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Board and the Assessor have a responsibility to make arrangements to secure continuous improvement in the way in which the organisation's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Board and Assessor are responsible for putting in place proper arrangements for the governance of the organisation's affairs, and facilitating the effective exercise of their functions, which includes arrangements for the management of risk.

The Board and the Assessor have in place governance arrangements which are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) Framework 'Delivering Good Governance in Local Government'. These arrangements are defined within the Valuation Joint Board's Code of Corporate Governance. This statement explains how the Board and the Assessor has complied with the Framework.

The purpose of the governance framework

The governance framework comprises the systems and processes and culture and values, by which the organisation is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Board to monitor the achievement of the strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to 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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework

The responsibilities of the Valuation Joint Board and the Assessor are laid out in statute. These responsibilities, together with the corporate governance framework, are contained within the Code of Corporate Governance. The Code is further supported by the Standing Orders, Scheme of Delegation, Financial Regulations and Contract Standing Orders. During the period 2014-15 Financial Regulations, Standing Orders and Contract Standing Orders will be reviewed, and revised as necessary, to ensure that they reflect the current business needs of the organisation. The Scheme of Delegation will also be revised in light of senior management changes. Professional support is provided by Clackmannanshire Council and Falkirk Council on financial and clerk matters, respectively.

The Assessor is supported in meeting his statutory responsibilities by his Management Team, which has responsibility for all aspects of planning; managing, monitoring and reporting of statutory function, service delivery and performance improvement.

The Three Year Service Plan is the key corporate tool for making best use of financial, technological, human and other resources available. From the Three Year Service Plan, the annual operational and services plans are prepared with progress monitored by the Management Team. A performance framework is in place with standards and targets in place. Ongoing monitoring against targets is undertaken by the Management Team and Valuation Joint Board.

The Board's financial management arrangements conform to the standards of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Role of Treasurer is fulfilled by the Section 95 Officer from Clackmannanshire Council. The Board approve a financial budget annually, prior to the start of the financial year, and performance against budget is monitored regularly by both the Management Team and the Board, on a regular basis.

The Board has an approved Risk Management Strategy, which ensures that key strategic, business and operational risks are defined, monitored and mitigated against. Key business risks are regularly considered and reviewed by both the Management Team and the Board. In relation to the day to day operations, a framework of internal controls is in operation, which further mitigates against risks.

The governance framework has been in place at the Valuation Joint Board for the year ended 31 March 2014 and up to the date of approval of the Annual Report and Financial Statements.

Review of effectiveness

The Board and the Assessor have responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following:

- the internal management processes, including performance, risk and financial management and monitoring;
- an annual self assessment of the adequacy of the governance arrangements;
- work undertaken by Internal Audit during the year, including a review of the Valuation Roll - Non Domestic Properties and the follow up of recommendations from the previous governance audit; and
- external audit review of the work of internal audit and comment on the corporate governance, risk management and performance management arrangements.

A plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

I have been advised of the outcome of the review of the effectiveness of the governance arrangements and am satisfied that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There have been no governance issues identified to date during the year that are considered significant in relation to the overall governance framework. Specific opportunities for improvements in governance and internal control identified as part of the assurance processes detailed above have been addressed or are included in improvement plans allocated to the relevant member of the Management Team.

The key areas for improvement identified during the annual review include:

- developing a Fraud and Anti-Corruption policy;
- review of Financial Regulations;
- review of Scheme of Delegation;
- review of Contract Standing Orders;
- review of Standing Orders;
- developing a Whistle-blowing policy; and
- consider an SLA covering the services provided by Clackmannanshire.

Signed on behalf of the Valuation Joint Board

Peter Wildman
Assessor
26 September 2014

Charles MacDonald
Convenor of the Board
26 September 2014

REMUNERATION REPORT

All information disclosed in the tables of the remuneration report has been audited by Deloitte LLP to ensure that the information is consistent with the financial statements.

The remuneration of senior officers of the Valuation Joint Board is regulated by The Local Government (Scotland) Act. Section 27/5 states that the Assessor be appointed on reasonable terms by the Valuation Authority. The Local Valuation Joint Board (Scotland) Order 1995 Regulations 2 (2), Section 27 transferred the authority to the Valuation Joint Board. Appointments of Senior Officers are approved by the Board.

The following tables provide details of the remuneration paid to the Board's Senior Employees.

Remuneration of Senior Employees of the Board

Name and Post Title	Salary, fees and allowances £	Taxable Expenses. £	Compensation for loss of Employment £	Benefits other than in cash £	Total Remuneration 2013-14 £	Total Remuneration 2012-13 £
B Byrne, Assessor (to 31st December 2013)	68,870	-	-	-	68,870	90,918
P Wildman, Acting Assessor (from 1st January 2014)	22,920	-	-	-	22,920	-
P Wildman, Depute Assessor (to 31st December 2013)	54,549	-	-	-	54,549	72,012

The senior employees included in the table include any Joint Board employee:

- who has responsibility for management of the Board to the extent that the person has power to direct or control the major activities (including activities involving the expenditure of money) during the year to which the Report relates whether solely or collectively with other persons;
- who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- whose annual remuneration is £150,000 or more.

The Section 95 Officer is Nikki Bridle, Director of Finance and Corporate Services, Clackmannanshire Council. Her remuneration is paid by Clackmannanshire Council.

Pension Benefits

Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2014 are shown in the table below, together with the contribution made by the Board to each Senior Employees' pension during the year.

	In-year pension Contributions		Accrued pension benefits			
Name and Post Title	**For year to 31 March 2014 £**	**For year to 31 March 2013 £**		**As at 31 March 2014 £**	**As at 31 March 2013 £**	**Difference from 31 March 2013 £**
B Byrne, Assessor	13,774	17,729	Pension	48,000	47,000	1,000
			Lump Sum	123,000	123,000	-
P Wildman, Depute Assessor	15,414	14,042	Pension	25,000	22,000	3,000
			Lump Sum	55,000	52,000	3,000

All senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS). The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service and not just their current appointment.

Where staff are no longer in employment at 31 March 2014 there is no increase in accrued pension benefit attributable.

Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

	Number of Employees	
Remuneration band	**2013/14**	**2012/13**
£50,000 - £54,999	1	-
£55,000 - £59,999	-	-
£60,000 - £64,999	-	-
£65,000 - £69,999	1	-
£70,000 - £74,999	-	1
£75,000 - £79,999	1	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
	3	2

Termination Benefits and Exit Packages

There were no termination benefits paid or payable during the year (2012/13:£nil).

Senior Councillors

The remuneration of councillors is regulated by the 2007 regulations and these set out the remuneration payable to councillors with a responsibility of Convenor or Vice-Convenor of the Joint Board. The council of which the Convenor or Vice-Convenor is a member is required to pay their total remuneration and is then reimbursed for the element of the payment made on behalf of the joint board.

Name	Council	Position	2013/14 Reimbursement £	2012/13 Reimbursement (Restated) £
Councillor C McDonald	Falkirk Council	Convenor (from 22 June 2012)	3,513	2,014
Depute Provost H McLaren	Clackmannanshire Council	Vice Convenor (to 21 June 2012)	-	276
Councillor K Martin	Clackmannanshire Council	Vice Convenor (from 22 June to 6 September 2012)	-	196
Councillor C Holden	Clackmannanshire Council	Vice Convenor (from 7 September 2012)	1,025	573*

*In June 2014 it was identified that Councillor Holden was entitled to an additional payment in relation to his role as Vice Convenor. The 2012/13 Reimbursement figure above has been restated to reflect this.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Central Scotland Valuation Joint Board, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of Central Scotland Valuation Joint Board for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement and the related notes 1 to 25. 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 2013/14 (the 2013/14 Code).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our 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 Auditor General for Scotland. Those standards require us 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 body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 code of the state of the body's affairs as at 31 March 2014 and of its income and expenditure 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 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our 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
- we have not received all the information and explanations we require for our audit;
- the Statement on the Annual Governance Statement does not comply with the 2013/14 Code; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Deloitte LLP

Appointed Auditor

Edinburgh, UK

26 September 2014

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the 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. The Net Increase/Decrease shows the statutory General Fund Balance.

	Usable Reserves £000	Unusable Reserves £000	**Total Reserves £000**
Balance at 1 April 2012	**432**	**(4,576)**	**(4,144)**
Movement in reserves during 2012/13 (restated)			
Surplus on provision of Services	(12)	-	(12)
Other Comprehensive Income and Expenditure	-	240	240
Total Comprehensive Income and Expenditure	**(12)**	**240**	**228**
Adjustments between accounting basis & funding basis under regulations (note 6)	199	(199)	**-**
Increase in 2012/13	**187**	**41**	**228**
Balance at 31 March 2013 carried forward	**619**	**(4,535)**	**(3,916)**
Movement in Reserves during 2013/14			
Surplus on provision of Services	(54)	-	(54)
Other Comprehensive Income and Expenditure	-	(308)	(308)
Total Comprehensive Income and Expenditure	**(54)**	**(308)**	**(362)**
Adjustments between Accounting basis & funding basis under regulations (note 6)	198	(198)	-
Increase/ (Decrease) in Year	**144**	**(506)**	**(362)**
Balance at 31 March 2014 carried forward	**763**	**(5,041)**	**(4,278)**

2012/13 Restatement

The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

CENTRAL SCOTLAND VALUATION JOINT BOARD
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2012/13 Restated Gross Expend £000	2012/13 Restated Gross (Income) £000	2012/13 Restated Net (Income) £000		2013/14 Gross Expend £000	2013/14 Gross (Income) £000	2013/14 Net (Income) £000
2,446	**(2,646)**	**(200)**	**Cost of Services (A)** (note 8)	**2,585**	**(2,731)**	**(146)**
		212	Financing Expenditure (note 7)			200
		12	**Deficit on Provision of Services** (note 8)			**54**
		(240)	Actuarial (gains)/losses on pension assets/liabilities (note 23)			308
		(228)	**Total Comprehensive (Income) and Expenditure**			**362**

2012/13 Restatement

The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

Cost of Services (A)

All Costs flow through the Central Services line at financial statement level, and therefore there is no further breakdown of Service costs.

CENTRAL SCOTLAND VALUATION JOINT BOARD
BALANCE SHEET AS AT 31 MARCH 2014

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net liabilities (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, 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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the board is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), 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 2013 £000		**Note**	**31 March 2014 £000**
19	Property, Plant & Equipment	9	41
-	Intangible Assets	10	15
19	**Long Term Assets**		**56**
71	Debtors	11	80
679	Cash and Cash Equivalents	12	859
750	**Current Assets**		**939**
(149)	Creditors	13	(198)
(149)	**Current Liabilities**		**(198)**
(4,536)	Other Long Term Liabilities	14	(5,075)
(4,536)	**Long Term Liabilities**		**(5,075)**
(3,916)	**Net Liabilities**		**(4,278)**
619	Usable reserves	15	763
(4,535)	Unusable Reserves	16	(5,041)
(3,916)	**Total Reserves**		**(4,278)**

The unaudited Financial Statements were issued on 20 June 2014 and the audited Financial Statements were authorised for issue on 26 September 2014.

Nikki Bridle
Treasurer
26 September 2014

CENTRAL SCOTLAND VALUATION JOINT BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

The Cash Flow Statement shows the changes in cash and cash equivalents 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 flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of grant income or from the 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 by providers of capital (borrowing) to the Board.

2012/13 Restated £000		**2013/14 £000**
(12)	Net (deficit) on the provision of services	(54)
129	Adjust net (deficit) on the provision of services for non cash movements (note 17)	282
(7)	Adjust for items in the net (deficit) on the provision of services that are investing and financing activities (note 18)	(5)
110	Net cash flows from Operating Activities	223
(11)	Investing Activities (note 19)	(48)
7	Financing Activities (note 20)	5
106	Net increase in cash and cash equivalents	180
573	Cash and Cash equivalents at the beginning of the reporting period	679
679	**Cash and cash equivalents at the end of the reporting period (note 12)**	**859**

<u>2012/13 Restatement</u>

The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

NOTES TO THE FINANCIAL STATEMENTS

1) Accounting Policies

a) General Principles

The Statement of Accounts summarises the Board's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985, section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost.

b) Accruals of Income and Expenditure

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

- revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Board;
- revenue from the provision of services is recognised when the Board can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Board;
- expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made; and
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

c) 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 that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Board's cash management.

1) Accounting Policies (continued)

d) Changes in Accounting Policies and 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, other events and 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 year as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, ie, in the current and future years affected by the change.

Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

e) Charges to Revenue for Non-Current Assets

The following amounts are debited to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets;
- revaluation and impairment losses on assets used by the Board where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets.

The Board is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement Depreciation, revaluation and impairment losses and amortisations are therefore replaced by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

f) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Board. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

1) Accounting Policies (continued)

f) Employee Benefits (continued)

Post Employment Benefits

Employees of the Authority are members of The Local Government Pension Scheme administered by Falkirk Council

This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Joint Valuation Board.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Falkirk pension fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the iBoxx Sterling Corporate Index, AA cover 15 years;
- The assets of the Falkirk pension fund attributable to the Board are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price;
    - unquoted securities – professional estimate;
    - unitised securities – current bid price; and
    - property – market value.
- The change in the net pensions liability is analysed into seven components:
    - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
    - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
    - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
    - expected return on assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

1) Accounting Policies (continued)

f) Employee Benefits (continued)

Post Employment Benefits (continued)

- gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Comprehensive Income and Expenditure Statement; and
- contributions paid to the Falkirk pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Board to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Board also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

The Valuation Joint Board is a recognised 'employing authority' within the meaning of the Local Government Superannuation (Scotland) Regulations.

g) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Board as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Board.

Intangible assets are measured at cost. Amounts are only revalued where the fair value of the assets are held by the Board can be determined by reference to an active market.

1) Accounting Policies (continued)

g) Intangible Assets (continued)

The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

h) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

<u>Recognition</u>

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the 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. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

<u>Measurement</u>

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Assets are then carried in the Balance Sheet using fair value, the amount determined by that which would be paid for the asset in its existing use (existing use value - EUV) or where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value. The assets within these financial statements are carried at depreciated replacement cost.

1) Accounting Policies (continued)

h) Property, Plant and Equipment (continued)

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off value of disposals is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives

i) Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources – these reserves are explained in the relevant policies below.

j) Events After the Reporting Period

Events after the Balance Sheet date 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.

1) Accounting Policies (continued)

j) Events After the Reporting Period (continued)

Two types of events 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 events; and
- 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.

2) Changes to Accounting Standards

Accounting Standards Adopted in the Year

For 2013/14 the only accounting policy change that has impacted on the Financial Statements relates to the June 2011 amendments to the accounting standard IAS19 Employee Benefits. The change of accounting policy is effective from 1 April 2013 but also requires the restatement of the 2012/13 comparative figures.

The change relates to the expected return on scheme assets which has been replaced with a discount rate. The overall effect does not impact on the Balance Sheet but results in a redistribution of costs within the Comprehensive Income and Expenditure Statement which has been restated along with the Movement in Reserves and Cash Flow Statements. Where this has had an impact on notes within the financial statements these have also been restated. Further detail is given in note 23 on pages 46-48.

Accounting Standards Issued not yet Adopted

The Board must disclose information relating to the impact of an accounting change that will be required by a new Accounting Standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2014/15 Code:

- IFRS 10 Consolidated Financial Statements (May 2011);
- IFRS 11 Joint Arrangements (May 2011);
- IFRS 12 Disclosure of Interests in Other Entities (May 2011);
- IAS 27 Separate Financial Statements (as amended in May 2011);
- IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011);
- IAS 32 Financial Instruments: Presentation (as amended in December 2011); and
- Annual Improvements to IFRS 2009-2011 Cycle.

The Code requires implementation from 1 April 2014 and there is therefore no impact on the 2013/14 Financial Statements. Overall these new or amended standards are not expected to have a significant impact on the Financial Statements.

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 judgement made in the Statement of Accounts is:

- There is a high degree of uncertainty about future levels of funding from local government. However, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the activities 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 about the future or that which are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Board's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	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.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £1.479m, and a 1 year increase in member life expectancy would result in an increase in the pension liability of £0.509m.

5) Events after the Reporting Period

The audited Financial Statements were authorised for issue by the Treasurer on 26 September 2014. Events taking place after this date are not reflected in the Financial Statements or Notes.

There have been no material events since the date of the Balance Sheet which necessitates revision to the figures in the Financial Statements or notes thereto. There has however, been a change to officials with Peter Wildman being appointed as Assessor on X September 2014, previously Acting Assessor.

6) Adjustments between Accounting Basis and Funding Basis under Regulations

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

2013/14	**Usable Reserves**	
	General Fund Balance £000	**Movement in Unusable Reserves £000**
Adjustments involving the Capital Adjustment Account:		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	(11)	11
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement		
Capital expenditure charged against the General Fund	48	(48)
Adjustments involving the Pensions Reserve:		
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 16)	(499)	499
Employer's pensions contributions and direct payments to pensioners payable in the year	268	(268)
Adjustment involving the Accumulating Compensated Absences Adjustment Account		
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	(4)	4
Total Adjustments	**(198)**	**198**

6) Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2012/13 Restated	**Usable Reserves**	
	General Fund Balance £000	**Movement in Unusable Reserves £000**
Adjustments involving the Capital Adjustment Account:		
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
Charges for depreciation and impairment of non current assets	(8)	8
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>		
Capital expenditure charged against the General Fund	11	(11)
Adjustments involving the Pensions Reserve:		
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 16)	(457)	457
Employer's pensions contributions and direct payments to pensioners payable in the year	246	(246)
Adjustment involving the Accumulating Compensated Absences Adjustment Account		
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	9	(9)
Total Adjustments	**(199)**	**199**

<u>2012/13 Restatement</u>
The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

7) Financing and Investment Income and Expenditure

2012/13 Restated £000		2013/14 £000
219	Pensions interest cost and expected return on pensions assets	205
1	Interest payable	-
(8)	Interest receivable and similar income	(5)
212	**Total**	**200**

The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

8) Deficit on Provision of Services

<u>Amounts Reported for Resource Allocation Decisions</u>

As the Valuation Board operates as a single entity, the reporting during the year is that specified by the Service Reporting Code of Practice (SERCOP). Thus there is no requirement to include a reconciliation between that reported during the year and that reported in the Comprehensive Income and Expenditure Statement.

Within Continuing Operations costs there are costs included of £15k (2012/13: (£1k) that were not reported during the in-year monitoring. These are as a result of Capital Financing Costs, £11k (2012/13: £8k) and Compensating Absences Account Adjustments, £4k (2012/13: (£9k)).

Within the accounts are the costs and related income of the Portal. The Portal is a website administered by all Assessors in Scotland that provides information on Valuation Rolls and Council Tax lists. Costs are fully met by income therefore there is no impact on the bottom line of the VJB accounts.

The following costs incurred by the Portal are included in the table below; Supplies and Services costs of £89k made up of £82k for Professional Fees and £7k for Computer Hardware. These costs are fully offset by income of £89k having no impact on the overall Deficit for the Board in the year.

8) Deficit on Provision of Services (continued)

	2012/13 Restated	2013/14
Gross Expenditure	**£000**	**£000**
Staff Costs	1,659	1,778
Property Costs	265	231
Transport Costs	30	27
Supplies & Services	397	456
Third Party Payments	11	17
Support Services	76	65
Capital Financing Costs	8	11
Continuing Operations	**2,446**	**2,585**
Income		
Sales of Electoral Roll	(4)	(4)
Sales of Valuation Roll	(37)	-
Other Income	(59)	(178)
Council Contributions	(2,546)	(2,549)
	(2,646)	**(2,731)**
Net Income	**(200)**	**(146)**
Financing Expenditure (note 7)	212	200
Deficit on Provision of Services	**12**	**54**

The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

9) Property, Plant and Equipment

	2012/13 £000	2013/14 £000
Opening Gross Book Value	**260**	**271**
Additions	11	33
Disposals	-	(171)
Closing gross book value	**271**	**133**
Accumulated Depreciation		
Opening Depreciation	244	252
Depreciation for the year	8	11
Disposals	-	(171)
Total Accumulated Depreciation	**252**	**92**
Net Book Value at 31 March	**19**	**41**

9) Property, Plant and Equipment (continued)

Depreciation
Within Property Plant and Equipment the Board holds computer equipment, furniture and other equipment. The deemed useful life and depreciation rate for these assets is 3 years.

Disposals
A review was undertaken within the year of assets held and as a result of this review several tangible and intangible assets which are no longer utilised have been written off.

10) Intangible Assets

The Board accounts for its software as intangible assets, to the extent that the 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.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use. The useful life assigned to the new software purchase in the year is three years and the carrying amount of intangible assets is amortised on a straight-line basis. All software purchased in previous years was fully amortised by 31 March 2011 and no amortisation has been applied to purchases in the year.

Software	**2012/13**	**2013/14**
	£000	**£000**
Opening Gross Book Value	**84**	**84**
Additions	-	15
Disposals	-	(11)
Closing gross book value	**84**	**88**
Accumulated Amortisation		
Opening amortisation	84	84
Amortisation for the year	-	-
Disposals	-	(11)
Total Accumulated Amortisation	**84**	**73**
Net Book Value at 31 March	**-**	**15**

11) Debtors

31 March 2013 £000		31 March 2014 £000
1	Central government bodies	33
-	Other local authorities	1
70	Other entities and individuals	46
71	**Total**	**80**

12) Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2013 £000		31 March 2014 £000
679	Bank current accounts	859
679	**Total cash and cash equivalents**	**859**

13) Creditors

31 March 2013 £000		31 March 2014 £000
36	Central government bodies	55
40	Other local authorities	39
73	Other entities and individuals	104
149	**Total**	**198**

14) Financial Instruments

Long Term Liabilities

31 March 2013 £000		31 March 2014 £000
(4,536)	Deficit in the pension scheme	(5,075)
(4,536)	**Total Long Term Liabilities**	**(5,075)**

15) Usable Reserves

Movements in the usable reserves are detailed in the Movement in Reserves Statement and note 6.

31 March 2013 £000		31 March 2014 £000
619	General Fund	763
619	**Total Usable Reserves**	**763**

16) Unusable Reserves

31 March 2013 £000		31 March 2014 £000
19	Capital Adjustment Account	56
(4,536)	Pensions Reserve	(5,075)
(18)	Accumulating Compensated Absences Adjustment Account	(22)
(4,535)	**Total Unusable Reserves**	**(5,041)**

16) Unusable Reserves (continued)

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 as finance for the costs of acquisition, construction and enhancement.

Note 6 provides details of the source of all the transactions posted to the Account.

2012/13 £000		2013/14 £000
16	**Balance at 1 April**	**19**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(8)	• Charges for depreciation and impairment of non current assets	(11)
11	• Capital Expenditure charged against the General Fund	48
19	**Balance at 31 March**	**56**

Pensions Reserve

The Pensions 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 investments 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.

16) Unusable Reserves (continued)

2012/13 Restated £000		2013/14 £000
(4,565)	**Balance at 1 April**	**(4,536)**
240	Actuarial gains or losses on pensions assets and liabilities	(308)
(457)	Reversal 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	(499)
246	Employer's pensions contributions and direct payments to pensioners payable in the year	268
(4,536)	**Balance at 31 March**	**(5,075)**

The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account represents holiday entitlement earned but not yet taken and absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
	(27)	**Balance at 1 April**		**(18)**
27		Settlement or cancellation of accrual made at the end of the preceding year	18	
(18)		Amounts accrued at the end of the current year	(22)	
	9	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		(4)
	(18)	**Balance at 31 March**		**(22)**

17) Non Cash Movements

2012/13 Restated £000		2013/14 £000
(8)	Depreciation	(11)
89	Movement in Creditors	(49)
1	Movement in Debtors	9
(211)	IAS19 Adjustments	(231)
(129)	**Net cash flows from non cash movements**	**(282)**

The figures for 2012/13 have been restated for a change in accordance with IAS19 Defined Benefit Pension Schemes. Details of the restatement are shown in Note 23 on Pages 46-48.

18) Cash Flow Statement – Operating Activities

The cash flows for operating activities exclude the following items:

2012/13 £000		2013/14 £000
(8)	Interest received	(5)
1	Interest paid	-
(7)	**Total**	**(5)**

19) Cash Flow Statement - Investing Activities

2012/13 £000		2013/14 £000
11	Purchase of property, plant and equipment, investment property and intangible assets	48
11	**Net cash flows from investing activities**	**48**

20) Cash Flow Statement – Financing Activities

2012/13 £000		2013/14 £000
(8)	Cash receipts of short and long-term borrowing	(5)
1	Other payments for financing activities	-
(7)	**Net cash flows from financing activities**	**(5)**

21) Material Items of Income and Expense

Council Contributions

2012/13 £000		2013/14 £000
(1,254)	Falkirk Council 49.3%	(1,256)
(898)	Stirling Council 35.3%	(899)
(394)	Clackmannanshire Council 15.4%	(394)
(2,546)	**Total**	**(2,549)**

22) External Audit Costs

2012/13 £000		2013/14 £000
8	Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	7
8	**Total**	**7**

23) Defined Benefit Pension Schemes

Participation in pension schemes

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

The Board participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Falkirk Council – this is a funded defined benefit final salary 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.

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions relating to post employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make 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:

23) Defined Benefit Pension Schemes (continued)

	Local Government Pension Scheme	
	2012/13 Restated	**2013/14**
	£000	**£000**
Comprehensive Income and Expenditure Statement		
Cost of Services:		
• Current service cost	238	294
• Past service costs	-	-
Financing and Investment Income and Expenditure		
• Interest expense - defined benefit obligation	739	756
• Interest income on scheme assets	(520)	(551)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services.	**457**	**499**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.		
Re-measurement of the net defined benefit liability comprising		
• Return on pension fund assets (excluding interest income above)	(1,249)	(287)
• Actuarial losses arising on changes in financial assumptions	1,037	594
• Other experience (gains)/losses	(28)	1
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**217**	**807**
Actuarial (gains) or losses on pension fund assets and liabilities	**(240)**	**308**

23) Defined Benefit Pension Schemes (continued)

	Local Government Pension Scheme 2012/13 Restated £000	Local Government Pension Scheme 2013/14 £000
Movement in Reserves Statement		
• reversal of net charges made to the Total Comprehensive Income and Expenditure for post employment benefits in accordance with the Code	(457)	(499)
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers' contributions payable to scheme	246	268

Pensions Assets and Liabilities Recognised in the Balance Sheet
The amount included in the balance sheet arising from the Board's obligation in respect of its defined benefit plan is as follows:

	2012/13 £000	2013/14 £000
Present value of the defined benefit obligation *	(16,955)	(17,975)
Fair value of pension fund assets	12,419	12,900
Net Liability arising from Defined Benefit Obligation	**(4,536)**	**(5,075)**

*unfunded liabilities included in the figure for present value of liabilities		
- unfunded liabilities for Pension Fund	435	443

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £5.075m has a substantial impact on the net worth of the Board as recorded in the Balance Sheet, resulting in an overall negative balance of £4.278m. However, statutory arrangements for funding the deficit means that the financial position of the Board remains healthy:

- the deficit on the scheme will be made good by increased contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

23) Defined Benefit Pension Schemes (continued)

A reconciliation of the Board's share of the present value of Falkirk Pension Fund's defined benefit obligation (liabilities) is as follows:

	2012/13 Restated £000	2013/14 £000
Opening balance at 1 April	(15,594)	(16,955)
Current service cost	(238)	(294)
Interest cost	(739)	(756)
Contributions by scheme participants	(77)	(81)
Re-measurement gains and (losses)		
Actuarial (losses) from change in financial assumptions	(1,037)	(594)
Actuarial gains/(losses) from other experiences	28	(1)
Past service costs	-	-
Benefits paid	702	706
Closing value at 31 March	**(16,955)**	**(17,975)**

A reconciliation of the Board's share of the fair value of Falkirk Pension Fund's assets is as follows:

	2012/13 Restated £000	2013/14 £000
Opening fair value of pension fund assets	**11,029**	**12,419**
Interest Income	520	551
Return on pension assets (excluding amounts included in net interest)	1,249	287
Contributions from employers	246	268
Contributions by employees into the scheme	77	81
Benefits paid	(702)	(706)
Closing fair value of pension fund assets	**12,419**	**12,900**

23) Defined Benefit Pension Schemes (continued)

Analysis of Pension Fund Assets

The Board's share of the Pension Fund's assets at 31 March 2014 comprised:	31 March 2013 £000	31 March 2014 £000
Equity instruments (by industry type)		
- Consumer	1,285	1,295
- Manufacturing	718	763
- Energy & utilities	642	670
- Financial Institutions	1,023	1,077
- Health & Care	816	844
- Information Technology	390	388
- Other	273	331
Sub Total Equity	**5,147**	**5,368**
Property (by type)		
- UK	751	856
- Overseas	76	67
Sub Total Property	**827**	**923**
Private Equity		
- UK	733	686
Sub Total Private Equity	**733**	**686**
Other Investment Funds		
- Equities	2,708	2,861
- Bonds	1,168	1,095
- Infrastructure	243	262
- Other	1,094	1,321
Sub Total Other Investment Funds	**5,213**	**5,539**
Cash and cash equivalents	**499**	**384**
Total Assets	**12,419**	**12,900**

23) Defined Benefit Pension Schemes (continued)

Basis for Estimating Assets and Liabilities

The Board's share of the net obligations of the Falkirk Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the "projected unit method", that estimates that the pensions will be payable in future years dependant upon assumptions about mortality rates, salary levels and employee turnover rates.

The fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the fund at 31 March 2011 updated through to March 2014. The significant assumptions used by the actuary are shown in the table below. The note includes a sensitivity analysis for the pension obligation based on reasonably possible changes in these assumptions occurring at the reporting date.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2012/13	**2013/14**
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.5%	4.1%
Bonds	4.5%	4.1%
Property	4.5%	4.1%
Cash	4.5%	4.1%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.0 years	23.0 years
Women	25.8 years	25.8 years
Longevity at 65 for future pensioners:		
Men	24.9 years	24.9 years
Women	27.7 years	27.7 years
Rate of inflation	2.8%	2.6%
Rate of increase in salaries	5.1%	4.9%
Rate of increase in pensions	2.8%	2.6%
Rate for discounting scheme liabilities	4.5%	4.1%

23) Defined Benefit Pension Schemes (continued)

LGPS liabilities are sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The method and types of assumption used in preparing the sensitivity analysis below did not change from this used in the previous period.

Change in Assumptions at 31 March 2014

	Approximate % Increase to Employer	Approximate Monetary Amount (£000)
0.5% decrease in Real Discount Rate	9	1,594
1 year increase in Member Life Expectancy	3	539
0.5% increase in the Salary Increase Rate	2	417
0.5% increase in the Pension Increase Rate	6	1,155

Impact on the Authority's Cash Flow

The objective of the Falkirk Pension Fund is to keep employers' contributions at as constant a rate as possible. Employers' contributions have been provisionally set at the following proportion of employees' rates for the next three years: 2014-15 (20.5%) 2015-16 (21%) and 2016-17 (21.5%). The next triennial valuation is due to be completed on 31 March 2014 where these rates may be required to be updated. The fund will need to take account of impending national changes to the LGPS such as the move to a new career average revalued earnings (CARE) scheme. The total contributions expected to be made by the Board to Falkirk Pension Fund in the year to 31 March 2015 is £294k.

Change in Accounting Policy IAS19R

On 1 April 2013, the Board implemented a change of accounting policy relating to the June 2011 amendments to the accounting standard IAS19 Employee Benefits. The key change relates to the expected return on schemes assets. In order to permit a meaningful comparison between financial years, some figures in the previous year's audited financial statements have been amended.

There has been a redistribution of costs within the CIES. The pension interest cost within the Surplus or Deficit on the Provision of Services has increased with a corresponding reduction in actuarial (gains) or losses on pension assets and liabilities in Other Comprehensive Income and Expenditure. Essentially the expected return on scheme assets that was credited to the Surplus or Deficit on the Provision of Services has been effectively replaced with an equivalent figure using the discount rate.

23) Defined Benefit Pension Schemes (continued)

The effects of the restatement on the financial statements are as follows (only those lines that have changed are shown):

Effect on Comprehensive Income and Expenditure Statement

	As Previously Stated 2012-13 £000	As Restated 2012-13 £000	Amendment 2013-14 £000
Financing Expenditure	114	212	98
(Surplus) or Deficit on the Provision of Services	(86)	12	98
Actuarial (gains) on pension fund assets and liabilities	(142)	(240)	(98)
Other Comprehensive (Income)	(142)	(240)	(98)

Movement in Reserves Statement - Usable Reserves 2012-13

General Fund Balance	As Previously Stated 2012-13 £000	As Restated 2012-13 £000	Amendment 2013-14 £000
Surplus or (Deficit) on the Provision of Services	86	(12)	(98)
Total Comprehensive Expenditure and (Income)	86	(12)	(98)
Adjustments between Accounting basis and Funding basis under regulations	(101)	(3)	98

23) Defined Benefit Pension Schemes (continued)

Movement in Reserves Statement - Unusable Reserves 2012-13

Unusable Reserves	**As Previously Stated 2012-13 £000**	**As Restated 2012-13 £000**	**Amendment 2013-14 £000**
Other Comprehensive Income	142	240	98
Total Comprehensive Income	142	240	98
Adjustments between Accounting basis and Funding basis under regulations	101	3	(98)

Balance Sheet
The adjustments do not impact on the Balance sheet therefore this has not been restated.

24) Nature and Extent of Risks Arising From Financial Instruments

As at 31 March 2014 the Valuation Joint Board has Debtors of £80k and Creditors of £198k. There is no provision for bad debts. The transactions entered into do not give rise to any market or liquidity risk and credit risk is considered low.

25) Related Parties

The Board is required to disclose material transactions with the related parties - bodies or individuals that have potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows leaders 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. In this context related parties include:

- Other Local Authorities: and

- Elected Members and Chief Officers.

The following related party transactions in 2013/14 are disclosed elsewhere within the Annual Report and Financial Statements:

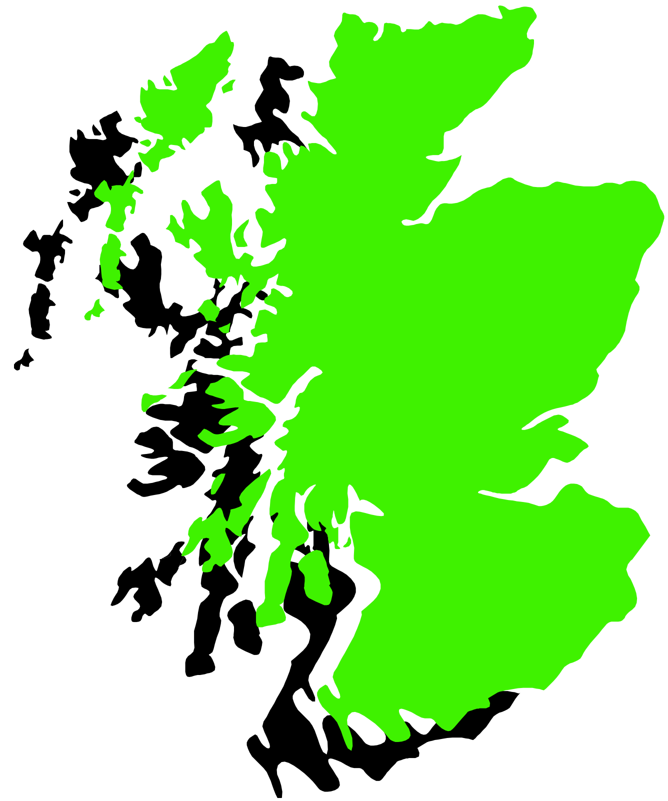
a) Requisitions from other Local Authorities are shown in Note 8 to the Comprehensive Income and Expenditure Statement; and

b) Payments to Elected Members and Chief Officers are shown in the Remuneration Report.

AGENDA ITEM 4 (b)

Central Scotland Valuation Joint Board

Final Report to the Members and the Controller of Audit on the 2013/14 Audit



26 September 2014

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11 September 2014

Dear Sirs

We have pleasure in setting out in this document our final report to the Appointed Members of the Central Scotland Valuation Joint Board ("CSVJB") for the year ended 31 March 2014, for discussion at the meeting scheduled for 26 September 2014. This report covers the principal matters that have arisen from our audit for the year ended 31 March 2014.

In summary:

- The key areas of audit focus, which are summarised in the Big Picture, have now been largely addressed and our conclusions are set out in our report.
- In the absence of unforeseen difficulties, management and we expect to meet the agreed audit and financial reporting timetable.

We would like to take this opportunity to thank the management team for their assistance and co-operation during the course of our audit work.

Yours faithfully

Jim Boyle
Senior Statutory Auditor

Contents

We would like to take this opportunity to thank the team from Clackmannanshire Council for their assistance and co-operation during the course of our audit work

1. The big picture

We anticipate issuing an unmodified audit opinion

An overview of our audit plan:

- Materiality: £25,850 (2012/13: £24,600).
- Threshold for reporting misstatements: £1,293 (2012/13: £1,229).
- International Standards on Auditing require us to identify and assess the risk of material misstatement and to identify areas of risk that will require focussed consideration. The following are identified significant risks: revenue recognition, management override of controls and pension scheme valuation.
- **Fully substantive audit** - We have not placed any reliance on internal controls and our audit work was fully substantive. We assessed the design and implementation of controls as part of our planning procedures, to assess the sufficiency of the control environment governing the production of financial information.
- We were informed by the work of the internal auditors in relation to key financial controls to shape our audit procedures and approach.

Audit work

- No material audit adjustments or disclosure deficiencies identified. We have not identified any significant deficiencies in internal control.
- We have ensured that recommendations for improvement in the prior year have been satisfactorily addressed by management in the current year. Any additional recommendations for improvement identified in the current year have been documented in Appendix 4.
- We did not identify any instances of actual, alleged or suspected fraud.
- A copy of the representation letter to be signed on behalf of the Board has been circulated separately.

Annual report

- We believe the Explanatory Foreword by the Treasurer and the Remuneration Report are consistent with the financial statements and are in line with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the Code).

Our work is substantially complete and we remain on timetable to issue an unmodified audit opinion.

We have the following principal matters to complete:

- Receipt and review of final financial statements
- Our review of events since 31 March 2014
- Approval of financial statements and receipt of signed representation letter from the Board

We will report to you in writing in respect of any modifications to the findings or opinions contained in this report that arise on completion of these matters.

2. Introduction

Scope, nature and extent of audit

Our overall responsibility as external auditor of the Board is to undertake our audit in accordance with the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011.

The special accountabilities that attach to the conduct of public business, and the use of public money, means that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements and associated documents such as governance statements, but providing a view also, where appropriate, on matters such as regularity (or legality), propriety, performance and use of resources in accordance with the principles of Best Value and 'value for money'.

Our core audit work as defined by Audit Scotland comprises:

- Providing the Independent Auditor's Report on the financial statements;
- Providing the annual report on the audit to those charged with governance;
- Providing reports to management, as appropriate, in respect of the auditor's corporate governance responsibilities in the Code (including auditors' involvement in NFI); and
- Submit fraud returns, including nil returns, to Audit Scotland where appropriate.

This annual report forms the basis of our reporting to those charge with governance for CSVJB during 2013/14.

In addition, we have submitted a nil fraud return to Audit Scotland on 31 May 2014.

3. Significant audit risks

Valuation of defined benefit pension scheme

Nature of risk

The Valuation Board has a defined benefit pension scheme which is accounted for based on a series of actuarial assumptions, and subsequently has a £5.1m pension liability on its balance sheet.. The scheme is administered by the Falkirk Council pension scheme, therefore actuarial assumptions are not made by the Valuation Board.

There is a risk that the assumptions used are not appropriate and therefore the valuation of the scheme (and the surplus/ deficit) is inaccurate.

Assumption	Valuation Board	Deloitte benchmark
Discount rate	4.1%	4.3%
Rate of increase in pay	4.9%	Entity specific
CPI Inflation rate and rate of increase of pensions	2.6%	2.3%

Audit work performed to address the significant risk

We have obtained a copy of the actuarial report produced by Hymans Robertson, the scheme actuary, and agreed in the disclosures to the financial statements noting no issues. We have also assessed the independence and expertise of the actuary supporting the basis of reliance upon their work.

Our actuarial experts have reviewed and challenged, by comparison to benchmarks, the key assumptions and concluded that they fall within an acceptable range for the year ended 31 March 2014, albeit towards the prudent end of that range. See the table for our comparison of actuarial assumptions.

Deloitte view

We note that the actuarial assumptions lie towards the prudent end of an acceptable range.

3. Significant audit risks (continued)

We have no significant findings in respect of the below risks

Revenue Recognition - Completeness of income

Under ISA (UK and Ireland) 240 'The auditor's responsibility to consider fraud in an audit of financial statements' there is a rebuttable presumption that there is a risk of fraud in relation to revenue recognition. For the Board we have considered this risk to be around the completeness of requisitions from the constituent authorities and the Scottish Government given the significance of these to the organisation.

We have reviewed the treatment of income in the year to consider whether it is line with IFRS guidance and the Code. We have obtained a copy of the 2013/14 budget approved by the Board detailing the requisitions due from the partner Councils and the Scottish Government which has been agreed to the amount recognised by the Board We have also agreed the amounts received through the bank account.

We have confirmed that the income recognised by the Board is in accordance with the agreed budget and has been correctly recognised in the financial statements.

Management Override of Controls

We are obliged under ISA 240 to consider and report explicitly on management override as an audit risk on all audits.

Management within Clackmannanshire Council, acting on behalf of the Board, is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. The risk of management override of control is present in all entities. This risk cannot be pinpointed to an account balance or potential error and therefore specific procedures to respond to the risk of management override of controls should be designed and performed.

We have obtained an understanding of the design and implementation of the key controls in place in relation to the posting of journal entries. We have performed procedures on all journal entries of audit interest posted in the year and confirmed the appropriateness of the journals posted. In addition, we have also conducted a review of significant accounting estimates in order to assess the reasonableness of management's judgements in relation to these estimates. We have not noted any transactions that appear to be outwith the course of normal business.

4. Your annual report – our review and insights

The front half meets current regulatory requirements

We are required to read the “front half” of your annual report to consider consistency with the financial statements and any apparent misstatements. Here we summarise our observations on your response to these areas:

Statement on the System of Internal Financial Control

“Delivering Good Governance in Local Government” published by CIPFA and SOLACE recommends that the review of the effectiveness of the system of internal control be reported in an Annual Governance Statement. **Scottish local authorities are not subject to such statutory requirements but may adopt them voluntarily**. Authorities that do not voluntarily choose to do this shall include a statement on the system of internal financial control with their Statement of Accounts.

Regulations require English, Welsh and Northern Irish authorities to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any Statement of Accounts. “Delivering Good Governance in Local Government” published by CIPFA and SOLACE recommends that the review be reported in an Annual Governance Statement. Scottish local authorities are not subject to such statutory requirements but may adopt them voluntarily. Authorities that do not voluntarily choose to do this shall include a statement on the system of internal financial control with their Statement of Accounts.
The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the code) issued by CIPFA and LASAAC based on IFRS.

The format and content of the statement is consistent with the requirements of the Code. No areas have been highlighted as requiring improvement, which is consistent with the findings of our audit.

We have reviewed the Annual Governance Statement and noted that it complies with Internal Financial Control requirements

Remuneration Report

Local authorities are required by the 1985 Regulations (as amended in 2011) to publish a remuneration report as part of their statement of accounts.

CSVJB has published a Remuneration Report as part of its statement of accounts, in accordance with the amendment regulations. The Remuneration Report provides details of the Valuation Joint Board’s remuneration policy for its senior employees, being the Assessor, Depute Assessor, Convenor and Vice-Convenor.

We are satisfied that the remuneration report has been prepared in accordance with the regulations and is consistent with the findings of our audit.

4. Your annual report – our review and insights (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the course of our audit of the financial statements, we consider the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. Our comments on the quality and acceptability of the accounting policies and estimates are discussed below.

We have assessed the disclosures based upon our review of the accounts and understanding of the organisation and the specific risks we identified as part of our planning process. We have not identified any other critical accounting judgements or key sources of estimation uncertainty that require to be disclosed. We have performed work as follows against each of these areas:

Pension liability – actuarial assumptions

Falkirk Pension Scheme make a series of actuarial assumptions in relation to the defined benefit pension scheme. See page 5 for testing performed. Deloitte pension specialists have agreed the assumptions lie towards the prudent end of an acceptable range.

Future Funding Uncertainty

Management has made certain judgements about transactions involving uncertainty about future events. Disclosure has been made that there is a degree of uncertainty about future levels of funding from local government and hence funding for CSVJB. However, the Treasurer has determined that the level of uncertainty is not yet sufficient to provide an indication that the activities of the Board might be affected by the need to reduce level of service provision.

We have confirmed that a budget has been agreed for 2014/15 with funding levels in line with 2013/14, and indicative budgets are in place for 2015/16 confirming funding beyond April 2015, and therefore concur with the Treasurer's statement.

5. Best value, use of resources and performance

Financial performance and outlook

CSVJB's budgeted income and expenditure for 13/14 was £2.549k, the final out-turn was a net surplus on the Cost of Services of £146k. This is as a combined result of expenditure being £36k over budget and income coming in £182k higher than budget. Financing expenditure of £200k provides a net deficit on service provision of £54k. There are £198k of adjustments between the accounting and funding basis, which leaves a net increase in usable reserves of £144k.

Unusable reserves move by £506k, being £308k actuarial losses and £198k of adjustments between accounting and funding basis.

	2013/14 Budget £'000	2013/14 Actual £'000	2013/14 Variance £'000	2014/15 Budget £'000
Gross Cost of Services Expenditure	2,549	2,585	36	2,539
Gross Cost of Services Income	(2,549)	(2,731)	(182)	2,539
Net Cost of Services Expenditure	-	(146)	(146)	-

Performance Analysis:

The Joint Board spent £2.585m in the year 2013/14 and achieved a deficit on the provision of services for the financial year reported in the Comprehensive Income and Expenditure Account of £54k. The deficit is due to net pension interest of £200k offset by a net surplus of £146k in the Cost of Services.

The Board's General Fund balance at 31 March 2014 was £4.278m (31 March 2013: £3.916m). The movement is driven by pension fund losses in the year of £308k and a deficit on the Comprehensive Income and Expenditure Account of £54k above. Pension costs are paid as they are incurred from the Board's revenue expenditure on an ongoing basis.

Future Budget:

CSVJB have an approved Revenue budget for 2014/15 of £2,539k, £10k (0.4%) lower than the Revenue budget for 2013/14.

6. Insights - risk management and internal control observations

Key controls over significant risks

In Section 3 we discussed the identified significant audit risks. For each of these significant audit risks we have assessed the design and implementation of internal controls in each of those areas, summarised below:

Significant Risk	Control
Valuation of defined benefit pension scheme	The year-end defined benefit pension balances are calculated by Hymans Robertson LLP, an independent pensions consultancy. Management then record then post the appropriate adjustments for the accounts. There are appropriate controls over financial reporting procedures to ensure these are suitably reviewed.
Revenue recognition – completeness of income	All the revenue is recorded through the general ledger, and basic monthly reconciliations are performed.
Management override of controls	Controls are in place over financial reporting and closing procedures, recording and processing of journals and segregation of duties which prevent the management override of controls. In addition a detailed review is performed regularly on the results through the financial monitoring report. We have tested all journal entries of audit interest posted in the year and confirmed the appropriateness of the journals posted including approval.

6. Insights - risk management and internal control observations

Follow up on prior year observations

In prior year we raised two control observations. We set out below the procedures performed in this regard:

Issue raised	Prior year recommendation	Prior year management response	2013/14 Follow-up
We noted £11k of capital expenditure of computer hardware that was incorrectly expensed in the year.	The Board should routinely review computer hardware expenditure to ensure that all items are appropriately capitalised in line with the Board's accounting policy.	The board have agreed to perform routine reviews of computer hardware expenditure.	No issues noted in the current year accounts and all capital additions had correctly been capitalised. Satisfactory.
We noted that the majority of computer assets are fully depreciated but deemed to still be in use.	The Board should perform a review of the fixed asset register and ensure that all items are still in use and that the useful life attributed to each class of assets is reasonable.	A full review has been agreed to be carried out in 13-14.	Management have carried out a full review of all assets on the fixed asset register and cleared out all obsolete assets, resulting in £171k of fully written down assets being removed from the fixed asset register. Satisfactory.

7. Responsibility Statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of you Annual Report
- Our internal control observations
- Other insights we have identified from our audit.

What we don’t report

- As you will be aware, our audit was not designed to identify all matters that may be relevant to the board.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.
- Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

The scope of our work

- Our observations are developed in the context of our audit of the financial statements.
- We described the scope of our work in our audit plan and the supplementary “Briefing on audit matters” circulated to you previously

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Deloitte LLP

Chartered Accountants

Edinburgh

11 September 2014

This report has been prepared for the Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

7.Responsibility Statement (continued)

Responsibilities

Management responsibility

It is the responsibility of the Board and the Treasurer, as Responsible Officer, to prepare the financial statements in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This means:

- acting within the law and ensuring the regularity of transactions by putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority;
- maintaining proper accounting records;
- preparing financial statements timeously which give a true and fair view of the financial position of the Board and its expenditure and income for the period ended 31 March 2014; and
- preparing an Explanatory Foreword, a Statement on the System of Internal Financial Control and a Remuneration Report.

Auditor’s responsibilities

We audit the financial statements and the part of the Remuneration Report to be audited and give an opinion on:

- whether they give a true and fair view in accordance with applicable law and the 2013/14 Code or the state of the affairs of the body as at 31 March 2014 and of the income and expenditure of the body for the year then ended;
- Whether they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 Code; and
- Have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Appendix 1: Audit adjustments and disclosure misstatements

Identified misstatements:

No misstatements have been noted in the course of our audit work.

Disclosure misstatements

Auditing standards require us to highlight significant disclosure misstatements to enable audit committees to evaluate the impact of those matters on the financial statements. We have noted no material disclosure deficiencies in the course of our audit work.

Appendix 2: Independence and fees

As part of our obligations under International Standards on Auditing (UK & Ireland) and the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General, we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Revised Ethical Standards for Auditors and that, in our professional judgement, we are independent and our objectivity is not compromised.
Fees	The audit fee for the year has been agreed at £7,250 (inclusive of VAT) and is within the indicative fee range set by Audit Scotland.
Non-audit services	In our opinion there are no inconsistencies between APB Revised Ethical Standards for Auditors and the company's policy for the supply of non-audit services or of any apparent breach of that policy. There were no non audit services fees charged in relation to Deloitte LLP in the period from 1 April 2013 to 31 March 2014.
Relationships	We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the audited entity, its board and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence. We are not aware of any relationships which are required to be disclosed.

Appendix 3: Fraud considerations

Characteristics

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.
- We are aware that management has the following processes in place in relation to the prevention and detection of fraud:
  - The Valuation Board have Financial Regulations, which include a section on the Prevention and Detection of Fraud.
  - In order to assist in the prevention of fraud and corruption, appropriate internal controls have been established
  - All members and employees are expected to comply with Clackmannanshire Council's Disclosure of Information (Whistle blowing) and Anti-fraud and Corruption Policies.

Responsibilities

Your responsibilities

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Our responsibilities

- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in Section 2 above we have identified the risk of fraud in revenue recognition and management override of controls as a key audit risk for your organisation.

Appropriate arrangements are in place for maintaining standards of conduct and the prevention and detection of corruption.

Appendix 4 - Action Plan
Our recommendations for improvement

No additional issues have been raised in the course of our audit work.

We have followed up on our prior year recommendations which have all been appropriately addressed by the Board

Appendix 5: Future developments

Additional information on current and future technical developments

Stay tuned online: Internet-based corporate reporting updates
The Deloitte UK Technical Team run a series of internet-based financial reporting updates, aimed at helping finance teams keep up to speed with IFRS, UK GAAP and other reporting issues.

Each update lasts no more than one hour, and sessions are held three times a year, at the end of March, July and November. Recordings of past sessions are available via www.deloitte.co.uk/audit.

Our range of publications
Our iGAAP books are available to our clients electronically and in hard copy. These include our major manuals providing comprehensive, practical guidance; model annual report and financial statements; and our major text on financial instruments providing in depth support to preparers and auditors in this challenging area.

Our range also includes quarterly iGAAP newsletters providing a round up of recent developments. iGAAP and ukGAAP alerts are issued whenever a new exposure draft or standard is issued.

Audit podcasts
Our leading experts provide you with a short discussion of new IFRS standards and practical insights. These can be accessed via our website, www.deloitte.co.uk/audit. Alternatively, you can subscribe to our podcasts via iTunes – just search for Deloitte IFRS.

IASPlus

The IAS Plus website, maintained by Deloitte, provides the most comprehensive information on the Internet about international financial reporting. It is aimed at accounting professionals, businesses, financial analysts, standard-setters and regulators, and accounting educators and students. The site, which is totally free of charge, has a broad array of resources about the International Accounting Standards Board, International Financial Reporting Standards, and international accounting and auditing in general. It includes:

- Summaries of all IASB standards and interpretations;
- Background on all IASB and IFRIC agenda projects plus summaries of all IASB and IFRIC meetings;
- Comparisons of IFRSs and various local GAAPs;
- Updates on national accounting standards development in around 80 countries and regions throughout the world; and
- Free e-learning modules for each IAS and IFRS – made available at no charge in the public interest.

The site is available to browse at any time; alternatively you can subscribe to e-mail alerts and newsletters by going to http://www.iasplus.com/subscribe.htm