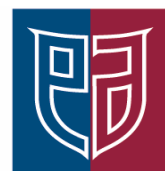


# Financial Statements 2004/05



**East Ayrshire**  
COUNCIL

unaudited statement – 23 June 2005



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# Corporate Governance Statement of Assurance

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East Ayrshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of East Ayrshire Council's affairs and the stewardship of the resources at its disposal. To this end, East Ayrshire Council has approved and adopted a Code of Corporate Governance which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework for Corporate Governance in Local Government : A Keystone for Community Governance. A copy of the code, the update on the 2004-05 Action Plan and the 2005-06 Action Plan can be downloaded from the Council's website at [www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk) or can be obtained from Council Headquarters, London Road, Kilmarnock (01563) 576000.

During 2004-05, East Ayrshire Council continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both adequate and effective in practice. Specifically, a further review of governance arrangements was undertaken and the conclusion from this review was that the Council complies in all major aspects with the terms of the Framework for Corporate Governance in Local Government. Demonstrating its commitment to ensuring that these arrangements are improved on a continuous basis, the Council has agreed an Improvement Action Plan that will be implemented over the course of 2005-06.

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

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

Fiona Lees  
Chief Executive  
23 June 2005

Councillor John Knapp  
Chair Corporate Governance Committee  
23 June 2005

# Foreword by Executive Head of Finance

## Contents of the Financial Statements

This foreword gives a brief summary of the Council's financial position for the financial year ended 31 March 2005 which is set out in detail in these Financial Statements.

The Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the accounting treatment of transactions is set out in the Statement of Accounting Policies on pages 6 to 8.

Expenditure on Council Housing is financed entirely from rents and related Housing income. The details of this are shown in the Housing Revenue Account on page 12. Other Council services which are funded by government grant and Council Tax are included in the General Fund.

## Consolidated Revenue Account

The Consolidated Revenue Account on page 9 brings together the revenue expenditure and income for all council services for the financial year. The statement highlights the General Fund surplus for the year and the cumulative balance carried forward.

For 2004-05 there was a surplus of £8.703M. Of this, £4.022M is earmarked for individual departments in terms of the Council's budgetary arrangements. The uncommitted balance for the year of £4.681M arises mainly from improved financial performance of the Council's trading services, higher Council Tax collection, reduced borrowing costs, increased government grant and no requirement to use the sum set aside for contingency.

The cumulative balance stands at £16.613M of which £7.103M is already earmarked for use. The remaining £9.510M amounts to 4.5% of net cost of services. The Council's reserves strategy sets an optimum level of 4% or £8.395M. The Council has agreed that the use of balances will be considered as part of the budget process for 2006-07.

Income from Council Tax was £40.402M and the Band 'D' tax level was £1,064.07. The largest source of funds was government grant which amounted to £120.443M.

## Housing Revenue Account

The Housing Revenue Account shows a surplus of £0.344M which is transferred to the Renewal and Repairs Fund for future investment in Council Housing.

The average weekly rent charge for the year based on 52 weeks was £41.93.

## Trading Operations

The Statement on page 19 summarises the financial performance of each of the Council's Trading Operations. There is a requirement for each of these to break-even over a three-year rolling period with 2003-04 being the first of the three years and this target has been exceeded in all cases. A proportion of the surpluses are transferred to the Renewal and Repairs Fund to be available for future investment in the Trading Operations to ensure continued improvement in efficiency.

## Financial Performance

The overall financial position is summarised in the table below. The use of balances in reserve accounts is governed by the Council's reserves strategy.

	General Fund Balance	HRA Balance	Renewals & Repairs Fund	Insurance Fund	Capital Fund	Total Balances
Fund Balances & Reserves	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 1 April 2004	7,910	-	1,586	1,272	2,638	13,406
Net Surplus for the year	8,703	344	-	-	-	9,047
Transfers from Fund	-	( 344)	( 87)	-	-	( 431)
Transfers to Fund	-	-	734	174	2,488	3,396
Annual Interest	-	-	78	-	129	207
Balance as at 31 March 2005	<b>16,613</b>	<b>-</b>	<b>2,311</b>	<b>1,446</b>	<b>5,255</b>	<b>25,625</b>

# Foreword by Executive Head of Finance

## Capital Expenditure

The Prudential Code for Capital Finance in Local Authorities was introduced from April 2004. The effect was that councils could determine their own level of capital spending taking into account affordability, sustainability, the management of assets and the achievement of strategic objectives. Capital spending in 2004-05 on General Fund services was £16.409M. Housing capital spending was £11.793M. This was partly financed by government grants and capital receipts. The overall level of Council borrowing moved from £192.075M at 31 March 2004 to £191.522M at 31 March 2005.

<b>Expenditure</b>		<b>Financed by</b>	
Education Services	3,889	Government Grants	( 7,042)
Housing Services	12,591	Capital Receipts	( 7,656)
Cultural & Related Services	937	Capital Financed from Revenue	( 4,164)
Environmental Services	4,467	Other Income	( 481)
Roads & Transportation	4,725	Borrowing	( 8,859)
Planning & Development	140		<b>( 28,202)</b>
Social Work	375		
Central Services to the Public	458	<b>Represented By:</b>	
Corporate & Democratic Core	620	General Fund Services	<b>16,409</b>
	<b>28,202</b>	Housing	<b>11,793</b>
			<b>28,202</b>

## Pension Fund

Pension Fund reporting regulations require an annual valuation by fund actuaries. The calculation at 31 March 2005 disclosed a deficit position for the Council of £98.174m. It is important to note that this is simply a snapshot of the position at that time. The calculation is only done to satisfy the reporting regulations and is not relevant for funding purposes. The long term triennial funding valuation carried out at March 2002 recorded a fully funded position and contributions to the fund continue in line with current actuarial advice. The long term funding requirements will be reviewed as part of the 2005 triennial valuation which will report during 2005-06.

## Acknowledgements

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

Alexander McPhee, ACMA  
Executive Head of Finance

23 June 2005

# Statement of Responsibilities for the Statement of Accounts

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## **The Authority's Responsibilities**

The authority is required: -

- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For East Ayrshire Council, that officer is the Executive Head of Finance.

## **The Executive Head of Finance's Responsibilities**

The Executive Head of Finance is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASSAC Code of Practice on Local Authority Accounting in the United Kingdom, is required to present fairly the financial position of the authority at 31 March 2005 and its income and expenditure for the year.

In preparing this statement of accounts, the Executive Head of Finance has: -

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice unless otherwise indicated;
- Kept proper accounting records and introduced procedures to ensure that these are kept up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

# Statement on the System of Internal Financial Control

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

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

The Council's system of internal financial control throughout the financial year is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes: -

- Comprehensive budgeting systems;
- Setting targets to measure financial and other performance;
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts and targets;
- Clearly defined capital expenditure guidelines; and
- Formal project management disciplines, as appropriate.

Internal Audit within East Ayrshire Council is responsible directly to the Chief Executive for the independent appraisal of the Council's systems of internal control. The Chief Auditor has planned and undertaken audit work in order to derive sufficient and appropriate audit evidence as to the adequacy and effectiveness of the Council's systems of internal controls. Based on the evidence collected, Internal Audit is of the opinion that reasonable assurance can be placed upon the systems of internal control in operation.

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

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

To ensure the adequacy of the systems of internal control within the Council, agreed improvement plans are identified with the appropriate Council officers at the conclusion of all audits throughout the year. An ongoing review process is in place to monitor the progress on the implementation of these issues and to assist managers in the performance of their duties and responsibilities in these areas. Planned improvement areas include the enhancement of compliance with audit committee principles, strengthening risk management arrangements and augmentation of systems of performance management.

Chief Executive

23 June 2005

Executive Head of Finance

23 June 2005

# Statement of Accounting Policies

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## General

The Financial Statements relate to the financial year ended 31 March 2005 with relevant figures for 2003-04 shown as appropriate for the purposes of comparison.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004: A Statement of Recommended Practice issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

## Accounting Policies

In accordance with FRS 18: Accounting Policies, the Council regularly reviews its accounting policies to ensure that they remain the most appropriate to its particular circumstances such that the Council's accounts give a true and fair view. Where a new policy becomes more appropriate to the Council's particular circumstances that policy is implemented in order to give a true and fair view.

## Corporate Governance

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

## Statement on the System of Internal Financial Control

A Statement on the System of Internal Financial Control is incorporated within the Financial Statements setting out the framework within which financial control is managed and reviewed and the main components of the system, including arrangements for internal audit.

## Revenue Transactions

Revenue transactions have been recorded on an accruals basis in accordance with the Code of Practice. Accordingly, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year, with provision being made on an actual or estimated basis for all specific debtors and creditors as at 31 March 2005.

Provisions for liabilities of uncertain timing or amount have been recognised in accordance with Financial Reporting Standard (FRS) 12: Provisions, Contingent Liabilities and Contingent Assets. All such provisions are reviewed annually in order to reflect current best estimate.

## Government Grants

Aggregate External Finance, comprising Revenue Support Grant and Non Domestic Rates Income, is credited to the revenue account of the financial year to which it relates.

Specific government grants are accounted for when the conditions of receipt have been met and are included within the net cost of service. Previous policy was to show specific grants within sources of finance.

Appropriate accruals are made in the revenue account for balances known to be due for the period to 31 March 2005.

## Central and Support Services Costs

Central and Support Services Costs have been allocated to service departments and divisions of service in accordance with the Best Value Accounting Code of Practice. The costs of Central Services have been allocated to other services, other than for Cost of Collection, Administration of Housing Benefits, District Court and the Children's Panel. Support Costs within service departments have been allocated to direct service units within those departments.

## Pension Costs

In accordance with the requirements of FRS 17: Retirement Benefits the actuarial costs of providing pensions for employees is charged to the revenue account and the net pension asset or liability is reflected on the Balance Sheet. Full disclosure in respect of pensions is contained within the notes to the Consolidated Revenue Account, Balance Sheet and Statement of Total Movement in Reserves.

## Leases

All new leases are categorised as 'finance' or 'operating' leases in accordance with the requirements of SSAP 21 Accounting for Leases and Hire Purchase Contracts.

**Finance Leases:** Assets acquired under finance leases have been recognised as fixed assets at the present value of the minimum lease payments. A matching liability for payments in relation to the acquisition of the assets has been recognised in the Balance Sheet. Assets acquired under finance leases are depreciated over the term of the lease. The obligations relating to finance leases are disclosed in the notes to the Consolidated Balance Sheet.

**Operating Leases:** Amounts payable under operating leases are charged to the revenue account over the period of the lease.

# Statement of Accounting Policies

## Redemption of Debt

In accordance with the statutory requirement contained within the Local Government Scotland Act 1975 the Council operates a Loans Fund into which all loans raised are paid. All of the Council's income and expenditure is posted to the Loans Fund throughout the financial year. Departmental expenditure is met from the Fund and all income generated by departments is credited to the Fund. Advances are made to departments to finance capital expenditure during the year, with all such advances being repaid by annual instalments of principal spread over the appropriate period.

## Loans Fund Interest

Loans Fund interest has been calculated in accordance with the LASAAC Guidance Note 2; the Guidance Note details the method of calculation in respect of average interest rates and expense rates and requires the separate identification of interest on revenue and capital balances. Interest on revenue balances is allocated on the basis of actual four weekly balances.

## Capital Accounting

All fixed assets are included in the Balance Sheet and capital financing charges are made to departmental revenue accounts for the use of assets. Total capital charges made are compared to the actual loan charges incurred by the Council in the Asset Management Revenue Account with the resultant charge or credit being taken to the Consolidated Revenue Account.

## Fixed Assets

All expenditure on the acquisition, creation, or enhancement of fixed assets has been capitalised on an accruals basis. The Council has in place a rolling five year revaluation programme. The basis of valuation is as follows;

**Council dwellings:** The valuation of Council dwellings has been adjusted to reflect the average discounted market value. The stock was revalued at 1 April 2003 by members of the Council's Property Service, who are qualified members of the Royal Institute of Chartered Surveyors (RICS).

**Other land & buildings, surplus property:** These are valued on the basis of open market value for existing use, assessed on either a comparative or depreciated replacement cost basis. The valuations have been compiled by RICS professional staff under the direction of the Executive Director of Development and Property Services and represent values as at 31 March 2003 adjusted for any material changes arising from revaluations.

**Vehicles, Plant & Equipment and Infrastructure Assets:** Are valued at depreciated historical cost, other than vehicles which are valued at depreciated replacement cost.

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

## Investments

Investments are recorded within the Consolidated Balance Sheet at cost and comprise mainly investment properties and short-term investments.

## Depreciation

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

- Council Dwellings 25 years
- Operational Buildings 20-40 years
- Infrastructure Assets 25-40 years
- Community Assets 20-25 years
- Investment Properties 20-25 years
- Operational Equipment 2-10 years

## Stock

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

## Capital Accounts & Reserves

The following capital funds are included in the Council's financial statements:

A Fixed Asset Restatement Account, which represents the difference between the initial valuation of assets under capital accounting, plus the surpluses or deficits on any subsequent revaluations, less the net book value of any assets as they are disposed of.

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

A Usable Capital Receipts Reserve, from which any capital receipts available to finance capital expenditure in future years have been transferred to the capital fund.

# Statement of Accounting Policies

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## Pension Reserves

As a result of the full implementation of FRS17: Retirement Benefits, Local Authorities in Scotland have been given powers to establish a pension reserve (SS1 2003 580) in relation to 2003-04 and future years' accounts.

Where the payments made for the year in accordance with the scheme requirements do not match the change in the Authority's recognised asset or liability for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. This difference is represented by an appropriation to or from the pensions reserve which equals the net charge in the pension liability recognised in the Consolidated Revenue Account.

## Insurance Fund

The Council operates an internal Insurance Fund with the balances as at 31 March being carried forward to provide funds for future insurance premiums and uninsured losses.

## Capital Fund

The Council operates a Capital Fund. The Council may decide to pay into this fund:-

- (a) any sums derived from the sale of any property of the local authority, except those held on the Housing Revenue Account
- (b) such sums as the Council may from time to time, by resolution, direct.

## Renewals & Repairs Fund

The Policy and Resources Committee of 10 February 2000 approved the establishment of a Renewals & Repairs Fund under the terms of the Local Government Scotland Act 1975.

## Carry Forward of Departmental Variances - Year End Flexibility

The Policy and Resources Committee of 3 October 2002 approved that departments which generate managed savings are permitted to carry forward such balances into the next financial year. Under the terms of FRS 12 any balances so identified will be included in the overall General Fund cumulative balance detailed in the accounts.

In respect of trading services, the Council has given approval for the ability to carry forward sums for use in future years. The sums available for transfer to the Renewals and Repairs Fund are limited to the lower of £0.100m or 50% of any surplus in excess of the budgeted surplus included in the Business Plan and the Council's Annual Estimates, the remaining balance being transferred to the General Fund Revenue Account.

# Consolidated Revenue Account

The Consolidated Revenue Account reports the net revenue expenditure for the year for all Council services and the funding of this expenditure by Government Grants and local taxation.

		2004-05 Expenditure £000s	2004-05 Income £000s	2004-05 Net £000s	2003-04 Net £000s
Education Services		116,659	( 13,760)	<b>102,899</b>	92,668
Housing Services		68,903	( 67,926)	<b>977</b>	1,546
Cultural & Related Services		11,847	( 898)	<b>10,949</b>	11,689
Environmental Services		14,262	( 3,918)	<b>10,344</b>	10,249
Fire Services		6,110	-	<b>6,110</b>	5,583
Police Services		20,671	( 10,475)	<b>10,196</b>	10,008
Roads & Transportation		18,386	( 2,894)	<b>15,492</b>	14,582
Planning & Development Services		7,932	( 5,738)	<b>2,194</b>	3,886
Social Work		56,267	( 15,802)	<b>40,465</b>	37,769
Central Services to the Public		7,517	( 2,419)	<b>5,098</b>	7,013
Corporate & Democratic Core		4,670	-	<b>4,670</b>	4,831
Non Distributed Costs		477	-	<b>477</b>	165
<b>Net Cost of Services</b>		<b>333,701</b>	<b>(123,830)</b>	<b>209,871</b>	<b>199,989</b>
Trading Operations Net Surplus	<b>9</b>			<b>( 2,400)</b>	( 1,503)
Asset Management Revenue Account	<b>10</b>			<b>( 2,969)</b>	1,886
Premiums arising from Debt Restructure written off	<b>13</b>			<b>437</b>	388
Interest on Revenue Balances				<b>( 682)</b>	( 421)
Pension Interest Cost & Expected Return on Pensions Assets	<b>11</b>			<b>( 2,131)</b>	2,100
<b>Net Operating Expenditure</b>				<b>202,126</b>	<b>202,439</b>
Appropriations :					
Contribution to Insurance Fund				<b>174</b>	205
Contribution to Renewals and Repairs Fund				<b>647</b>	361
Transfer to Capital Financing Account				<b>( 6,390)</b>	( 7,361)
Transfer to/(from) Pension Reserve	<b>11</b>			<b>450</b>	( 871)
<b>Amount to be met from Government Grants and Council Tax</b>				<b>197,007</b>	<b>194,773</b>
Sources of Finance :					
Revenue Support Grant				<b>120,443</b>	118,726
Non-Domestic Rate Income				<b>44,865</b>	42,824
Council Tax				<b>40,402</b>	37,829
<b>Income from Government Grants and Council Tax</b>				<b>205,710</b>	<b>199,379</b>
<b>Net General Fund Surplus for the year</b>				<b>( 8,703)</b>	<b>( 4,606)</b>
Balance on General Fund Brought Forward				<b>( 7,910)</b>	( 3,304)
<b>Surplus on General Fund Carried Forward</b>	<b>1</b>			<b>( 16,613)</b>	<b>( 7,910)</b>

# Council Tax Income Account

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

Dwellings fall within a valuation band between 'A' and 'H' which is determined by the Assessor, employed by Ayrshire Valuation Joint Board (AVJB). The Council determines the Band 'D' Council Tax level each year. Charges for other Bands are proportionate to the Band 'D' figure. The Band 'D' Council Tax for 2004-05 was £1,064.07.

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

BAND	2004-05 £ per year
A	709.38
B	827.61
C	945.84
D	1,064.07
E	1,300.53
F	1,536.99
G	1,773.45
H	2,128.14

## Council Tax Income

	2004-05 £000s	2003-04 £000s
Gross Council Tax levied, contributions in lieu and penalties	47,558	45,086
<b>Less :</b>		
Council Tax Benefits (Net of Government Grant)	170	( 312)
Discounts and Reductions	( 5,647)	( 5,288)
Provision for bad and doubtful debts	( 1,985)	( 1,892)
Previous Years	246	235
Community Charge	60	-
<b>Total</b>	<b>40,402</b>	<b>37,829</b>

During 2004-05 total Community Charge (Poll Tax) arrears of £0.118M have been collected, £0.058M being offset against the balance sheet debtor at 1 April 2004. The balance of £0.060M and any further amounts of Community Charge collected in future years will now result in a credit to the Council Tax income account.

## The Calculation of the Council Tax Base

The figures shown in the table below indicate the number of properties as at 6 September 2004.

Bands	Disabled										2004-05	2003-04
	A	A	B	C	D	E	F	G	H	Total	Total	
Properties	-	27,001	9,391	4,159	5,208	5,116	2,282	482	38	53,677	53,499	
Exemptions	-	(641)	(112)	(54)	(32)	(31)	(15)	(1)	(2)	(888)	(1,102)	
Disabled relief	100	(10)	(55)	13	18	(43)	(18)	(4)	(1)	-	-	
Discounts (25%)	(31)	(13,903)	(3,380)	(1,304)	(1,130)	(918)	(275)	(49)	(3)	(20,993)	(20,508)	
Discounts (50%)	-	(510)	(112)	(52)	(57)	(39)	(22)	(4)	(2)	(798)	(603)	
Total equivalent	92	22,619	8,323	3,766	4,883	4,793	2,169	463	33	47,142	46,969	
Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9			
<b>Band 'D' equivalents</b>	<b>51</b>	<b>15,079</b>	<b>6,473</b>	<b>3,348</b>	<b>4,883</b>	<b>5,858</b>	<b>3,133</b>	<b>772</b>	<b>66</b>	<b>39,662</b>	<b>39,430</b>	
Bad Debt provision										(1,983)	(1,971)	
<b>COUNCIL TAX BASE (Band D Equivalents)</b>										<b>37,679</b>	<b>37,459</b>	

## Non-Domestic Rate Account

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

The amount paid for Non-Domestic Rates is determined by the rateable value placed on the property by the Assessor multiplied by the Rate per £ announced each year by the Scottish Executive. The National Non-Domestic Rate poundage set by the Scottish Executive for 2004-05 was £0.488.

### Non Domestic Rates Income

	2004-05 £000s	2003-04 £000s
Gross Rates levied and contributions in lieu	32,233	30,847
<b>Less :</b>		
Reliefs and other reductions	( 4,186)	( 4,492)
Provision for bad and doubtful debts	( 840)	( 789)
	27,207	25,566
Prior Years-Pool	( 132)	( 934)
Contribution from National Non-Domestic Rate Pool	17,837	18,236
<b>Net Income</b>	44,912	42,868
Adjustments and Pre-Pool Years	( 47)	( 44)
<b>Total</b>	<b>44,865</b>	<b>42,824</b>

### Analysis of Rateable Values at 1st April 2004:

	Number	£000s
Shops	1,075	18,265
Public Houses	115	1,538
Offices (including Banks)	460	4,203
Hotels, Boarding Houses etc.	33	629
Industrial & Freight Transport Subjects	977	14,479
Leisure, Entertainment, Caravans & Holiday Sites	177	2,511
Garages and Petrol Stations	176	1,193
Cultural	20	146
Sporting Subjects	91	182
Education & Training	81	4,978
Public Service Subjects	221	3,275
Communications (Non-Formula)	28	114
Quarries, Mines	12	2,532
Petrochemical	2	133
Religious	96	593
Health Medical	74	2,574
Other	239	380
Care Facilities	55	1,391
Advertising	42	76
Undertaking	21	5,657
<b>Total</b>	<b>3,995</b>	<b>64,849</b>

## Housing Revenue Account

The Housing Revenue Account shows the income and expenditure incurred by the Council in fulfilling its statutory requirements for the provision, management and improvement of housing to suit all housing needs. The figures below are included within Housing Services on the Consolidated Revenue Account on page 9.

	2004-05 £000s	2003-04 £000s
Rents - Council Houses	32,628	31,042
Rents - Other	819	707
Housing Support Grant	221	308
Other Government Grants	358	407
Recharges	103	140
Interest	11	11
Miscellaneous	597	345
<b>Income</b>	<b>34,737</b>	<b>32,960</b>
Supervision and Management	12,627	4,066
Repairs and Maintenance	4,257	12,205
Capital Charges	9,504	8,920
Homeless Persons	762	721
Increase in Provision for Bad Debts	2,256	282
Other Expenditure	5,116	6,555
Pension Interest Costs and Expected Return on Pension Assets	( 87)	96
Transfer to/(from) Pension Reserve	( 42)	( 100)
<b>Expenditure</b>	<b>34,393</b>	<b>32,745</b>
<b>(Surplus) / Deficit for the Year</b>	<b>( 344)</b>	<b>( 215)</b>
Appropriation to Renewals & Repairs Fund	344	215
<b>Net (Surplus) / Deficit Charged To General Fund</b>	<b>-</b>	<b>-</b>

### Housing Stock:

House Type			2004-05	2003-04
	Flat	House	Total	Total
One Bedroom	1,905	881	2,786	2,850
Two Bedroom	3,768	3,555	7,323	7,634
Three Bedroom	750	3,532	4,282	4,490
Four Bedroom	22	289	311	322
Five Bedroom	2	-	2	2
<b>Total</b>	<b>6,447</b>	<b>8,257</b>	<b>14,704</b>	<b>15,298</b>

### Rental Information:

	2004-05	2003-04
Average Weekly Rent (52 weeks)	£41.93	£38.27
Current Rent Arrears (as % of Rent Collectable)	4.56%	4.93%
Total Rent Arrears	£1.110m	£1.102m
Provision for Bad Debts	£0.677m	£0.653m

# Consolidated Balance Sheet

The Consolidated Balance Sheet details the Council's assets, liabilities and the level of balances and reserves as at 31 March 2005.

	Note	2005 £000s	2005 £000s	2004 £000s
<b>Operational Assets :</b>				
Council Dwellings			185,011	193,424
Other Land and Buildings			272,148	194,160
Vehicles, Plant and Equipment			2,877	2,025
Infrastructure			36,552	33,232
Community Assets			-	-
<b>Non Operational Assets :</b>				
Investment Properties			16,085	15,533
Surplus Assets			4,310	3,703
<b>Total Fixed Assets</b>	<b>12</b>		<b>516,983</b>	<b>442,077</b>
Long-Term Prepayment	<b>13</b>		<b>15,712</b>	<b>13,718</b>
<b>Total Long Term Assets</b>			<b>532,695</b>	<b>455,795</b>
<b>Current Assets</b>				
Stocks and Work in Progress		1,108		1,368
Debtors	<b>14</b>	19,728		23,831
Short Term Investments		39,800		22,650
Cash		43		42
			<b>60,679</b>	<b>47,891</b>
<b>Less : Current Liabilities</b>				
Creditors		47,314		42,210
Borrowing Repayable in less than 12 months		301		17
Bank Overdraft		642		5,469
			<b>48,257</b>	<b>47,696</b>
<b>Net Current Assets</b>			<b>12,422</b>	<b>195</b>
Less : Borrowing repayable after 12 months	<b>15</b>		191,522	192,075
Less : Deferred Liability Finance Leases	<b>16</b>		347	-
Less : Net Pension Liability	<b>17</b>		98,174	34,702
<b>TOTAL ASSETS LESS LIABILITIES</b>			<b>255,074</b>	<b>229,213</b>
<b>Represented by :-</b>				
Fixed Asset Restatement Account			240,112	168,416
Capital Financing Account			87,511	82,093
Pension Reserve			( 98,174)	( 34,702)
Insurance Fund			1,446	1,272
Capital Fund			5,255	2,638
Renewals & Repairs Fund			2,311	1,586
General Fund Surplus			16,613	7,910
<b>TOTAL EQUITY</b>			<b>255,074</b>	<b>229,213</b>

Alexander McPhee, ACMA  
Executive Head of Finance  
23 June 2005

# Statement of Total Movement in Reserves

<b>Fund Balances &amp; Reserves</b>	<b>General Fund Balance £000s</b>	<b>Insurance Fund £000s</b>	<b>Renewals &amp; Repairs Fund £000s</b>	<b>HRA Balance £000s</b>	<b>Total Revenue Balances £000s</b>	<b>Pension Reserve £000s</b>
Balance as at 1 April 2004	7,910	1,272	1,586	-	10,769	( 34,702)
Net Surplus/(Deficit)	8,703	174	647	-	9,523	( 63,472)
Interest	-	-	78	-	78	-
<b>Balance at 31 March 2005</b>	<b>16,613</b>	<b>1,446</b>	<b>2,311</b>	<b>-</b>	<b>20,370</b>	<b>( 98,174)</b>

## Capital Reserves

	<b>Fixed Asset Restatement Reserve £000s</b>	<b>Capital Financing Reserve £000s</b>	<b>Usable Capital Receipts Reserve £000s</b>	<b>Capital Fund £000s</b>
Balance as at 1 April 2004	168,416	82,093	-	2,638
Capital Expenditure in Year	( 21,229)	-	-	-
Capital Expenditure - Addition to Asset Values	14,594	-	-	-
Capital Expenditure - Not Enhancing Value ( <b>Note A</b> )	( 6,635)	-	-	-
Unrealised Gains/(Losses) on Revaluation of Assets	86,928	-	-	-
Transfers to/(from) Reserve/Fund	-	-	-	-
Value of Assets Disposed of	( 8,597)	-	-	-
Net Proceeds from Asset Disposals	-	-	14,296	-
Effects of Fixed Assets Disposals	( 8,597)	-	14,296	-
Depreciation for Year	-	( 18,019)	-	-
Debt Redemption for Year	-	7,464	-	-
Capital Financed by Revenue Contribution	-	4,164	-	-
Expenditure not increasing Asset Values in Year (note)	-	-	-	-
Financing of Fixed Assets	-	7,745	( 7,745)	-
Transferred to Capital Fund	-	-	( 2,487)	2,487
Applied to Repay Debt	-	4,064	( 4,064)	-
Interest	-	-	-	130
<b>Balance as at 31 March 2005</b>	<b>240,112</b>	<b>87,511</b>	<b>-</b>	<b>5,255</b>

<b>Note A</b>	Gross Capital Expenditure General Fund	9,436
	Gross Capital Expenditure HRA	11,793
		21,229
	Less Enhancing Value	( 14,594)
		6,635

## Actuarial Gain in Pension Fund

	<b>2004-05</b>		<b>2003-04</b>	
	<b>£000s</b>	<b>%</b>	<b>£000s</b>	<b>%</b>
Differences between the expected and actual return on assets	9,745	3.4	37,358	( 35.3)
Differences between actuarial assumptions about liabilities and actual experience	( 1,235)	( 0.3)	( 278)	0.3
Changes in the demographic and financial assumptions used to estimate liabilities	( 72,432)	( 18.7)	-	-
Actuarial Gain in Pension Fund	<b>( 63,922)</b>		37,080	

# Cashflow Statement

	2004-05 £000s	2004-05 £000s	2003-04 £000s
<b>Revenue Activities :</b>			
Expenditure			
Employment Costs	117,684		111,802
Other Operating Costs	140,539		156,861
Housing Benefit Paid Out	9,270		9,205
NDRI Contributable to Pool	23,855		25,993
	<u>291,348</u>		<u>303,861</u>
Income			
Rents (after rebates)	( 12,884)		( 12,863)
Council Tax Income	( 32,544)		( 29,827)
Non Domestic Rates	( 26,853)		( 25,993)
NDRI Distributable from Pool	( 44,912)		( 42,824)
Revenue Support Grant	(122,633)		(118,726)
DSS Grants for Rebates	( 9,115)		( 8,604)
Other Government Grants	( 45,600)		( 39,903)
Fees, Charges and Other Income	( 39,388)		( 44,568)
	<u>(333,929)</u>		<u>(323,308)</u>
<b>Net Cash In-flow from Revenue Activities</b>		<b>( 42,581)</b>	<b>( 19,447)</b>
<b>Servicing Of Finance :</b>			
Interest Paid	11,840		10,814
Interest Element of Finance Leases	22		-
Interest Received	( 13)		( 27)
		<b>11,849</b>	<b>10,787</b>
<b>Net cash outflow from Servicing Finance</b>			
<b>Capital Activities :</b>			
Expenditure			
Purchase of Fixed Assets	14,130		7,052
Other Capital Cash Payments	13,541		20,017
	<u>27,671</u>		<u>27,069</u>
Income			
Sale of Fixed Assets	( 11,627)		( 9,820)
Capital Grants Received	( 6,953)		( 5,559)
Other Capital Cash Payments/Income	( 663)		( 119)
	<u>( 19,243)</u>		<u>( 15,498)</u>
<b>Net cash outflow from Capital Activities</b>		<b>8,428</b>	<b>11,571</b>
<b>Net Cash (In-flow) / Out-flow before Financing</b>		<b>( 22,304)</b>	<b>2,911</b>
<b>Financing :</b>			
Expenditure			
Repayments of Amounts Borrowed	21,770		11,757
New Short-Term Deposits	57		-
Capital Element of Finance lease	431,100		501,955
	<u>452,927</u>		<u>513,712</u>
Income			
New Loans Raised	( 21,501)		( 9,500)
New Short-term Loans	-		( 2,000)
Short-term Deposits Repaid	(413,950)		(505,805)
	<u>(435,451)</u>		<u>(517,305)</u>
<b>Net Cash (In-flow) / Out-flow from Financing</b>		<b>17,476</b>	<b>( 3,593)</b>
<b>(Increase) / Decrease in Cash</b>		<b>( 4,828)</b>	<b>( 682)</b>

# Notes to the Accounts

## Note 1 ~ Commitments Against General Fund Balance as at 31 March 2005

In respect of 2004-05, the Consolidated Revenue Account reports a surplus for the year of £8.703M which, when added to the opening balance of £7.910M, results in a cumulative balance of £16.613M as at 31 March 2005.

It should be noted that there are significant commitments against this balance in 2004-05 arising from the Council's budget carry forward scheme. The budget carry forward scheme was introduced in 2002-03 to create flexibility and to assist medium term financial planning. After allowing for all such items an uncommitted balance of £9.510M can be identified as at 31 March 2005.

## Note 2 ~ Local Authority (Goods & Services) Act 1970

This Act allows the council to provide goods and services to other public bodies and requires the council to keep a separate account of agreements entered into under this legislation.

	2004-05 Income £000s	2004-05 Expenditure £000s	2004-05 Surplus £000s	2003-04 Surplus £000s
Onsite Services	188	172	16	30
Roads	-	-	-	-
Outdoor Amenities	4	3	1	1
Refuse Collection	19	15	4	7
Street Cleansing	26	-	26	14
	237	190	47	52

## Note 3 ~ Local Government Act 1986 – Section 5

Section 5 of this Act requires the Council to maintain a separate account for publicity. Expenditure of £0.544M was incurred during 2004-05 (2003-04: £0.549M) and is included within service spending.

## Note 4 ~ Leases

The Council leases a variety of assets by finance and operating leases. The assets involved are mainly property, vehicles, computers, photocopying equipment and items of plant.

### Finance Leases

The rentals payable under finance leases in 2004-05 were £0.079M, charged to the Consolidated Revenue Account as £0.022M finance costs and £0.057M relating to the write-down of obligations to the lessor.

### Operating Leases

The cost of operating leases is shown as service expenditure but no asset appears on the balance sheet. Operating leases cost £3.272M in 2004-05 (2003-04: £3.660M).

	Finance Costs £000s	Lease Costs £000s	2004-05 Total Finance Leases £000s	2004-05 Operating Leases £000s
Vehicles & Plant	22	57	79	1,382
Central Heating Leases	-	-	-	939
IT Equipment	-	-	-	432
Property	-	-	-	519
	22	57	79	3,272

# Notes to the Accounts

## Note 5 ~ Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

	2004-05 Income £000s	2004-05 Expenditure £000s
<b>Central Government &amp; Government Agencies</b>		
<b>Revenue Grants</b>		
Revenue Support Grant	120,443	
Non-Domestic Rates	44,865	
Housing Benefit Subsidy	28,727	
Council Tax Benefit Subsidy	8,932	
Specific Grants	16,420	
Enterprise Ayrshire	505	
Homeless Persons	221	
Coalfield Social Inclusion Partnership	2,343	
<b>Capital Grants</b>		
School Sports Facilities	10	
Schools Fund	1,877	
Private Sector Housing Grants	598	
Contaminated Land	181	
Catrine Heritage	5	
Flood Prevention	1,912	
Speed Safety Measures	257	
Public Transport Fund	1,099	
Cycling, Walking & Safer Streets	195	
Western Corridor	88	
North West Neighbourhood Centre	441	
Westrans	514	
<b>Related Companies</b>		
Kilmarnock Leisure Centre Trust		130
<b>Related Bodies</b>		
Strathclyde Police Joint Board		20,671
Strathclyde Fire Brigade Joint Board		6,110
Strathclyde Passenger Transport Authority		4,495
Ayrshire Valuation Joint Board		640
Authorities Buying Consortium		35
East Ayrshire North Social Inclusion Initiative		66
Strathclyde Pension Fund		9,703
Scottish Office Pensions Agency		5,609

## Note 6 ~ Officers' Emoluments

An analysis of Council officers whose total emoluments exceeded £40,000 is detailed below:-

	2004-05 Officers	2004-05 Teachers	2004-05 Total	2003-04 Total
£40,000 - £49,999	11	82	93	44
£50,000 - £59,999	12	8	20	28
£60,000 - £69,999	5	3	8	-
£70,000 - £79,999	1	-	1	5
£80,000 - £89,999	3	-	3	1
£90,000 - £99,999	1	-	1	1
<b>Total</b>	<b>33</b>	<b>93</b>	<b>126</b>	<b>79</b>

# Notes to the Accounts

## Note 7 ~ Members' Allowances and Interests

The Local Government etc. (Allowances) (Scotland) Regulations 1995 require the Council to keep a record of payments made to Members and to publish the information for the preceding year by 1 June. The public record of Members' Expenses for 2004-05 is available for inspection during normal working hours at the Finance Service, Council Offices, Greenholm Street, Kilmarnock as well as on the Council's website [www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk) and being shown below.

	Basic Allowance	Responsibility Allowance	Total Allowances	Subsistence	Travel	Phone	Total Expenses
	£	£	£	£	£	£	£
Campbell, J	6,671.65	-	<b>6,671.65</b>	27.96	-	-	<b>27.96</b>
Carmichael, J	6,671.65	8,630.24	<b>15,301.89</b>	240.14	3,525.46	-	<b>3,765.60</b>
Coffey, D	6,671.65	-	<b>6,671.65</b>	-	-	-	-
Coffey, W	6,671.65	-	<b>6,671.65</b>	-	-	-	-
Crawford, W	6,671.65	8,917.04	<b>15,588.69</b>	191.48	1,226.58	248.86	<b>1,666.92</b>
Cree, W.G.	6,671.65	8,917.05	<b>15,588.70</b>	1,961.69	991.60	296.27	<b>3,249.56</b>
Darnbrough, J	6,671.65	13,375.24	<b>20,046.89</b>	219.53	-	209.87	<b>429.40</b>
Dinwoodie, E	6,671.65	13,375.24	<b>20,046.89</b>	-	2,907.34	238.69	<b>3,146.03</b>
Farrell, T	6,671.65	13,375.24	<b>20,046.89</b>	2,282.26	6,063.35	288.34	<b>8,633.95</b>
Finlayson, S	6,671.65	-	<b>6,671.65</b>	-	1,123.07	231.91	<b>1,354.98</b>
Jackson, E	6,671.65	13,375.24	<b>20,046.89</b>	1,005.18	3,414.00	421.54	<b>4,840.72</b>
Kelly, J	6,671.65	13,375.24	<b>20,046.89</b>	3,394.28	6,905.05	271.37	<b>10,570.70</b>
Knapp, J	6,671.65	13,375.24	<b>20,046.89</b>	1,874.72	814.84	167.00	<b>2,856.56</b>
Linton, I	6,671.65	-	<b>6,671.65</b>	-	-	230.58	<b>230.58</b>
Macrae, I	6,671.65	3,566.27	<b>10,237.92</b>	27.96	403.77	250.50	<b>682.23</b>
McDill, R	6,671.65	-	<b>6,671.65</b>	1,356.48	1,872.42	188.11	<b>3,417.01</b>
McGhee, J	6,671.65	3,566.27	<b>10,237.92</b>	159.27	294.31	-	<b>453.58</b>
McGhee, N	6,671.65	4,458.20	<b>11,129.85</b>	272.61	1,627.89	334.00	<b>2,234.50</b>
McIntyre, A	6,671.65	17,834.50	<b>24,506.15</b>	1,657.62	58.65	136.80	<b>1,853.07</b>
McKay, M	6,671.65	4,458.20	<b>11,129.85</b>	-	-	-	-
Menzies, W	6,671.65	13,375.24	<b>20,046.89</b>	399.16	2,564.59	31.50	<b>2,995.25</b>
Murray, R.E.	6,671.65	8,917.05	<b>15,588.70</b>	-	969.17	-	<b>969.17</b>
O'Neill, J	6,671.65	4,744.99	<b>11,416.64</b>	419.88	1,514.25	199.41	<b>2,133.54</b>
Raymond, J	6,671.65	8,917.05	<b>15,588.70</b>	-	508.53	271.12	<b>779.65</b>
Reeves, B	6,671.65	8,917.05	<b>15,588.70</b>	44.43	373.70	192.87	<b>611.00</b>
Reid, D	6,671.65	7,133.91	<b>13,805.56</b>	751.92	724.84	250.50	<b>1,727.26</b>
Ross, E	6,671.65	13,375.24	<b>20,046.89</b>	-	-	164.33	<b>164.33</b>
Smith, G	6,671.65	8,917.05	<b>15,588.70</b>	982.32	2,453.85	262.47	<b>3,698.64</b>
Stewart, E	6,671.65	8,917.04	<b>15,588.69</b>	334.26	4,720.48	128.81	<b>5,183.55</b>
Weir, J	6,671.65	-	<b>6,671.65</b>	405.42	747.40	148.55	<b>1,301.37</b>
Wilson, H	6,671.65	-	<b>6,671.65</b>	872.36	803.10	222.75	<b>1,898.21</b>
Young, S	6,671.65	-	<b>6,671.65</b>	-	453.08	143.50	<b>596.58</b>
	<b>213,492.80</b>	<b>223,813.83</b>	<b>437,306.63</b>	<b>18,880.93</b>	<b>47,061.32</b>	<b>5,529.65</b>	<b>71,471.90</b>
						Total	<b>508,778.53</b>

The Register of General Notice of Member's Registerable Interests is available for inspection during normal working hours at the Department of Corporate Support, Council Headquarters, London Road, Kilmarnock. The List of Member's Appointments to Outside Bodies is also available for inspection.

# Notes to the Accounts

## Note 8 ~ Audit Costs

	2004-05 £000s	2003-04 £000s
Fees Payable to Audit Scotland with regard to External Audit Services :		
Audit Scotland Charge	92	77
External Auditor	212	187
Fees Payable in respect of other services provided by the appointed auditor	23	7
	<b>327</b>	<b>271</b>

## Note 9 ~ Trading Operations Summary Statements

The Local Government in Scotland Act 2003 effectively repealed the legislation covering Compulsory Competitive Tendering and the disclosure requirements which previously existed under this regime are no longer applicable.

In line with the guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) the services below require trading accounts to be disclosed. The financial objective over the 3-year rolling period beginning 2003-04 is to break even after taking account of capital charges.

The surplus and target for each of the services is set out below:-

	2003-04 Actual £000s	2003-04 Target £000s	2004-05 Actual £000s	2004-05 Target £000s	2 Year Actual £000s	2 Year Target £000s
Catering	43	-	23	-	66	-
Cleaning of Buildings	68	-	103	-	171	-
School Crossing Patrols	6	-	11	-	17	-
Leisure Management	35	-	8	-	43	-
Refuse Collection	81	-	9	-	90	-
Street Cleansing	36	-	64	-	100	-
Outdoor Amenities	35	-	123	-	158	-
Vehicle Maintenance	38	-	31	-	69	-
Roads	110	-	12	-	122	-
Building & Works	1,051	-	2,016	-	3,067	-
<b>Net Surplus</b>	<b>1,503</b>	<b>-</b>	<b>2,400</b>	<b>-</b>	<b>3,903</b>	<b>-</b>

## Note 10 ~ Asset Management Revenue Account

In line with the requirements of the Local Authority Accounting Code of Practice, this account shows the surplus arising from the capital charges made to services for the use of assets on the basis of the replacement cost or depreciation of the asset rather than simply the cost of repaying loans taken out to finance the assets.

	2004-05 £000s	2003-04 £000s
Depreciation	18,019	16,394
Loans Fund Interest	10,528	11,254
Loans Fund Expenses	210	203
<b>Total Expenditure</b>	<b>28,757</b>	<b>27,851</b>
Capital Charges	( 31,706)	( 25,948)
Notional Interest on Trading Services Stock Balance	( 20)	( 17)
<b>Total Income</b>	<b>( 31,726)</b>	<b>( 25,965)</b>
<b>Total Net Expenditure / (Income)</b>	<b>( 2,969)</b>	<b>1,886</b>

# Notes to the Accounts

## Note 11 ~ Pension Costs

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments which need to be disclosed at the time that employees earn their future entitlement. The Council contributes to two pension schemes: -

### (1) The Local Government Superannuation (Scotland) Scheme

This scheme, the Strathclyde Pension Fund, is administered by Glasgow City Council on behalf of the scheduled and admitted bodies in the West of Scotland. This is the main scheme for administrative and manual staff employed by the Council being a funded defined benefits scheme. The scheme is supported by contributions from both employees and employers. The employer's contribution rate is set at a level to meet all other future liabilities and is subject to a tri-annual actuarial review.

The disclosures required in relation to the implementation of FRS17 Retirement Benefits are detailed in the table below and in Note 17 on Page 24.

The cost of retirement benefits under FRS 17 is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Consolidated Revenue Account during the year:-

	2004-05 £000s	2003-04 £000s
<b>Pension Costs</b>		
Net Cost of Services		
Current Service Cost	11,377	7,264
Past Service Cost	92	173
Curtailments	405	-
Net Operating Expenditure		
Interest Cost	16,238	17,003
Expected Return on Assets in the Scheme	( 18,369)	( 14,903)
Amounts to be Met from Government Grants and Local Taxation		
Movement on Pension Reserve	450	( 871)
<b>Actual Amount Charged Against Council Tax for Pensions in the year:</b>		
<b>Employers' Contributions Payable to Scheme</b>	<b>10,193</b>	<b>8,666</b>

Note 17 to the Consolidated Balance Sheet on page 24 contains details of the assumptions made in determining the figures included in this note. The Statement of Total Movement in Reserves details the movements that have arisen in the year, as a result of variances from actuarial estimates made in preparing previous figures.

### (2) The Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is administered by the Scottish Executive. The Scheme is supported by contributions from both employers and employees. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. Contributions by East Ayrshire Council during 2004-05 amounted to £5.331M (or 12.5% of pensionable pay). In addition, contributions totalling £0.278M (or 0.63% of pensionable pay) were made in respect of added years.

Unlike the Local Government Scheme in 1) above the council is not required to apply FRS17 disclosures in respect of the Teachers Superannuation Scheme as the liability for payment of pensions rests ultimately with the Scottish Executive. Therefore the costs recorded within the consolidated revenue account in respect of this scheme are the actual contributions made during the year.

# Notes to the Accounts

## Note 12 ~ Fixed Assets

Fixed Assets are included in the Balance Sheet at their current asset value as at 31 March 2005. The basis of valuation is disclosed separately in the Statement of Accounting Policies, pages 6-8.

### Movement in Assets during 2004-05 :-

Category	Opening Position £000s	+ Acquisitions £000s	- Disposals £000s	+ Revaluation £000s	- Depreciation £000s	= Closing Position £000s
Council Dwellings	193,424	7,629	( 8,011)	( 319)	( 7,712)	<b>185,011</b>
Other Land & Buildings	194,160	-	( 292)	85,453	( 7,173)	<b>272,148</b>
Vehicles, Plant & Equip	2,025	2,056	( 18)	( 1,186)	-	<b>2,877</b>
Infrastructure	33,232	4,909	-	-	( 1,589)	<b>36,552</b>
Community Assets	-	-	-	-	-	<b>-</b>
Investment Properties	15,533	-	( 734)	1,623	( 337)	<b>16,085</b>
Surplus Assets	3,703	-	( 677)	1,306	( 22)	<b>4,310</b>
<b>Total Fixed Assets</b>	<b>442,077</b>	<b>14,594</b>	<b>( 9,732)</b>	<b>86,877</b>	<b>( 16,833)</b>	<b>516,983</b>

### Information on Assets Held:

The numbers of main assets held by the Council as at 31 March 2005 are as follows: -

<b>Council Dwellings</b>	<b>14,704</b>	<b>Operational Equipment</b>	
		Vehicles	<b>190</b>
<b>Operational Buildings</b>		<b>Infrastructure Assets</b>	
Pre-5 Schools	<b>22</b>	Principal Roads (Km's)	<b>115</b>
Primary Schools	<b>46</b>	Non-Principal Roads (Km's)	<b>404</b>
Secondary Schools	<b>10</b>	Unclassified Roads (Km's)	<b>594</b>
Special Schools	<b>5</b>	Highway Bridges	<b>747</b>
Community Education Centres	<b>69</b>	Street Lighting Units	<b>17,411</b>
Day Centres	<b>3</b>	Illuminated Signs	<b>1,242</b>
Social Work Homes	<b>9</b>	<b>Community Assets</b>	
Assessment Centres	<b>5</b>	Parks (Acres)	<b>144</b>
Sports Centres	<b>8</b>	Cemeteries (Acres)	<b>118</b>
Swimming Pools	<b>2</b>	Playing Fields/Open Spaces (Acres)	<b>1,911</b>
Halls	<b>18</b>		
Libraries	<b>27</b>		
Museums	<b>6</b>		
Public Conveniences	<b>4</b>		
Car Parks	<b>36</b>		
Industrial Units	<b>103</b>		
Shops	<b>41</b>		
Depots	<b>9</b>		
Council Offices	<b>21</b>		

# Notes to the Accounts

## Funding of Capital Expenditure: -

Capital Expenditure during the year was funded as follows:-

	Housing Revenue Account £000s	General Fund £000s	Total £000s
Borrowing	-	8,859	<b>8,859</b>
Usable Capital Receipts	7,629	27	<b>7,656</b>
Specific Grants and Other Income	-	7,523	<b>7,523</b>
Capital Funded From Current Revenue (CFCR)	4,164	-	<b>4,164</b>
<b>Gross Capital Expenditure</b>	<b>11,793</b>	<b>16,409</b>	<b>28,202</b>

## Finance Leases:

The following value of assets held under finance leases by the council are included within fixed assets

	Vehicles, Plant & Equipment £000s	Total Finance Leases £000s
Value at 1 April 2004	-	-
Additions	464	<b>464</b>
Revaluations	-	-
Depreciation	57	<b>57</b>
Disposals	-	-
<b>Value at 31 March 2005</b>	<b>407</b>	<b>407</b>

## Note 13 ~ Restructuring of Debt

During 2004-05 the Council carried out a debt rescheduling exercise which resulted in a premium of £2.431M for the repurchase of debt with outstanding maturities of between 13 and 25 years, and an average interest rate of 5.759%. £0.050M has been written off in 2004-05 with the balance being written off over the lifespan of the replacement loan.

	£000s	£000s
Balance as at 1 April 2004		<b>13,718</b>
Premiums / (Discounts) during year	<b>2,431</b>	
Less: balance written off during year	<b>( 437)</b>	<b>1,994</b>
<b>Balance as at 31 March 2005</b>		<b>15,712</b>

	Prior Years £000s	2004-05 £000s	Total £000s
<b>Represented by:</b>			
Premiums arising from debt restructure	15,327	<b>2,431</b>	<b>17,758</b>
Less: premium written off in previous years	( 1,609)	-	<b>( 1,609)</b>
Less: premium written off during current year	-	<b>( 437)</b>	<b>( 437)</b>
<b>Total</b>	<b>13,718</b>	<b>1,994</b>	<b>15,712</b>

## Notes to the Accounts

### Note 14 ~ Debtors

	Debtor £000s	Provision £000s	2004-05 £000s	2003-04 £000s
Arrears of Local Taxation - Council Tax	22,213	20,525	<b>1,688</b>	2,835
Arrears of Local Taxation - Non-Domestic Rates	6,091	4,919	<b>1,172</b>	997
Arrears of Local Taxation - Community Charge	-	-	-	58
Housing Rents	1,110	677	<b>433</b>	449
VAT and Income Tax Recoverable	3,259	-	<b>3,259</b>	3,086
Other Income Due	15,438	2,262	<b>13,176</b>	16,406
	<b>48,111</b>	<b>28,383</b>	<b>19,728</b>	<b>23,831</b>

### Note 15 ~ Borrowing repayable after 12 months

Due	1-2 Yrs £000s	2-5 Yrs £000s	5-10 Yrs £000s	Over 10 Yrs £000s	2004-05 £000s	2003-04 £000s
Banks/Monetary Sector	286	-	-	52,600	<b>52,886</b>	31,641
Building Societies	-	-	-	1,000	<b>1,000</b>	1,000
Financial Institutions	-	500	-	-	<b>500</b>	500
Public Works Loan Board	20	73	178	123,092	<b>123,363</b>	145,163
Public Corporations	-	-	-	-	-	-
Other Sources	-	-	-	13,000	<b>13,000</b>	13,000
	<b>306</b>	<b>573</b>	<b>178</b>	<b>189,692</b>	<b>190,749</b>	<b>191,304</b>
Investment by Common Good					<b>200</b>	190
Investment by Trusts & Bequests					<b>573</b>	581
	<b>306</b>	<b>573</b>	<b>178</b>	<b>189,692</b>	<b>191,522</b>	<b>192,075</b>

### Note 16 ~ Finance Lease Liabilities

Outstanding obligations to make payments under finance leases at 31 March 2005 are as follows :

Finance Leases	Vehicles, Plant & Equipment £000s	Total Finance Leases £000s
Obligations payable in 2005/06	60	<b>60</b>
Obligations payable between 2006/07 and 2010/11	347	<b>347</b>
Obligations payable after 2010/11	-	-
<b>Total liabilities at 31 March 2005</b>	<b>407</b>	<b>407</b>

Of the above £0.060M is included within creditors and the £0.347M disclosed as a long term liability on the Consolidated Balance Sheet.

# Notes to the Accounts

## Note 17 ~ FRS 17 – Pension Assets and Liabilities

In order to comply with Financial Reporting Standard 17: Retirement Benefits (FRS 17), the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As detailed in Note 11 the Council participates in two formal schemes, the Local Government Superannuation (Scotland) Scheme as administered by the Strathclyde Pension Scheme and the Teachers Pension Scheme which is administered by the Scottish Executive. Both schemes are defined benefit schemes, however, for the purposes of this statement of accounts the Teachers Pension Scheme is treated on the same basis as a defined contribution scheme since it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees.

The Local Government Superannuation (Scotland) Scheme is a funded scheme to which the Council and its employees contribute at a rate determined by actuaries to the scheme such that the pensions liabilities are balanced with investment assets.

In 2004-05 pension costs have been charged to the Consolidated Revenue Account on the basis of contributions payable for the year to Strathclyde Pension Fund based on the last formal actuarial valuation as at 31 March 2002.

As at 31 March 2005, the Council had the following assets and liabilities for pensions within the Strathclyde Pension Fund that have been included in the balance sheet: -

	<b>2005</b>	2004
	<b>£000s</b>	£000s
Share of assets in Strathclyde Pension Fund	<b>289,040</b>	258,498
Estimated Liabilities in Strathclyde Pension Fund	<b>(387,214)</b>	(293,200)
<b>Net Pension Asset/(Liability) and Pension Reserve</b>	<b>( 98,174)</b>	( 34,702)

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The net liability of £98.174m has an impact on the net worth of the Council as recorded in the Consolidated Balance Sheet. It should be noted that these book entries are based only on the snapshot position at 31 March 2005 for reporting purposes only. The long term funding valuation of 2002 is not affected with contribution rates set at the time continuing in line with actuarial advice.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, and other factors. The liabilities of the Strathclyde Pension Fund have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations have been:-

	<b>2005</b>	2004
	<b>%</b>	%
Rate of Inflation	<b>2.9</b>	2.9
Rate of Increase in Salaries	<b>4.4</b>	4.4
Rate of Increase in Pensions	<b>2.9</b>	2.9
Rate of Discounting Scheme Liabilities	<b>5.4</b>	6.5

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

	<b>2005</b>	<b>Long Term</b>	2004	<b>Long Term</b>
	<b>%</b>	<b>Return</b>	<b>%</b>	<b>Return</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Equity Investments	<b>73.9</b>	<b>7.7</b>	73.1	7.7
Bonds	<b>13.4</b>	<b>4.8</b>	14.2	5.1
Property	<b>9.5</b>	<b>5.7</b>	8.5	6.5
Cash	<b>3.2</b>	<b>4.8</b>	4.2	4.0
	<b>100.0</b>		100.0	

# Notes to the Accounts

## Note 18 ~ Commitments

The council has commitments in respect of capital schemes in excess of £20,000 at 31 March 2005 as follows :

<b>General Fund</b>	<b>£000s</b>	<b>Housing</b>	<b>£000s</b>
Loudoun Academy Swimming Pool	90	Window & Door Replacement	132
Ross Court	317	Gas Central Heating	1,249
Carriageway Resurfacing	62	External Enhancements	190
North West Neighbourhood Centre Project	5,600	Re-roofing	47
		Kitchen Refurbishment	1,464
		Replacement of Lead Water Pipes	29
		Demolitions	101
<b>Total</b>	<b>6,069</b>	<b>Total</b>	<b>3,212</b>

The council is committed at 31 March 2005 to make payments under operating leases in 2005-06 as follows :

### Operating Leases

	<b>Vehicles &amp; Plant £000s</b>	<b>Central Heating £000s</b>	<b>IT Equipment £000s</b>	<b>Property £000s</b>	<b>Total Operating Leases £000s</b>
Leases expiring in 2005/06	245	236	252	158	891
Leases expiring between 2006/07 & 2010/11	868	703	46	159	1,776
Leases expiring after 2010/11	43	-	-	202	245
Total liabilities at 31 March 2005	1,156	939	298	519	2,912

### Potential Schools PPP Project

The Council intends to enter into a PPP contract during 2005-06 to enable the creation of

- a new St Joseph's Campus incorporating the present twin St Joseph's Academy campuses in Kilmarnock and Cumnock and the amalgamation of the present St Columba's and St Matthew's primary schools;
- a new Grange Campus incorporating the present Grange Academy, Annanhill Primary and Park School;
- a new Shortlees Campus incorporating the present Shortlees Primary School and Community Learning facilities;
- and the extension and complete refurbishment of Mauchline Primary School.

The total construction costs are anticipated to be in excess of £60M.

### Note 19 ~ Contingent Liabilities

East Ayrshire Council is a constituent member of the West of Scotland Loans Fund Ltd. As at 31 March 2005, the Council's involvement stands at £1.322M. In the event of the Fund being wound up, a contingent liability of £0.559M exists in respect of European Development Fund Grants. The Fund exists to co-ordinate the 12 ex-SRC authorities in respect of the relationship with the European Regional Development Fund. East Ayrshire Council does not have an interest in the share capital of any of the companies dealt with by the West of Scotland Loans Fund Ltd.

The Council has an obligation to indemnify and reimburse any cumulative deficit sustained by the Kilmarnock Leisure Centre Trust up to a maximum of £0.200M in each financial year.

The Council, together with the successor authorities to Strathclyde Regional Council, has a continuing obligation to meet its share of any residual liabilities of that authority. The Council has inherited a number of applications in respect of pension fund contributions and a number of writs for damages by individuals claiming to have suffered various forms of child abuse whilst resident in a children's home during the life span of Strathclyde Regional Council. Furthermore, several personal injury claims and contractual claims have been received by the Council. No financial provision has been made in the 2004-05 Financial Statements for these potential losses given the uncertainties which surround the final outcomes.

# Notes to the Accounts

## Note 20 ~ European Monetary Union

At present the participation of the United Kingdom in the European Monetary Union has yet to be confirmed. The Council's integrated financial system is BASDA EMU accredited in accordance with the BASDA EMU advanced checklist and specification.

## Note 21 ~ Post Balance Sheet Events

No post balance sheet events have transpired post 31 March 2005; accordingly no provisions or disclosures are required.

## Note 22 ~ Cash Flow - Reconciliation of Consolidated Revenue Account to Revenue Activities Cash Flow

	2004-05 £000s	2004-05 £000s	2003-04 £000s
(Surplus)/Deficit per the Financial Statement		( 8,703)	( 4,606)
Non Cash Transactions :			
Contributions to Reserves	( 821)		( 566)
Contributions to Capital	( 4,164)		( 3,561)
Non Cash Movements Relating to Loans Fund	( 17,637)		( 15,945)
Other Movements	( 1,339)		9,054
		( 23,961)	( 11,018)
		( 32,664)	( 15,624)
Movements in Working Capital :			
Decrease in Pension Liability	( 260)		( 14)
Increase in Debtors	( 4,553)		4,361
Increase in Deferred Charge	( 5,104)		( 8,170)
		( 9,917)	( 3,823)
<b>Net Cash Flow from Revenue Activities</b>		<b>( 42,581)</b>	<b>( 19,447)</b>

## Note 23 ~ Cash Flow - Analysis of Balances of Cash

	2005 £000s	2004 £000s	Movement £000s
Cash	43	42	( 1)
Bank Overdraft	( 642)	( 5,469)	4,827
<b>(Increase) / Decrease in Cash</b>	<b>( 599)</b>	<b>( 5,427)</b>	<b>4,828</b>

## Note 24 ~ Cash Flow - Movement in Financing

	2004-05 £000s	2004-05 £000s
Loans Repaid		
Temporary Loans	21,517	
Local Bonds	253	
Covenant Repaid	57	
Capital Element of Finance lease	(413,950)	
		(392,123)
New Loans		
Mortgages	( 21,500)	
Other Loans	( 1)	
Short Term Deposits Repaid	431,100	
		409,599
<b>Cash Outflow from Financing</b>		<b>17,476</b>

# Notes to the Accounts

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## Note 25 ~ Cash Flow - Analysis of Government Grants

	<b>2004-05</b>
	<b>£000s</b>
<b>Specific Grants</b>	
Excellence Fund	4,060
In Service Teacher Training	182
Mental Health Grant	321
Other Government Grants	1,202
Police	10,475
Sheltered Employment Grant	14
Specific Grant - Gaelic	135
SW Training Grant	114
Education Workforce Development	66
<b>Other Grants</b>	
DSS Grants - Housing & Council Tax	29,031
<b>Cash Flow From Government Grants</b>	<b>45,600</b>

## Common Good, Trusts and Charities Accounts

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

### Summary of Common Good Funds

	Darvel £	Cumnock £	Kilmarnock £	Newmilns £	Stewarton £	Total £
<b>Capital Balance 01/04/04</b>	1,000	-	153,000	-	-	<b>154,000</b>
<b>Revenue Balance 01/04/04</b>	1,355	1,041	30,082	2,222	1,575	<b>36,275</b>
	2,355	1,041	183,082	2,222	1,575	<b>190,275</b>
Expenditure During Year :						
Capital	-	-	-	-	-	-
Revenue	-	-	-	-	-	-
Income During Year :						
Capital	-	-	-	-	-	-
Revenue	115	51	8,976	109	77	<b>9,328</b>
<b>Capital Balance 31/03/05</b>	1,000	-	153,000	-	-	<b>154,000</b>
<b>Revenue Balance 31/03/05</b>	1,470	1,092	39,058	2,331	1,652	<b>45,603</b>
<b>Closing Balances 31/03/05</b>	<b>2,470</b>	<b>1,092</b>	<b>192,058</b>	<b>2,331</b>	<b>1,652</b>	<b>199,603</b>

### Summary of Charities and Bequests

Fund Balances	2004-05 Revenue Fund	2004-05 Capital Fund	2004-05 Total Funds	2003-04 Revenue Fund	2003-04 Capital Fund	2003-04 Total Funds
	£	£	£	£	£	£
Opening Balances 01/04/04	528,843	64,755	<b>593,598</b>	540,531	65,462	605,993
Expenditure	35,254	879	<b>36,133</b>	35,686	707	36,393
Income	28,794	-	<b>28,794</b>	23,998	-	23,998
<b>Surplus/(Deficit)</b>	<b>( 6,460)</b>	<b>( 879)</b>	<b>( 7,339)</b>	<b>( 11,688)</b>	<b>( 707)</b>	<b>( 12,395)</b>
<b>Closing Balances 31/03/05</b>	<b>522,383</b>	<b>63,876</b>	<b>586,259</b>	<b>528,843</b>	<b>64,755</b>	<b>593,598</b>

### Balance Sheet as at 31 March 2005

	2004-05 £	2003-04 £
Investments - External	<b>13,379</b>	13,118
Investments - Loans Fund	<b>572,880</b>	580,478
	<b>586,259</b>	<b>593,596</b>
<b>Financed By:-</b>		
Capital Funds	<b>63,876</b>	64,755
Revenue Funds	<b>522,383</b>	528,841
<b>Total</b>	<b>586,259</b>	<b>593,596</b>

# Common Good, Trusts and Charities Accounts

Charities & Trusts		Funds Invested in :		
Origin & Purpose	To Provide:-	Loans Fund	Other	Type
Robert Crawford's Bequest	Books for Public Library	6,790.27	1,600.00	Govt. Stock
Robert Cumming's Bequest	Annuity for Testator's Legatee and Maintenance of Indigent Orphans of Ayrshire	2,325.80	-	
John Fulton's Soup Kitchen Trust	Soup to the Poor	15,314.59	100.00	Govt. Stock
Murdoch's Trust	Annual Payment to One Poor Aged Deserving Person of Kilmarnock	3,275.57	-	
Misses Parker's Bequest	Payments to Females Suffering from Incurable Diseases	1,921.66	-	
Tannock's Trust	Annuities to Females	3,204.60	-	
Archibald Taylor Fund	Special Nursing, Convalescent Treatment or Holiday during Convalescence for Certain Class of Spinsters	390,025.82	-	
Matthew L. Cochran's Bequest	Holidays for Elderly Deserving People Resident in Kilmarnock	14.60	-	
Mair Bequest	Relief to Deserving Poor Natives or Inhabitants of Newmilns	104,560.59	-	
B.C. Roxburgh Bequest	Benefits to the Citizens of Darvel	20,717.70	-	
Newmilns Benevolent Association	Grants for the alleviation of illness to Persons Residing in Newmilns and Greenholm	2,200.94	-	
East Ayrshire Emergency Relief Trust	Assistance for any organisation, body, resident or person suffering hardship, poverty or distress as a consequence of emergency, natural disaster, flood, subsidence, severe weather or fire, or for such other reason as the trustee may agree	-	7,782.60	Bank Deposit
Graham Ramage Trust	Cumnock Senior Citizens Club	1,573.34	1,367.00	Govt. Stock
Sommerville Trust	Relief to Poor - Sorn Parish	584.99	-	
Misses Murray Legacy Trust	Relief to Poor - Old Cumnock Parish	1,523.15	500.00	Govt. Stock
D Smith Trust	Maintenance of Burial Grounds	943.43	-	
Mrs E McWhirter Trust	Maintenance of Dalmellington Burial Grounds	281.76	824.00	Govt. Stock
Dalmellington Cemetery Trust	Maintenance of Burial Grounds	80.70	-	
R Mitchell Trust	Upkeep of Lair - Mauchline Cemetery	17.01	50.00	Govt. Stock
Mrs H S Wilson Trust	Upkeep of Lair - New Cumnock Cemetery	53.83	122.00	Govt. Stock
Dalrymple Cemetery Trust	Maintenance of Burial Grounds	39.18	100.00	Govt. Stock
Polish Patients Fund	Upkeep of Memorial Stone - Mauchline	3.78	11.00	Govt. Stock
Miss A Stevenson Trust	Upkeep of Lair - Mauchline Cemetery	139.14	-	
Mrs C Gordon Trust	Upkeep of Lair/Headstone - Auchinleck Cemetery	139.14	-	
Miss J Leiper Young Trust	Upkeep of Lair/Headstone - Mauchline Cemetery	139.14	-	
Miss J.M.M. Cuthbert Executory	Upkeep of Lair/Headstone - Stair Cemetery	139.14	-	
GAA Trust	Maintenance of Burial Grounds	3,508.76	922.00	Heritable Property
Gavin Memorial Fund	Prizes for Schools in Dalmellington	1,243.48	-	
Brown Prize Fund	Prizes for Dux Boy & Girl at Cumnock Academy	264.57	-	
Hon. Alex Shaw Prize	Prizes at Kilmarnock Academy	109.65	-	
Morton Steven Dux Medal	Dux Medal at Kilmarnock Academy	404.73	-	
Latta Dux Medal	Dux Medal at Cumnock Academy	176.25	-	
Jas. Mackie Memorial Prize	Prizes at Kilmarnock Academy	95.94	-	
Hunter Stewart Fund	Dux Medal at Doon Academy	87.53	-	
Hood Endowment	Prizes at Loudoun Academy	47.15	-	
Arch. Hood Prize	Prizes at Loudoun Academy	151.61	-	
A.B. Carswell Prize	Prizes at Loudoun Academy	299.94	-	
William Wilson Memorial Prize	Cash prize for leadership (Girl) at Auchinleck Academy	130.79	-	
Margaret Wilson Memorial Prize	Cash prize for leadership (Boy) at Auchinleck Academy	68.68	-	
McKenzie Prizes	Prize for Nature Study at Auchinleck Academy	102.96	-	
Galston Town Council Dux Medal	Dux medals at Galston Juniors & St Sophia's RCS	168.28	-	
George Mason Prize Fund	Prize for Art at Grange Academy	44.12	-	
Robert C Grant Prize Fund	Prizes at Kilmarnock Academy	133.33	-	
Miss Mary C Smith Memorial Prize	Prizes at Loanhead Primary School	34.49	-	
Marion Hamilton Memorial Prize	Bursaries at Auchinleck Academy	17.76	-	
Sarah B Campbell	Bursaries at Bellsbank Primary School	2,157.89	-	
Jean G Glennie	Prizes at Auchinleck Academy	47.00	-	
John Minto Prize Fund	Prizes at Loanhead Primary	118.39	-	
W S Oughton Memorial Prize Fund	Prizes at Doon Academy	62.53	-	
Sir Alexander Fleming Prize Fund	Prize for Science at Loudoun Academy	251.20	-	
John C Kennedy Trust	Prizes at Bellsbank Primary School	6,616.11	-	
Agnes Smith Campbell Prize Fund	Prizes at Doon Academy	448.43	-	
T K Stevenson Memorial Prize	Prizes at Greenmill Primary	78.75	-	
		<b>572,880.19</b>	<b>13,378.60</b>	<b>586,258.79</b>

# Common Good, Trusts and Charities Accounts

Charities & Trusts Capital & Revenue Accounts	01-Apr-04	01-Apr-04	Expenditure in Year		Income in Year		31-Mar-05	31-Mar-05
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Robert Crawford's Bequest	2,650.00	5,374.17	-	-	-	366.10	2,650.00	5,740.27
Robert Cumming's Bequest	3,080.00	44.60	(754.20)	(175.80)	-	131.20	2,325.80	-
John Fulton's Soup Kitchen Trust	1,443.00	26,305.42	-	(13,386.00)	-	1,052.17	1,443.00	13,971.59
Murdoch's Trust	100.00	3,021.58	-	-	-	153.99	100.00	3,175.57
Misses Parker's Bequest	1,365.00	466.32	-	-	-	90.34	1,365.00	556.66
Tannock's Trust	2,255.00	798.95	-	-	-	150.65	2,255.00	949.60
Archibald Taylor Fund	17,599.00	357,786.24	-	(3,784.26)	-	18,424.84	17,599.00	372,426.82
Matthew L. Cochran's Bequest	13.91	-	-	-	-	0.69	13.91	0.69
Mair Bequest	15,378.00	100,216.05	-	(16,732.98)	-	5,699.52	15,378.00	89,182.59
B. C. Roxburgh Bequest	10,796.00	10,363.64	-	(1,450.00)	-	1,008.06	10,796.00	9,921.70
Newmilns Benevolent Association	-	1,948.17	-	-	-	252.77	-	2,200.94
East Ayrshire Emergency Relief Trust	-	7,522.14	-	-	-	260.46	-	7,782.60
Graham Ramage Trust	1,837.00	563.34	-	398.39	-	141.61	1,837.00	1,103.34
Sommerville Trust	119.00	438.49	-	-	-	27.50	119.00	465.99
Misses Murray Legacy Trust	500.00	1,433.26	-	-	-	89.89	500.00	1,523.15
D. Smith's Trust	100.00	799.08	-	-	-	44.35	100.00	843.43
Mrs E. McWhirter Trust	824.00	240.35	-	-	-	41.41	824.00	281.76
Dalmellington Cemetery Trust	58.00	18.91	-	-	-	3.79	58.00	22.70
R Mitchell Trust	50.00	14.51	-	-	-	2.50	50.00	17.01
Mrs H S Wilson Trust	122.00	46.20	-	-	-	7.63	122.00	53.83
Dalrymple Cemetery Trust	100.00	33.16	-	-	-	6.02	100.00	39.18
Polish Patients Fund	11.00	3.15	-	-	-	0.63	11.00	3.78
Miss A. Stevenson Trust	100.00	32.60	-	-	-	6.54	100.00	39.14
Mrs C. Gordon Trust	100.00	32.60	-	-	-	6.54	100.00	39.14
Miss J. Leiper Young Trust	100.00	32.60	-	-	-	6.54	100.00	39.14
Miss J.M.M. Cuthbert Executory	100.00	32.60	-	-	-	6.54	100.00	39.14
GAA Trust	922.00	3,367.24	-	(24.00)	-	165.52	922.00	3,508.76
Gavin Memorial Fund	1,040.00	145.02	-	-	-	58.46	1,040.00	203.48
Brown Prize Fund	216.00	25.41	-	-	-	23.16	216.00	48.57
Hon. Alex Shaw Prize	100.00	9.38	-	(5.00)	-	5.27	100.00	9.65
Morton Steven Dux Medal	207.00	198.23	-	(20.00)	-	19.50	207.00	197.73
Latta Dux Medal	143.00	64.02	-	(40.00)	-	9.23	143.00	33.25
Jas. Mackie Memorial Prize	65.00	26.43	-	-	-	4.51	65.00	30.94
Hunter Stewart Fund	94.30	3.76	(6.77)	(8.23)	-	4.47	87.53	-
Hood Endowment	74.23	-	(27.08)	(2.92)	-	2.92	47.15	-
Arch. Hood Prize	100.00	44.48	-	-	-	7.13	100.00	51.61
A.B. Carswell Prize	216.00	67.50	-	-	-	16.44	216.00	83.94
William Wilson Memorial Prize	109.00	15.64	-	-	-	6.15	109.00	21.79
Margaret Wilson Memorial Prize	94.75	-	(26.07)	(3.93)	-	3.93	68.68	-
McKenzie Prizes	44.00	54.12	-	-	-	4.84	44.00	58.96
Galston Town Council Dux Medal	150.00	10.37	-	-	-	7.91	150.00	18.28
George Mason Prize Fund	42.05	-	-	-	-	2.07	42.05	2.07
Robert C. Grant Prize Fund	164.00	2.12	(30.67)	(9.33)	-	7.21	133.33	-
Miss Mary C Smith Memorial Prize	42.63	-	(8.14)	(1.86)	-	1.86	34.49	-
Marion Hamilton Memorial Prize	41.34	-	(23.58)	(1.42)	-	1.42	17.76	-
Sarah B Campbell	259.00	1,797.44	-	-	-	101.45	259.00	1,898.89
Jean G Glennie	49.67	-	(2.67)	(2.33)	-	2.33	47.00	-
John Minto Prize Fund	100.00	12.82	-	-	-	5.57	100.00	18.39
W S Oughton Memorial Prize Fund	30.00	29.59	-	-	-	2.94	30.00	32.53
Sir Alexander Fleming Prize Fund	200.00	44.27	-	(5.00)	-	11.93	200.00	51.20
John C Kennedy Trust	1,000.00	5,305.07	-	-	-	311.04	1,000.00	5,616.11
Agnes Smith Campbell Prize Fund	400.00	27.35	-	-	-	21.08	400.00	48.43
T K Stevenson Memorial Prize	50.00	25.05	-	-	-	3.70	50.00	28.75
	<b>64,754.88</b>	<b>528,843.44</b>	<b>(879.18)</b>	<b>(35,254.67)</b>	<b>-</b>	<b>28,794.32</b>	<b>63,875.70</b>	<b>522,383.09</b>

# Glossary of Terms

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

## Accruals

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

## Actuarial Gains and Losses (Pensions)

The changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or
- (b) the actuarial assumptions have changed.

## Asset Management Revenue Account

The Asset Management Revenue Account is used to administer technical accounting adjustments requiring to be made within the accounts in relation to fixed assets, such that there is no impact on the Council Tax.

## Average Discounted Market Value

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

## Capital Charges

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

## Capital Expenditure

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

## Capital Financed from Current Revenue (CFCR)

This relates to revenue income which is used to pay for capital projects.

## Capital Financing Cost

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

## Community Assets

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

## Contingency

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

## Corporate and Democratic Core

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

## Current Service (Pensions) Cost

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

## Curtailments (Pensions)

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

## Depreciation

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

# Glossary of Terms

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## Depreciated Historic Cost

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

## Depreciated Replacement Cost

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

## Emoluments

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

## Exceptional Items

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

## Expected Return on Pension Assets

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

## Financial Reporting Standard (FRS)

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

## Fixed Assets

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

## Government Grants

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

## Impairment

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

## Infrastructure Assets

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

## Interest Cost (Pensions)

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

## National Non Domestic Rates Pool

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

## Net Book Value

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

## Net Realisable Value

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

## Non-Operational Assets

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

## Operating Leases

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

# Glossary of Terms

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## Operational Assets

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

## Past Service Costs (Pensions)

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

## Prior Year Adjustments

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

## Related Party Transactions

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

## Service Expenditure Analysis (SEA)

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

## Specific Government Grants

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

## Stocks

Comprise the following categories:

- (a) Goods or other assets purchased for resale;
- (b) Consumable stores;
- (c) Raw materials and components purchased for incorporation into products for sale;
- (d) Products and services in intermediate stages of completion;
- (e) Long-term contract balances; and
- (f) Finished goods.

## Trading Operations

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

## Useful Life

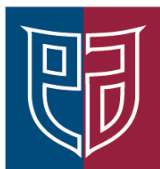
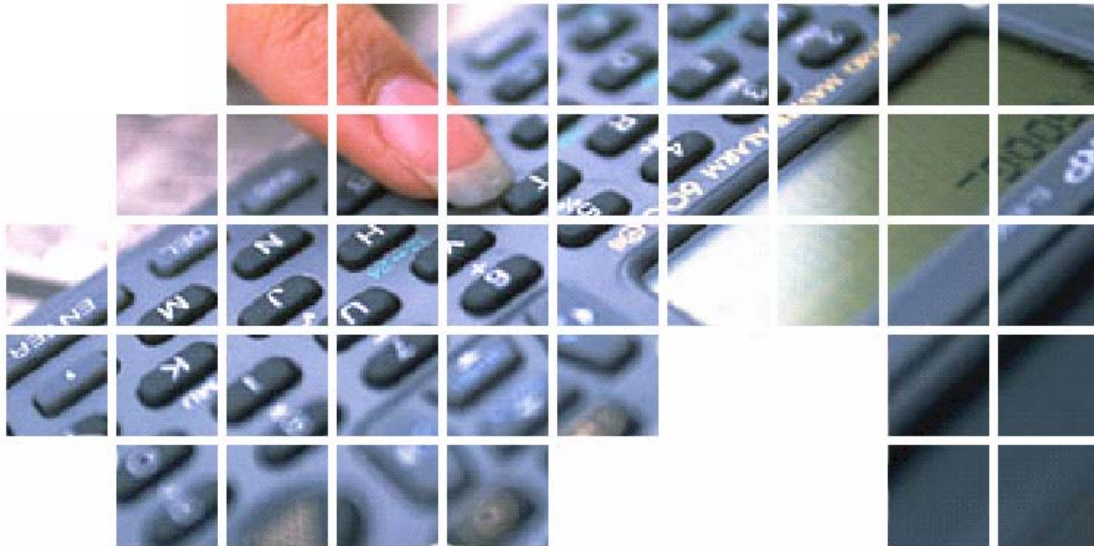
The period over which the local authority will derive benefits from the use of a fixed asset.

## Independent Auditors' Report

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The audit of East Ayrshire Council's Accounts for 2004-05 will be carried out by PricewaterhouseCoopers between July and September 2005 and the figures contained herein are subject to audit. The Auditors' certificate relative to the accounts is expected in October 2005 and the audited accounts will be presented to the Council for approval thereafter.





**East Ayrshire**  
COUNCIL

[www.east-ayrshire.gov.uk/finance](http://www.east-ayrshire.gov.uk/finance)