

East Ayrshire Council



Abstract of Accounts 2001/2002



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The Accounts Explained

The following accounts describe the financial performance of East Ayrshire Council for the year ended 31 March 2002. The services provided by the Council fall into distinct areas.

- **General Services**

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

- **Housing Revenue Account**

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

- **Support Costs**

Support for the above services is provided principally by the departments of Finance, Corporate Resources, Corporate Office Accommodation, and Homes and Technical Services, the costs of which are recharged to the user services.

Constraints on Expenditure

When formulating its annual budget the Council must take cognisance of the level of central government grant income, the impact on council tax levels and the ability to make contributions to the Housing Revenue Account. The government also control the level of Capital Expenditure.

Source of Funds

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

Revenue Expenditure

- **General Services**

- (a) **Council Tax**

The Council sets its levels of Council Tax annually. The level for 2001/2002 was levied at £921.60 for Band 'D' properties.

- (b) **Central Government Grants**

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

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

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

- **Housing Revenue Account**

The running costs are met from the income generated from Housing Rents and other sundry income. The average rent level set for the year amounted to £35.45 per week.

Financial Report by Director of Finance

Capital Expenditure

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

Format of the Accounts

- **Consolidated Revenue Account**

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

- **Consolidated Balance Sheet**

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

- **Cash Flow Statement**

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

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

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

Performance for the Year

- **Reserves**

	General Fund Balance £m	HRA Balance £m	Renewal & Repairs Fund £m	Total £m
Fund Balances & Revenue Reserves				
Balance as at 1 April 2001	1.004	0.066	0.421	1.491
Net Surplus for the year	0.160	0.179	-	0.339
Balance transferred	-	(0.245)	0.245	-
Balance as at 31 March 2002	1.164	-	0.666	1.830

- **General Fund**

The General Fund surplus for the year of £0.160m when added to the surplus balance brought forward of £1.004m results in a cumulative surplus of £1.164m.

Financial Report by Director of Finance

- **Housing Revenue Account**

The Housing Revenue Account reports a surplus for the year of £0.179m. In conjunction with £0.066m of HRA balances, the surplus has been appropriated to the Renewals and Repairs Fund, £0.245m.

- **Capital Programme**

The total borrowing in respect of Capital Expenditure for the year amounted to £8.170m on General Services and £3.588 on Housing. This was in line with Scottish Executive guidelines which permits a variance of up to 5% on the approved consent.

	Capital Consent £m	Actual Borrowing £m	Variance £m	%
Housing - HRA	3.443	3.588	0.145	4.21%
General Services	7.878	8.170	0.292	3.71%

The positive financial position of the General Fund, Trading Services and the Housing Revenue Account reflects the Council's commitment to strong financial management. Officers at all levels in service departments are encouraged by the leadership of elected members and the support of finance managers to manage budgets effectively. In line with the Council's commitment to continuous improvement, further development of the financial management systems is currently in hand.

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

Alexander McPhee, ACMA
Director of Finance
27th June 2002

Statement of Accounting Policies

Principles Adopted in Compiling the Accounts

- **General**

The Accounts relate to the financial year ended 31 March 2002 with relevant figures for 2000/01 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 issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

- **Revenue Transactions**

Revenue transactions have been recorded on an accruals basis, whereby sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year with provision being made on an actual or estimated basis for all debtors and creditors as at 31 March 2002.

- **Pension Costs**

The cost of providing pensions for employees is charged to the revenue account in accordance with the statutory requirements governing the particular pension schemes to which the Council contributes. Accordingly, the revenue account does not include provision for the future pension costs of former employees and the liabilities in the balance sheet exclude those in respect of ongoing pension costs.

In accordance with the requirements of FRS17 the net asset/liability in respect of pensions as at 31 March 2002 is disclosed as a note to the Consolidated Balance Sheet. In accordance with the Accounting Standards Board view, that during the transition to full implementation of FRS17 the requirements of SSAP24 should be complied with, the relevant disclosure requirements have been retained. It is intended that FRS 17 will be implemented in full from 2003/04.

- **Operating Leases**

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

- **Support Costs**

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

- **Loans Fund Interest**

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

- **Government Grants**

Grants made to finance the general activities of the Council or to compensate for loss of income are credited to the revenue account of the financial year to which they relate. Specific government grants are accounted for when the conditions of receipt have been met. Accruals have been made in the revenue accounts for balances known to be receivable for the period to 31 March 2002.

Statement of Accounting Policies

• Capital Accounting

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

• Fixed Assets

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

• Depreciation

Assets, other than land or community assets, are depreciated over their useful economic lives. The period and categories of assets involved are: -

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

• Investments

Investments are recorded at cost.

• Stocks

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

• Covenant Scheme

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

• Redemption of Debt

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

Statement of Accounting Policies

- **Capital Reserves**

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

- A fixed asset restatement reserve which represents the difference between the valuation of the assets under the former system of capital accounting and their initial revaluation plus the surpluses or deficits on any subsequent revaluations, less the net book value of any assets as they are disposed of.
- A capital financing reserve which represents the accumulated balance of capital receipts applied, capital receipts set aside and capital funded from current revenue, less the difference between loans fund principal repayments and depreciation.
- The usable capital receipts reserve which represents the capital receipts available to finance capital expenditure in future years.

- **Provisions**

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

Consolidated Revenue Account – Service Summary

2000-01 Actual	Notes	Committee	2001-02 Actual		
Net £000s			Expenditure £000s	Income £000s	Net £000s
82,545		Education	96,644	9,002	87,642
(1,621)		Housing Revenue Account	32,839	33,018	(179)
1,404		General Fund Housing	26,858	24,947	1,911
27,441		Social Work	41,861	12,016	29,845
40,485		Community Services	45,067	3,570	41,497
15,162		Development Services	19,517	4,218	15,299
-	1	Homes and Technical Services	4,545	4,545	-
-	1	Central Services & Corporate Resources	17,571	17,571	-
1,776		Miscellaneous Services	2,208	109	2,099
(2,654)		Other Specific Budget Items	2,303	-	2,303
3,182	15	Corporate & Democratic Core	4,412	-	4,412
1,254	16	Unapportionable Central Overheads	1,379	-	1,379
2,348	1	Unallocated Central Services and Corporate Resources	2,646	108	2,538
171,322		Net Cost of Services	297,850	109,104	188,746
(671)		Net (Surplus) / Deficit on DSOs and DLOs			(1,113)
(1,553)	2	Asset Management Revenue Account			(4,911)
34		Interest on Revenue Balances			(131)
314	14	Premiums arising from Debt Restructure written off			314
169,446		Net Operating Expenditure			182,905
		Appropriations			
66		Transfer to / (from) HRA Balances			(66)
(8,869)		Transfer to Capital Financing Reserve			(7,587)
900		Contribution to / (from) Insurance Fund			1,081
421	17	Contribution to / (from) Renewal and Repairs Fund			245
161,964		Amount to be met from Government Grants and Council Tax			176,578
		Sources of Finance			
80,297		Revenue Support Grant			91,472
39,336		Non-Domestic Rate Income			36,664
14,607		Specific Grants			15,824
-		Community Charge Arrears			(500)
31,387		Council Taxpayers			33,278
165,627		Income from Government Grants and Council Tax			176,738
(3,663)		Net General Fund (Surplus) / Deficit for the year			(160)
2,659		Balances on General Fund Brought Forward			(1,004)
(1,004)		Surplus on General Fund Carried Forward			(1,164)

Consolidated Revenue Account - Notes

Note 1 ~ Unallocated Support Costs

Expenditure on Central Services and Corporate Resources, Property Services and the Central Repairs Account, which form part of the Department of Homes and Technical Services and Community Services Local Offices are Support Costs which have been allocated in accordance with the Best Value Accounting Code of Practice (BVACOP).

The costs of Central Services and Corporate Resources have been fully allocated over other services, other than for those elements relating to front line services, that is Cost of Collection, District Court/Licencing Board, Administration of Housing Benefit and Children's Panel.

Support Costs within Service Departments have been allocated to front line service units within those departments, in accordance with Best Value guidelines.

Capital Charges are included in the full allocation of Support Services.

	Gross Expenditure £000s	Gross Income £000s	Net £000s
Central Services & Corporate Resources			
Central Services			
Finance	6,003	6,003	-
Democratic Process	615	615	-
Corporate Office Accommodation	1,938	1,938	-
Cost of Collection	877	-	877
Administration of Housing Benefits	1,433	-	1,433
	10,866	8,556	2,310
Corporate Resources			
Central Management Support	135	135	-
Chief Executive Office	556	556	-
Administration & Legal Services	1,971	1,802	169 *
Personnel Services	1,294	1,294	-
Information Technology	3,639	3,639	-
Corporate Development & Communication	575	575	-
Childrens Panel	59	-	59
	8,229	8,001	228
TOTAL	19,095	16,557	2,538

* Balance is District Court/Licencing Board which is Unallocated Support Costs.

	Gross Expenditure £000s	Gross Income £000s	Net £000s
Homes & Technical Services			
Property Services	438	438	-
Central Repairs Account	1,570	1,570	-
TOTAL	2,008	2,008	-

	Gross Expenditure £000s	Gross Income £000s	Net £000s
Community Services			
Local Offices	933	933	-
TOTAL	933	933	-

Consolidated Revenue Account – Notes

Note 2 ~ Asset Management Revenue Account

2000-01 £000s		2001-02 £000s
16,284	Depreciation	15,724
12,697	Loans Fund Interest	12,420
188	Loans Fund Expenses	244
29,169	Total Expenditure	28,388
1,848	Direct Loan Charges	-
(32,537)	Capital Charges	(33,266)
(33)	Notional Interest on DLO/DSO Stock Balance	(33)
(30,722)	Total Income	(33,299)
(1,553)	Total Net Expenditure / Income	(4,911)

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

	Total Assets Utilised £000s	Capital Charges Made £000s	Loan Charges Paid £000s
Housing Revenue Account*	194,594	9,991	9,991
General Fund Housing	-	-	859
Education	162,204	13,439	2,598
Social Work	9,941	2,303	845
Community Services	21,603	1,926	1,533
Development Services	43,509	4,146	4,102
Policy & Resources	8,291	1,328	985
DLOs and DSOs	910	166	70
	441,052	33,299	20,983

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

Note 3 ~ Pension Costs

The Council contributes to two pension schemes: -

(1) The Local Government Superannuation (Scotland) Scheme

This scheme, the Strathclyde Pension Fund, is administered by Glasgow City Council on behalf of the scheduled and admitted bodies in the West of Scotland. This is the main scheme for administrative and manual staff employed by the Council, being a funded defined benefits scheme. This being a 'final salary' based scheme it is not possible for these accounts to fully comply with all the disclosure requirements of the Accounting Code of Practice. The scheme is supported by contributions from both employees and employers. During 2001/02 the Council contributed £5.721m (or 12.27% of total pensionable pay) to the scheme. In addition, contributions totalling £1.379m (or 2.96% of total pensionable pay) were made in respect of added years.

The Funds Actuary has been unable to advise as to the total cost over future years of discretionary increases in pensions payments.

£1.476m has been remitted to the Strathclyde Pension Fund during 2001/02 in order to meet future pension liabilities, in respect of added years and early retirals. 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 last actuarial valuation of the fund took place as at 31 March 1999.

(2) Teachers

The Teachers Pension scheme is administered by the Scottish Executive. Contributions by East Ayrshire Council during 2001/02 amounted to £2.534m (or 6.8% of pensionable pay). The employer's contribution is set at 7.2%. In addition contributions totalling £0.097m (or 0.3% of pensionable pay) were made in respect of added years.

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

The Council's expenditure under this statute, which is for the benefit of local residents, is limited to the product of £3.80 and the population of the Council's area. For 2001/02 the limit was £0.471m. Expenditure amounted to £0.413m (2000/01; £0.403m) and is included within service spending.

Note 5 ~ Local Government Act 1986 – Separate Publicity Account

Section 5 of this Act requires the Council to maintain a separate account for publicity. Expenditure of £0.340m was incurred during 2001/02 (2000/01; £0.295m) and is included within service spending.

Note 6 ~ Skills Training Schemes

These are principally funded by grants from the Training Agency. £0.818m was spent on the schemes in 2001/02 (2000/01; £0.954m) but only the net cost appears in the Consolidated Revenue Account.

Note 7 ~ Operating Lease Rentals

The Council leases a variety of assets by operating leases. The assets involved are mainly vehicles, computers, photocopying equipment and items of plant. The cost of leases is shown as service spending but no asset appears in the balance sheet. Operating leases cost £2.590m in 2001/02 (2000/01; £2.508m). The unexpired commitment on these at 31 March 2002 is £10.381m.

Consolidated Revenue Account - Notes

Note 8 ~ Items of Income and Expenditure

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

What the money was spent on:-			
2000-01 Actual £000s		2001-02 Actual £000s	2001-02 Budget £000s
87,989	Employee Costs	95,653	97,151
27,154	Property Costs	26,433	25,598
5,453	Transport Costs	5,498	5,802
16,802	Supplies & Services	20,362	16,942
4,136	Administration Costs	4,685	9,792
56,613	Payments to Other Bodies	61,158	61,671
456	Bad Debts	208	510
22,020	Central Support Costs	23,983	19,293
32,359	Funding Costs	33,133	34,387
24,997	Housing Benefit Payments	26,737	30,455
277,979	Cost of Council Services	297,850	301,601
(671)	Trading Services (Surplus) / Deficit	(1,113)	(495)
900	Contribution to / (from) Insurance Fund	1,081	1,081
421	Contribution to / (from) Renewal and Repairs Fund	245	-
66	Transfer to / (from) HRA Balances	(66)	-
(10,074)	Capital Accounting Adjustment	(12,315)	(12,519)
268,621	Total Expenditure	285,682	289,668

Where the money came from:-			
31,631	Housing Rents	31,776	31,903
75,026	Other Income	77,328	79,361
106,657	Income Related to Council Services	109,104	111,264
80,297	Revenue Support Grant	91,472	91,472
14,607	Specific Grants	15,824	15,835
39,336	Non-Domestic Rates	36,664	36,711
-	Community Charge Arrears	(500)	-
31,387	Council Tax	33,278	33,820
272,284	Total Income	285,842	289,102
(3,663)	General Fund Surplus for Year	(160)	566

Consolidated Revenue Account - Notes

Note 9 ~ Officers Emoluments

An analysis of Council officers whose total emoluments for 2001/2002 exceeded £40,000 is detailed below.

	Total Officers within this band
£40,000 - £49,999	30
£50,000 - £59,999	22
£60,000 - £69,999	3
£70,000 - £79,999	2
£80,000 - £89,999	1
£90,000 - £99,999	1
£100,000 +	-
TOTAL	59

Note 10 ~ Members Allowances and Interests

The total Members' Allowances paid during 2001/02 amounted to £0.439m.

The public record of Members' Expenses for 2001/02 is available for inspection during normal working hours at the Department of Finance, Council Offices, Greenholm St, Kilmarnock.

The Register of General Notice of Members' Registerable Interests is available for inspection during normal working hours at the Department of Corporate Resources, Council Headquarters, London Road, Kilmarnock.

Note 11 ~ Redundancy Payments

Included in service gross expenditure, as detailed in the Consolidated Revenue Account, are redundancy payments totalling £0.030m.

Note 12 ~ Insurance Fund

The Council operates an internal Insurance Fund with the balances as at 31 March being carried forward to provide funds for future insurance premiums and uninsured losses. As at 31 March 2002 the balance on the fund amounted to £1.044m, a revenue contribution of £1.081m having been made in 2001/02.

Consolidated Revenue Account - Notes

Note 13 ~ Related Party Transactions

During 2001/02 transactions arose with related parties as follows:

	Income £000s	Expenditure £000s
Central Government & Government Agencies		
Revenue Grants		
Revenue Support Grant	91,472	
Non-Domestic Rates	36,664	
Housing Benefit Subsidy	24,944	
Council Tax Benefit Subsidy	7,376	
Specific Grants	15,824	
Enterprise Ayrshire	567	
Homeless Persons	448	
Better Neighbourhood Services	1,900	
Modernising Local Government	403	
Coalfield Social Inclusion Partnership	1,496	
Capital Grants		
New Deal for Schools	659	
School Building Improvement	296	
Housing - Energy Efficiency	294	
Related Companies		
Galleon Centre		200
West of Scotland Loans Fund		150
Related Bodies		
Strathclyde Police Joint Board		17,278
Strathclyde Fire Brigade Joint Board		4,792
Strathclyde Passenger Transport Authority		2,677
Ayrshire Valuation Joint Board		566
Authorities Buying Consortium		38
North Social Inclusion Partnership		65
Ayrshire Electronic Community		150
Strathclyde Pension Fund		7,100
Scottish Office Pensions Agency		2,631

Note 14 ~ Restructuring of Debt

During 2001/02 the Council entered into no further transactions in respect of the repurchase of loans; the resultant movement in long term prepayments from 1999/2000 is as follows: -

		£000	£000
Balance as at 1 April 2001			11,058
Premiums / (Discounts) during year		-	
Less: balance written off during year		(314)	(314)
			10,744
Represented by:	Prior Years £000	2001/02 £000	Total £000
Premiums arising from debt restructure	11,651	-	11,651
Less: premium written off in previous years	(593)	-	(593)
Less: premium written off during current year	-	(314)	(314)
	11,058	(314)	10,744

Consolidated Revenue Account - Notes

Note 15 ~ Corporate and Democratic Core

In accordance with the Best Value Accounting Code of Practice costs have been identified in respect of Corporate and Democratic Core comprising £2.138m in respect of Corporate Management and £2.274m in respect of Democratic Representation and Management. Corporate Management concerns those activities which relate to the general running of the authority; Democratic Representation and Management concerns policy making and all other Member-based activities.

Note 16 ~ Unapportionable Central Overheads

In accordance with the Best Value Accounting Code of Practice charges for added years and early retirement totalling £1.379m, remitted to the Strathclyde Pension Fund, have been separately identified as Unapportionable Central Overheads.

Note 17 ~ Renewal & Repairs Fund

The Council operates an internal Repairs and Renewals Fund with balances as at 31 March being carried forward. As at 31 March 2002 the balance on the Fund amounted to £0.666m, a contribution of £0.245m having been made in 2001/02.

Note 18 ~ Best Value Accounting Code of Practice (BVACOP) – Service Expenditure Analysis (SEA)

The Consolidated Revenue Account has been prepared in alignment with the Councils management structure, rather than the Service Expenditure Analysis detailed in the Best Value Accounting Code of Practice, in order to focus on managerial accountability and to enhance clarity of understanding. The impact of restating the Consolidated Revenue Account, net expenditure in accordance with the Service Expenditure Analysis is detailed below: -

2000/01 Actual £000		2001/02 Actual £000	2001/02 Actual £000
82,545	Education Services		87,641
1,134	Housing Services		3,124
11,053	Culture & Related Services		10,694
8,739	Environmental Services		8,381
12,210	Roads & Transport Services		11,798
3,540	Planning & Development Services		6,388
27,483	Social Work		29,945
4,039	Corporate & Democratic Core	4,645	
1,254	Unapportionable Central Overheads	1,379	
1,288	Central Services to the Public	1,400	
17,366	Other Operating Income & Expenditure	22,238	
23,947	Central Services		29,662
170,651	Net Total Cost		187,633
171,322	Net Cost of Service Per Consolidated Revenue Account		188,746
(671)	Net (Surplus) / Deficit on DSO's and DLO's		(1,113)
170,651			187,633

Collection Accounts

Non-Domestic Rate Income Account

2000-01 £000s		2001-02 £000s
30,406	Gross Rates levied and contributions in lieu	31,730
	Less	
(4,761)	Reliefs and other reductions	(4,876)
(1,153)	Provision for bad and doubtful debts	(1,207)
24,492		25,647
(1,147)	Prior Years-Pool	(928)
16,046	Contribution from National Non-Domestic Rate Pool	11,992
39,391	Net Income	36,711
(55)	Adjustments and Pre-Pool Years	(47)
39,336		36,664

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 areas.

The amount paid for Non-Domestic Rates is determined by the rateable value placed on the property by the Assessor multiplied by the Rate per £ announced each year by the Scottish Executive. The National Non-Domestic Rate poundage set by the Scottish Executive for 2001/02 was £0.47.

Analysis of Rateable Values at 1st April 2001:	Number	£000s
Shops (inc. restaurants)	1,101	17,056
Offices	482	4,188
Hotels, Boarding Houses etc.	45	540
Industrial and Freight Transport Subjects	557	14,913
Formula Valued	8	4,398
Miscellaneous Subjects	1,093	18,007
Other	768	7,301
Total	4,054	66,403

Community Charge Account

During 2001/02 Community Charge (Poll Tax) arrears of £0.166m have been collected, being offset against the balance sheet debtor brought forward from 1999/00.

In accordance with the Accounting Code of Practice a review of the provision for the non recovery has been made and an additional provision of £0.500m has been made.

Collection Accounts

Council Tax Account

2000-01 £000s		2001-02 £000s
37,821	Gross Council Tax levied and contributions in lieu and penalties	40,244
	Less	
(434)	Council Tax Benefits (Net of Government Grant)	(471)
(4,095)	Discounts and Reductions	(4,323)
(1,667)	Provision for bad and doubtful debts	(1,899)
(238)	Previous Years	(273)
31,387	Total Income from Council Tax	33,278

The Calculation of the Council Tax Base

2000-01 Total	Bands	Disabled A	A	B	C	D	E	F	G	H	2001-02 Total
52,550	Properties		27,306	9,560	4,022	5,005	4,720	1,934	401	36	52,984
(948)	Exemptions		(692)	(110)	(39)	(32)	(15)	(7)	(2)	(2)	(899)
-	Disabled relief	45	40	(54)	17	(2)	(35)	(4)	(6)	(1)	-
(17,928)	Discounts (25%)	(16)	(11,686)	(2,910)	(1,088)	(940)	(773)	(187)	(36)	(1)	(17,637)
(641)	Discounts (50%)		(539)	(90)	(59)	(41)	(31)	(11)	(4)	(3)	(778)
46,801	Total equivalent	41	23,463	8,624	3,699	4,716	4,461	1,871	382	31	47,288
	Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
38,646	Band 'D' equivalents	23	15,642	6,708	3,288	4,716	5,452	2,703	637	62	39,230
(1,932)	Bad Debt provision										(1,962)
8	Class 18 Dwellings										-
36,722	COUNCIL TAX BASE										37,268

The figures shown in the table above indicate the number of properties as at 31 October 2002.

The Nature and Actual Amount of Each Charge Fixed

Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor, employed by Ayrshire Valuation Joint Board (AVJB). The Council Tax charge is calculated using the Council Tax Base, i.e. Band 'D' Equivalents. This value is then decreased/increased dependant on the band. The Band 'D' Charge for 2001/02 was £921.60.

BAND	2001-02 £ per year
A	614.40
B	716.80
C	819.20
D	921.60
E	1,126.30
F	1,331.20
G	1,536.00
H	1,843.20

Housing Revenue Account

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

2000-01	Housing Revenue Account	2001-02	
Actual £000s		Actual £000s	Budget £000s
	Expenditure		
3,088	Supervision and Management	3,357	3,534
10,979	Repairs and Maintenance	11,656	11,303
9,731	Capital Charges	9,991	10,393
520	Homeless Persons	521	561
456	Increase in Provision for Bad Debts	208	510
6,292	Other Expenditure	7,026	6,781
31,066	Total Expenditure	32,759	33,082
	Income		
31,631	Rents - Council Houses	31,776	31,903
600	Rents - Other	669	627
406	Housing Support Grant	448	448
15	Interest	12	11
35	Miscellaneous	33	27
32,687	Total Income	32,938	33,016
(1,621)	(Surplus) / Deficit for the Year	(179)	66
-	HRA (Surplus)/Deficit brought forward from Previous Year	(66)	(66)
66	Appropriation to/(from) Renewal & Repairs Fund	(100)	-
421	Appropriation to/(from) Renewal & Repairs Fund	345	-
(1,134)	Net (Surplus) / Deficit Charged To General Fund	-	-

The Housing Revenue Account reports a surplus for the year of £0.179m. In conjunction with £0.066m of HRA balances, the surplus has been appropriated to the Renewals and Repairs Fund, £0.245m.

Housing Stock

2000-01	House Type	2001-02		
		Flat	House	Total
3,076	One Bedroom	1,929	1,053	2,982
8,669	Two Bedroom	4,195	4,163	8,358
5,333	Three Bedroom	910	4,198	5,108
383	Four Bedroom	27	339	366
2	Five Bedroom	2	-	2
17,463		7,063	9,753	16,816

Rental Information

2000-01	Rental Information	2001-02
£34.15	Average Weekly Rent (52 weeks)	£35.53
14.3%	Current Rent Arrears (as % of Rent Collectable)	10.6%
£2.654m	Total Rent Arrears	£1.881m
£1.380m	Provision for Bad Debts	£0.855m

DLO and DSO Summary Statement

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

	STATUTORY			NON-STATUTORY			TOTAL		
	Income £000s	Expend £000s	(Surplus)/ Deficit £000s	Income £000s	Expend £000s	(Surplus)/ Deficit £000s	Income £000s	Expend £000s	(Surplus)/ Deficit £000s
Catering DSO	2,930	2,771	(159)	699	684	(15)	3,629	3,455	(174)
Other Catering DSO	467	448	(19)	-	-	-	467	448	(19)
Cleaning of Buildings DSO	2,138	2,129	(9)	2,680	2,581	(99)	4,818	4,710	(108)
School Crossing Patrols	301	298	(3)			-	301	298	(3)
Roads DLO	3,965	3,933	(32)			-	3,965	3,933	(32)
			-			-	-	-	-
Roads DLO			-			-	-	-	-
Vehicle Maintenance DSO	1,098	1,052	(46)			-	1,098	1,052	(46)
Refuse Collection DSO	2,480	2,404	(76)			-	2,480	2,404	(76)
Street Cleansing DSO	1,478	1,425	(53)			-	1,478	1,425	(53)
Leisure Management DSO	1,019	1,012	(7)			-	1,019	1,012	(7)
Grounds Maintenance DSO	4,400	4,372	(28)			-	4,400	4,372	(28)
Building & Works DLO	12,345	11,778	(567)			-	12,345	11,778	(567)
TOTAL	32,621	31,622	(999)	3,379	3,265	(114)	36,000	34,887	(1,113)

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

The Catering DSO comprises school and welfare catering, whereas Other Catering DSO relates to, for example, catering for staff.

This classification is in accordance with the Code of Practice for Compulsory Competition.

Consolidated Balance Sheet

31 March 2001	Consolidated Balance Sheet as at 31 March 2002	Balance Sheet Note	31 March 2002	
£000s			£000s	£000s
	FIXED ASSETS			
208,541	Council Dwellings	1	192,790	
206,861	Other Land and Buildings		200,418	
26,273	Infrastructure		26,880	
7,097	Vehicles, Plant and Equipment		7,073	
450	Community Assets		300	
449,222	Operational Assets			427,461
13,095	Investment Properties		12,372	
1,530	Surplus Assets		1,219	
14,625	Non Operational Assets			13,591
11,058	Long-Term Prepayment	CRA 14		10,744
474,905	Total Assets			451,796
	CURRENT ASSETS			
739	Stocks and Work in Progress		967	
26,046	Debtors	2	23,670	
34	Cash		36	
26,819				24,673
	LESS:			
	CURRENT LIABILITIES			
25,092	Creditors	3	27,706	
2,076	Temporary Borrowing	4	73	
1,148	Bank Overdraft		1,000	
28,316				28,779
(1,497)	NET CURRENT LIABILITIES			(4,106)
473,408	TOTAL			447,690
	REPRESENTED BY:			
193,481	Borrowing Repayable after 12 months	4		193,078
204,428	Fixed Asset Restatement Reserve	5		177,990
73,017	Capital Financing Reserve			73,728
2,482	Fund Balances and Other Reserves	6		2,894
473,408	TOTAL			447,690

Alexander McPhee, ACMA
Director of Finance
27th June 2002

Consolidated Balance Sheet – Notes

The Consolidated Balance Sheet brings together all the assets and liabilities of the Council's General Fund, Direct Labour and Service Organisations and Loans Fund and should be read in conjunction with the Statement of Accounting Principles. It is a snapshot of the Council's financial position at 31 March 2002.

Note 1 ~ Fixed Assets

Fixed Assets are included in the Balance Sheet at their current asset value as at 31 March 2002. Assets are valued as follows:

- **Council Dwellings** - The valuation of Council Dwellings has been adjusted to reflect the Average Discounted Market Value. Depreciation equates to capital expenditure incurred during the year, where that expenditure does not materially enhance asset valuations.
- **Other Land and Buildings, Surplus Property** - These have been 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 professional staff under the direction of the Director of Development Services and represents values as at 31 March 2001, adjusted for any material changes.
- **Vehicles, Plant, Furniture and Fittings** - Depreciated Historic Cost. Depreciation has been applied on a straight-line basis, over periods of between 2 – 10 years, depending on the nature of the asset. Vehicles have been included in the accounts at Depreciated Replacement Cost.
- **Infrastructure** - Depreciated Historic Cost. Depreciation has been applied on a straight-line basis, over periods of between 25 – 40 years, depending on the nature of the asset.
- **Community Assets** - Assets have been valued at Depreciated Historic Cost. Land held as open space or common ground is valued at nil.

Information Held on Assets

The main assets held by the Council as at 31 March 2002 are as follows: -

	Numbers as at 31 March 2002			Numbers as at 31 March 2002
Council Dwellings	16,816	Operational Equipment		
		Vehicles		351
Operational Buildings				
Pre-5 Schools	22			
Primary Schools	46	Infrastructure Assets		
Secondary Schools	10	Trunk Roads		2
Special Schools	5	Principal Roads (Km's)		115
Community Education Centres	70	Non-Principal Roads (Km's)		404
Day Centres	3	Unclassified Roads (Km's)		578
Car Parks	36	Highway Bridges		548
Social Work Homes	9	Street Lighting Units		17,000
Assessment Centres	5			
Depots	9			
Sports Centres	8	Community Assets		
Swimming Pools	2	Parks (Acres)		114
Halls	18	Cemeteries (Acres)		108
Public Conveniences	9	Playing Fields/Open Spaces (Acres)		1,848
Council Offices	20			
Industrial Units	115			
Shops	42			
Libraries	27			
Museums	6			

Consolidated Balance Sheet – Notes

Funding of Capital Expenditure

Capital Expenditure during 2001/02 was funded as follows:

	Housing Revenue Account £000s	General Fund £000s	Total £000s
Borrowing	4,028	7,446	11,474
Usable Capital Receipts	1,608	663	2,271
Specific Grants	294	996	1,290
Capital Funded From Current Revenue (CFCR)	4,373	-	4,373
Gross Capital Expenditure	10,303	9,105	19,408

Movement in Assets during 2001/02

Category	Opening Position	+	-	-	+	=
	£000s	Acquisitions £000s	Disposals £000s	Depreciation £000s	Revaluation £000s	Closing Position £000s
Council Dwellings	208,541	6,746	(6,108)	(8,033)	(8,356)	192,790
Other Land & Buildings	206,861	4,649	-	(5,023)	(6,069)	200,418
Infrastructure	26,273	1,566	-	(959)	-	26,880
Vehicles, Plant & Equipment	7,097	1,149	(42)	(987)	(144)	7,073
Community Assets	450	-	-	(150)	-	300
Investment Properties	13,095	-	-	(528)	(195)	12,372
Surplus Assets	1,530	20	(692)	(45)	406	1,219
TOTALS	463,847	14,130	(6,842)	(15,725)	(14,358)	441,052
Service Analysis						
Housing Revenue Account	210,449	6,841	(6,108)	(8,097)	(8,368)	194,717
General Fund Services	252,385	7,289	(702)	(7,551)	(5,990)	245,431
Trading Services	1,013	-	(32)	(77)	-	904
TOTALS	463,847	14,130	(6,842)	(15,725)	(14,358)	441,052

Note 2 ~ Debtors

2000-01 £000s		2001-02		
		Gross Debtor £000s	Less Provision £000s	Debtor £000s
7,208	Arrears of Local Taxation - Council Tax	19,601	13,320	6,281
2,727	Arrears of Local Taxation - Non-Domestic Rates	6,851	4,336	2,515
1,384	Arrears of Local Taxation - Community Charge	9,618	8,900	718
1,274	Housing Rents	1,881	855	1,026
2,633	VAT and Income Tax Recoverable	2,357	-	2,357
10,820	Other Income Due	11,286	513	10,773
26,046	Total			23,670

Included in Debtors is an amount of £0.136m in respect of Housing Benefits Subsidy grant due from the Department of Work and Pensions; as this claim is not due for completion until 31 October 2002 the audit of the claim is as yet outstanding and accordingly the debtor may be subject to change.

Consolidated Balance Sheet – Notes

Note 3 ~ Sundry Creditors

(Repayable on demand or within 12 months)

2000-01 £000s		2001-02 £000s
2,473	Loan Interest accrued	2,209
22,619	Other	25,497
25,092	Total	27,706

Note 4 ~ Outstanding Borrowing

	Short-Term Borrowing	Long-Term Borrowing - time to maturity					OVERALL TOTAL £000s	Percentage %
	<365 Days	Under 1 Yr	1-5 Yrs	5-10 Yrs	Over 10 Yrs	Total Long-Term		
	£000s	£000s	£000s	£000s	£000s	£000s		
Banks/Monetary Sector	58	-	1,151	-	16,900	18,051	18,109	9.43%
Building Societies	-	-	-	-	1,000	1,000	1,000	0.52%
Financial Institutions	-	-	150	500	-	650	650	0.34%
Local Authorities	-	-	-	-	-	-	-	0.00%
Public Works Loan Board	-	14	353	134	171,819	172,320	172,320	89.71%
Public Corporations	-	-	-	-	-	-	-	0.00%
Central Government	-	-	-	-	-	-	-	0.00%
Other Sources	1	-	-	-	-	-	1	0.00%
	59	14	1,654	634	189,719	192,021	192,080	100.00%
Investment in Common Good						176	176	
Investment in Trusts & Bequests						595	595	
Covenant Scheme						300	300	
TOTAL	59	14	1,654	634	189,719	193,092	193,151	

Note 5 ~ Fixed Asset Restatement Reserve

Refer to Statement of Total Movement in Reserves (Page 28)

2000-01 £000s		2001-02 £000s
204,428	Balance at 31 March 2002	177,990

Note 6 ~ Fund Balances and Other Reserves

2000-01 £000s		2001-02 £000s
971	Insurance Fund	1,044
1,004	General Fund Surplus / (Deficit)	1,164
20	Baird Institute Reserve	20
421	Renewal & Repairs Fund	666
66	Housing Revenue Account Surplus / (Deficit)	-
2,482	Total	2,894

Consolidated Balance Sheet – Notes

Note 7 ~ Commitments and Guarantees

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

The Council guarantees the deposits taken by Cumnock Municipal Bank. As at 31 March 2002 the funds deposited with the Bank amounted to £0.058m. These are invested by the Bank on short-term deposit with East Ayrshire Council.

The Council, together with the successor authorities to Strathclyde Regional Council has a continuing commitment to meet its share of any residual liabilities of that authority. The Council has inherited a number of applications for equal pay at various stages of completion. In addition the Council has received 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. The final outcome of both of these issues is not certain at this time. No financial provision has been made in the 2001/2002 Accounts for these potential losses given the uncertainties which surround the final outcome.

The commitments in respect of capital schemes in excess of £20,000 are as follows:

General Fund	£000s	Housing	£000s
Silverwood Primary School Boiler Replacement	75	Bathroom Replacement Programme	21
Composite Programme - Retentions	73	Kitchen Replacement Programme	51
		Gas Central Heating	41
		Modernisations	231
		Painterwork	88
		Reroofing	43
Total	148	Total	475

Note 8 ~ Investments in Related Businesses and Companies

East Ayrshire Council provides a capital grant contribution to the West of Scotland Loans Fund Ltd. As at 31 March 2002 the Council's involvement stands at £0.606m. In the event of the Fund being wound up a contingent liability of £0.326m exists in respect of European Development Fund Grants. The Fund exists to co-ordinate the 12 former ex-SRC authorities in respect of the relationship with the European Regional Development Fund.

East Ayrshire Council does not have an interest in the share capital of any of the companies dealt with by the West of Scotland Loans Fund Ltd.

Note 9 ~ European Monetary Union

At present the participation of the United Kingdom in the European Monetary Union has yet to be confirmed. The integrated financial system implemented, with effect from 1 April 2002, is BASDA EMU accredited in accordance with the BASDA EMU advanced checklist and BASDA EMU specification. In the event that the UK enters the EMU in future years the new financial system of the Council will be fully Euro compliant.

Note 10 ~ Amounts held by Schools under DMR Scheme

£0.238m is held in respect of schools under the terms of the scheme of delegation of management of resources. This money is committed to be spent on Educational services.

Note 11 ~ Deferred Charges – Improvement Grants

A deferred charge arises where expenditure is charged to capital and is met from borrowing, but there is no tangible asset. It should only be included in the balance sheet where it can be shown there is a continued benefit to the authority. In line with the Statement of Recommended Accounting Practice, improvement grants of £0.302m have been written off to the Fixed Asset Restatement Reserve.

Note 12 ~ FRS 17 – Pension Assets and Liabilities

The Council has not been able to comply with the disclosure requirements detailed in FRS17 as the relevant information has not been provided by Glasgow City Council in its role as administrator of the Strathclyde Pension Fund.

Note 13 ~ Contingent Liabilities and Post Balance Sheet Events

All contingent liabilities relating to 2001/2002 have been disclosed as appropriate.

No post balance sheet events have transpired post 31 March 2002; accordingly no provisions or disclosures are required

Cash Flow Statement

2000-01 £000s		2001-02 £000s	2001-02 £000s
	REVENUE ACTIVITIES		
	Expenditure		
87,792	Employment Costs	95,745	
111,107	Other Operating Costs	118,233	
7,619	Housing Benefit Paid Out	8,958	
22,586	NDRI Contributable to Pool	25,450	
17,730	Precept Paid	10,502	
246,834		258,888	
	Income		
(14,251)	Rents (after rebates)	(13,997)	
(31,387)	Council Tax Income	(33,278)	
(98,027)	Revenue Support Grant/NDRI	(101,974)	
(39,336)	NDRI Distributable from Pool	(36,664)	
(22,586)	Precept Income	(25,450)	
(23,643)	DSS Grants for Rebates	(24,944)	
(14,607)	Other Government Grants	(15,824)	
(32,088)	Fees, Charges and Other Income	(32,279)	
(275,925)		(284,410)	
(29,091)	Net Cash In-flow from Revenue Activities		(25,522)
	Servicing of Finance		
12,687	Interest and Leasing Charges	12,619	
(83)	Interest Received	(99)	
12,604	NET CASH OUTFLOW FROM SERVICING OF FINANCE		12,520
	CAPITAL ACTIVITIES		
	Expenditure		
10,914	Purchase of Fixed Assets	14,130	
-	Purchase of Long-Term Investments	-	
6,394	Other Capital Cash Payments	4,758	
17,308		18,888	
	Income		
(7,775)	Sale of Fixed Assets	(6,747)	
(720)	Capital Grants Received	(1,290)	
(335)	Other Capital Cash Payments/Income	(152)	
(8,830)		(8,189)	
8,478	NET CASH OUTFLOW FROM CAPITAL ACTIVITIES		10,699
(8,009)	Net Cash (In-flow) / Out-flow before Financing		(2,303)
	Financing		
	Expenditure		
67,834	Repayments of Amounts Borrowed	34,423	
-	Capital element of Finance Lease Rentals Payments	-	
-	New Short-Term Deposits	-	
67,834		34,423	
	Income		
(17,653)	New Loans Raised	-	
(6,000)	New Short-term Loans	(32,270)	
(37,390)	Short-term Deposits Repaid	-	
(61,043)		(32,270)	
6,791	NET CASH OUTFLOW FROM FINANCING		2,153
(1,218)	(Increase) / Decrease in Cash		(150)

Cash Flow Statement – Notes

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

	2001-02 £000s	2001-02 £000s	2000-01 £000s
(Surplus)/Deficit per the Financial Statement		(160)	(3,663)
Non Cash Transactions			
Contributions to Reserves	(252)		(414)
Contributions to Capital	(4,373)		(3,947)
Non Cash Movements Relating to Loans Fund	(16,875)		(18,476)
Other Movements	1,213	(20,287)	(831)
		(20,447)	(23,668)
Movements in Working Capital			
Increase in Stock and Work in Progress	228		149
Increase in Debtors	(2,375)		246
Increase in Deferred Charge	(314)		482
Increase in Creditors	(2,614)	(5,075)	(2,637)
			(1,760)
Net Cash Flow from Revenue Activities		(25,522)	(29,091)

Note 2 ~ Analysis of Balances of Cash

	As at 31 March 02 £000s	As at 31 March 01 £000s	Movement £000s
Cash	36	34	(2)
Bank Overdraft	(1,000)	(1,148)	(148)
(Increase) / Decrease in Cash	(964)	(1,114)	(150)

Note 3 ~ Analysis of Government Grants

	£000s
Specific Grants	
Police Board	8,540
Sheltered Employment	14
Council Tax / Housing / Benefit Administration	416
In Service Teacher Training	119
Education - Gaelic Language	87
Social Work - Mental Illness Specific Grant	305
Social Work - Child Care Training Grant	45
Excellence Fund	4,969
New Community Schools	400
Additional Resources for Schools	929
	15,824
Other Grants	
Revenue Support Grant	101,974
DSS Grants - Housing	31,992
	133,966
Cash Flow From Government Grants	149,790

Cash Flow Statement – Notes

Note 4 ~ Movement in Financing

	£000s
Loans Repaid	
Temporary Loans	22,372
PWLB	11,901
Local Bonds	-
Market Loans	-
Other Loans	-
Covenant Repaid	150
Short-term Deposits	-
	34,423
New Loans	
Temporary Loans	(20,370)
PWLB	-
Market Loans	(11,900)
Short-term loans	-
	(32,270)
Cash Outflow from Financing	2,153

Statement of Total Movement in Reserves

	General Fund Balance £m	Baird Institute Reserve Fund £m	Insurance Fund £m	Renewal & Repairs Fund £m	HRA Balance £m	Total £m
Fund Balances & Revenue Reserves						
Balance as at 1 April 2001	1.004	0.020	0.971	0.421	0.066	2.482
Net Surplus/(Deficit)	0.160	-	0.073	0.245	(0.066)	0.412
Balance as at 31 March 2002	1.164	0.020	1.044	0.666	-	2.894

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

	Fixed Asset Restatement Reserve £000s	Capital Financing Reserve £000s	Usable Capital Receipts Reserve £000s
Capital Reserves			
Balance as at 1 April 2001	204,428	73,017	-
Revaluation of Assets During the Year	(14,318)	-	-
Effects of Fixed Assets Disposals			
Value of Assets Disposed of	(6,841)	-	-
Proceeds from Asset Disposals	-	-	8,148
Capital Receipts Applied / Capital Income	-	8,148	(8,148)
Depreciation of Assets	-	(15,724)	-
Debt Redemption During Year	-	3,764	-
Expenditure Not Increasing Asset Values During Year	(5,279)	-	-
Covenant Scheme Repayments During Year	-	150	-
Capital Expenditure Financed From Revenue	-	4,373	-
Balance as at 31 March 2002	177,990	73,728	-

Common Good, Trusts and Charities Accounts

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

Summary of Common Good Funds

	Darvel £000s	Cumnock £000s	Kilmarnock £000s	Newmilns £000s	Stewarton £000s	Total £000s
Capital Balance 1 April 2001	-	1	153	-	-	154
Revenue Balance 1 April 2001	1	1	9	2	1	14
	1	2	162	2	1	168
Expenditure During Year						
Capital	-	-	-	-	-	-
Revenue	-	-	-	-	-	-
Income During Year						
Capital	-	-	-	-	-	-
Revenue	-	-	7	-	-	7
Capital Balance at 31 March 2002	-	1	153	-	-	154
Revenue Balance at 31 March 2002	1	1	16	1	2	21
	1	2	169	1	2	175

Summary of Charities and Bequests

2000-01 £000s	Revenue Account	2001-02 £000s
27	Expenditure	30
34	Income	23
7	Surplus/(Deficit)	(7)
537	Balance B/Fwd	544
544	Balance C/Fwd	537

2000-01 £000s	Balance Sheet as at 31 March 2001	2001-02 £000s
16	Investments - External	16
602	Investments - Loans Fund	595
618		611
	Financed By:-	
67	Capital Funds	67
551	Revenue Funds	544
618		611

Charities and Trusts – Origins and Purpose

Name of Fund	Origin and Purpose	Manner Invested		
		Loans Fund £s	OTHER £s	
Robert Crawford's Bequest	To Provide Books For Public Library	5,853	1,600	Govt. Stock
Robert Cumming's Bequest	To Provide annuity For Testators Legatee Remainder For Maintenance Of Indigent Orphans Natives Of Kilmarnock/Ayrshire	18,795	-	
John Fulton's Soup Kitchen Trust	To Distribute Soup To The Poor	36,499	100	Govt. Stock
Murdoch's Trust	To Provide An Annual Payment To One Poor Aged Deserving Person Resident In Kilmarnock	2,888		
Misses Parker's Bequest	To Provide Payments To Females Suffering From Incurable Diseases	1,694		
Tannock's Trust	To Provide Annuities To Females	2,825		
Archibald Taylor Fund	To Provide Special Nursing Or Convalescent Treatment Or A Holiday During Convalescence For Certain Class Of Spinsters	351,977		
Matthew L. Cochran's Bequest	To Provide Holidays For Elderly Deserving People Resident in Kilmarnock	1,310		
Mair Bequest	To Provide Relief To Deserving Poor Natives Or Inhabitants Of Newmilns	131,896		
B.C. Roxburgh Bequest	To Be Used For The Benefit Of The Of Citizens Of Darvel	21,967		
Newmilns Benevolent Association	To make grants for the alleviation of illness to persons residing in Newmilns and Greenholm	1,522		
Kilmarnock & Loudoun Emergency Relief Trust	To provide assistance within the District of Kilmarnock & Loudoun for any organisation, body, individual resident or person within the district suffering, or affected by hardship, poverty or distress as a consequence of any emergency, natural disaster, flood, subsidence, severe weather, or fire, or for such other reason as the trustees may agree	-	7,248	Bank Deposit
Graham Ramage Trust	For Cumnock Senior Citizens Club	1,853	1,367	Govt. Stock
Sommerville Trust	Relief of Poor - Sorn Parish	516	-	
Misses Murray Legacy Trust	Relief of Poor - Old Cumnock Parish	1,291	500	Govt. Stock
D Smiths Trust	To Maintain Burial Grounds	832	-	
Mrs E McWhirter Trust	To Maintain Burial Grounds - Dalmellington Burial Grounds	168	824	Govt. Stock
Dalmellington Cemetery Trust	To Maintain Burial Grounds	71	-	
R Mitchell Trust	Upkeep of Lair - Mauchline Cemetery	10	50	Govt. Stock
Mrs H S Wilson Trust	Upkeep of Lair - New Cumnock Cemetery	33	122	Govt. Stock
Dalrymple Cemetery Trust	To Maintain Burial Grounds	23	100	Govt. Stock
Polish Patients Fund	Upkeep of Memorial Stone - Mauchine	2	11	Govt. Stock
Miss A Stevenson Trust	Upkeep of Lair - Mauchline Cemetery	123	-	
Mrs C Gordon Trust	Upkeep of Lair/Headstone Auchinleck Cemetery	123	-	
Miss J Leiper Young Trust	Upkeep of Lair/Headstone Mauchline Cemetery	123	-	
Miss J.M.M. Cuthbert Executory	Upkeep of Lair/Headstone Stair Cemetery	123	-	
GAA Trust	To Maintain Burial Grounds	3,127	922	Heritable Property
Gavin Memorial Fund	To Provide Prizes for Schools in Dalmellington	56	1,040	Govt. Stock
Brown Prize Fund	To Provide Prizes for Dux Boy & Girl at Cumnock Academy	6	216	Govt. Stock
Hon. Alex Shaw Prize	To provide prizes at Kilmarnock Academy	6	100	Govt. Stock
Morton Steven Dux Medal	To provide A Dux Medal at Kilmarnock Academy	395	-	
Latta Dux Medal	To provide A Dux Medal at Cumnock Academy	249	-	
Jas. Mackie Memorial Prize	To provide prizes at Kilmarnock Academy	94	-	
Hunter Stewart Fund	To provide A Dux Medal at Doon Academy	-	101	Govt. Stock
Hood Endowment	To provide prizes at Loudoun Academy	107	-	
Arch. Hood Prize	To provide prizes at Newmilns Loudoun Academy	143	-	
A.B. Carswell Prize	To provide prizes at Loudoun Academy	52	216	Govt. Stock
William Wilson Memorial Prize	To provide a cash prize for leadership (Girl) at Auchinleck Academy	16	109	Govt. Stock
Margaret Wilson Memorial Prize	To provide a cash prize for leadership (Boy) at Auchinleck Academy	17	109	Govt. Stock
McKenzie Prizes	To provide prizes for nature study at Auchinleck Academy	57	44	Govt. Stock
Galston Town Council Dux Medal	To provide Dux medals at Galston junior secondary & St Sophia's RCS	18	150	Govt. Stock
George Mason Prize Fund	To provide a prize for Art at Grange Academy	-	50	Govt. Stock
Robert C Grant Prize Fund	To provide prizes at Kilmarnock Academy	225	-	
Miss Mary C Smith Memorial Prize	To provide prizes at Loanhead Primary School	4	50	Govt. Stock
Marion Hamilton Memorial Prize	To provide bursaries at Auchinleck Academy	7	50	Govt. Stock
Sarah B Campbell	To provide bursaries for Bellsbank Primary School	1,644	259	Govt. Stock
Jean G Glennie	To provide prizes at Auchinleck Academy	56	-	
John Minto Prize Fund	To provide a prize at Loanhead Primary	9	100	Govt. Stock
W S Oughton Memorial Prize Fund	To provide a prize at Doon Academy	55	-	
Sir Alexander Fleming Prize Fund	To provide a prize for science at Loudoun Academy	236	-	
John C Kennedy Trust	To provide a prize at Bellsbank Primary School	5,833	-	
Agnes Smith Campbell Prize Fund	To provide a prize at Doon Academy	54	370	Govt. Stock
T K Stevenson Memorial Prize	To provide prizes at Greenmill Primary	19	50	Govt. Stock
		595,002	15,858	

Charities and Trusts – Capital and Revenue Accounts

	Amount of Fund at 1 April 2001		Expenditure During Year		Income During Year		Amount of Fund at 31 March 2002	
	Capital £s	Revenue £s	Capital £s	Revenue £s	Capital £s	Revenue £s	Capital £s	Revenue £s
Robert Crawford's Bequest	2,650	4,551	-	-	-	252	2,650	4,803
Robert Cumming's Bequest	3,080	21,725	-	(6,786)	-	776	3,080	15,715
John Fulton's Soup Kitchen Trust	1,443	40,061	-	(6,296)	-	1,390	1,443	35,155
Murdoch's Trust	100	2,688	-	-	-	101	100	2,789
Misses Parker's Bequest	1,365	269	-	-	-	59	1,365	328
Tannock's Trust	2,255	471	-	-	-	99	2,255	570
Archibald Taylor Fund	17,599	323,460	-	(1,419)	-	12,339	17,599	334,380
Matthew L. Cochran's Bequest	1,948	(45)	(638)	(12)	-	57	1,310	-
Mair Bequest	15,378	124,610	-	(13,015)	-	4,924	15,378	116,519
B. C. Roxburgh Bequest	10,796	12,379	-	(2,012)	-	804	10,796	11,171
Newmilns Benevolent Association	-	-	-	-	-	1,522	-	1,522
Kilmarnock & Loudoun Emergency Relief Trust	-	7,064	-	-	-	184	-	7,248
Sommerville Trust	119	379	-	-	-	18	119	397
Graham Ramage Trust	1,837	1,271	-	-	-	108	1,837	1,379
Misses Murray Legacy Trust	500	1,227	-	-	-	64	500	1,291
D. Smith's Trust	100	703	-	-	-	29	100	732
Mrs E. McWhirter Trust	824	134	-	-	-	34	824	168
Dalmellington Cemetery Trust	58	11	-	-	-	2	58	13
R Mitchell Trust	50	8	-	-	-	2	50	10
Mrs H S Wilson Trust	122	26	-	-	-	6	122	32
Dalrymple Cemetery Trust	100	18	-	-	-	5	100	23
Polish Patients Fund	11	2	-	-	-	1	11	3
Miss A. Stevenson Trust	100	19	-	-	-	4	100	23
Mrs C. Gordon Trust	100	19	-	-	-	4	100	23
Miss J. Leiper Young Trust	100	19	-	-	-	4	100	23
Miss J.M.M. Cuthbert Executory	100	19	-	-	-	4	100	23
GAA Trust	922	3,018	-	-	-	109	922	3,127
Gavin Memorial Fund	1,040	18	-	-	-	38	1,040	56
Brown Prize Fund	216	27	-	(40)	-	19	216	6
Hon. Alex Shaw Prize	100	8	-	(5)	-	4	100	7
Morton Steven Dux Medal	207	192	-	(20)	-	15	207	187
Latta Dux Medal	143	96	-	-	-	9	143	105
Jas. Mackie Memorial Prize	65	37	-	(10)	-	3	65	30
Hunter Stewart Fund	101	6	-	(10)	-	4	101	-
Hood Endowment	100	32	-	(30)	-	4	100	6
Arch. Hood Prize	100	38	-	-	-	5	100	43
A.B. Carswell Prize	216	40	-	-	-	12	216	52
William Wilson Memorial Prize	109	22	-	(10)	-	5	109	17
Margaret Wilson Memorial Prize	109	22	-	(10)	-	4	109	16
McKenzie Prizes	44	62	-	(10)	-	4	44	56
Galston Town Council Dux Medal	150	22	-	(10)	-	6	150	18
George Mason Prize Fund	50	2	-	(5)	-	2	50	(1)
Robert C. Grant Prize Fund	164	72	-	(20)	-	9	164	61
Miss Mary C Smith Memorial Prize	50	2	-	-	-	2	50	4
Marion Hamilton Memorial Prize	50	16	-	(10)	-	2	50	8
Sarah B Campbell	259	1,577	-	-	-	67	259	1,644
Jean G Glennie	52	7	-	(5)	-	2	52	4
John Minto Prize Fund	100	16	-	(10)	-	4	100	10
W S Oughton Memorial Prize Fund	30	23	-	-	-	2	30	25
Sir Alexander Fleming Prize Fund	200	28	-	-	-	8	200	36
John C Kennedy Trust	1,000	4,629	-	-	-	204	1,000	4,833
Agnes Smith Campbell Prize Fund	400	24	-	(15)	-	15	400	24
T K Stevenson Memorial Prize	50	18	-	-	-	2	50	20
	66,762	551,142	(638)	(29,760)	-	23,352	66,124	544,734

The Statement of Responsibilities for the Statement of Accounts

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 Director of Finance.

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASSAC Code of Practice on Local Authority Accounting in the United Kingdom, is required to present fairly the financial position of the authority at 31 March 2002 and its income and expenditure for the year.

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

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

Statement on the System of Internal Financial Control

This statement is given in respect of the statement of accounts for East Ayrshire Council. We acknowledge our responsibility for ensuring that an effective system 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 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
- as appropriate, formal project management disciplines.

Internal Audit within East Ayrshire Council is responsible directly to the Chief Executive for the independent appraisal of the Council's internal systems of 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 controls 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 controls 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.

Signed

Signed

Chief Executive

Director of Finance

27th June 2002

27th June 2002

Glossary of Terms

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

Accruals

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

Average Discounted Market Value

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

Capital Charges

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

Capital Expenditure

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

Community Assets

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

Contingency

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

Corporate and Democratic Core

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

Deferred Charges

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

Depreciation

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

Depreciated Historic Cost

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

Depreciated Replacement Cost

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

Direct Service Organisation (DSO)

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

Emoluments

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

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.

Fixed Assets

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

Government Grants

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

Impairment

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

Infrastructure Assets

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

Net Book Value

The amount at which fixed assets are included in the balance sheet, 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; that is a lease which does not transfer the risks and rewards of ownership to the lessee.

Operational Assets

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

Prior Year Adjustments

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

Related Party Transactions

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

Stocks

Comprise the following categories:

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

Unapportionable Central Overheads

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

Useful Life

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

Audit Certificate

The audit of East Ayrshire Council's Accounts for 2001/02 is not yet complete and the figures contained therein are subject to audit. The auditor's certificate relative to pages 4 of 36 of the accounts is expected in October 2002 and the audited accounts will be presented to the Council for approval thereafter.

