



# Orkney & Shetland Valuation Joint Board



## Statement of Accounts (Audited) 2013-14

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**Introduction**

The Orkney and Shetland Valuation Joint Board succeeded the Joint Valuation Committee on 1st April 1996, following a local government reorganisation, for the discharge of certain statutory functions relating to the preparation, publishing and maintenance of both the Valuation Roll and Council Tax List (Valuation List); the assessor provides the electoral registration function also on behalf of both island areas. All three documents (Valuation Roll, Council Tax Valuation list and Electoral Register) are available for public inspection at the Assessor's offices, at the main offices of the two constituent authorities and at public libraries.

The Orkney and Shetland Valuation Joint Board is one of the ten joint boards in Scotland appointed by combinations of local authorities; there are 4 boards appointed by single local authorities making 14 boards in total. Each board appoints an independent assessor to ensure that valuations are seen to be free from political influence or interference. This is essential to the performance of the assessor's statutory duties which can involve situations where the interests of the local authority and the ratepayer may conflict.

The current Assessor is Michael A Forbes BSc IRRV FRICS who was appointed in April 2009. The Assessor is based in the Board's Shetland office in Lerwick. The Assistant Assessor is Dennis M Stevenson IRRV MRICS who is based in the Orkney Office in Kirkwall. Day-to-day business is sub-divided between the two offices on a geographic basis, with Orkney matters dealt with in the Kirkwall office and Shetland matters in Lerwick. Copies of the Minutes of meetings and audited accounts of the Board can be obtained by emailing [assessor@shetland.gov.uk](mailto:assessor@shetland.gov.uk). Alternatively, they can also be found on the Assessors website – [www.orkney-shetland-vjb.co.uk/](http://www.orkney-shetland-vjb.co.uk/).

### The Board Composition

The Board is a separate public body from the two constituent authorities but draws its membership from them, each nominating 5 councillors to serve on the Board. The Board Members for 2013/14 are named below:

Orkney (Substantive)	Orkney (Substitute)	Shetland (Substantive)	Shetland (Substitute)
Mr S Clackson		Mr W A Ratter (Convenor)	
Mr A Drever	Mr J Moodie	Mr G Smith	Mr A Cooper
Mr J W R Moar	Ms G Shearer	Mr T G C Smith	Mr M Bell
Mr H Johnston (Vice-Convenor)		Mr F A Robertson	Mr A Duncan
Mr D R Tullock		Mr M W Stout	Mr S Coutts
			Ms A I Manson

## Explanatory Foreword

The purpose of this foreword is to explain the most significant aspects of the Orkney and Shetland Valuation Joint Board's financial performance, year end financial position and cash flows in a concise and understandable manner; for ease of understanding and in the interest of conciseness the foreword is structured into sections below.

### The Statutory Framework

Local authorities are defined as a council constituted under section 2 of the Local Government (Scotland) Act 1994 and the Valuation Joint Boards (Scotland) Order 1995; the Strathclyde Partnership for Transport and those bodies to which section 106(1) of the Local Government (Scotland) Act 1973 applies (i.e. committees, joint committees and joint boards, the members of which are appointed by local authorities and charities, etc).

In Scotland the local authority accounting framework is enacted as follows:

- the Local Government (Scotland) Act 1973, section 96, requires Scottish authorities to keep accounts;
- the Local Government in Scotland Act 2003 section 12 places a duty of Best Value on the authority and also a duty to observe proper accounting practices; the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) supported by International Financial Reporting Standards (IFRS), the Service Reporting Accounting Code of Practice (SeRCOP) and the Prudential Framework and other statutory guidance issued under section 12 of the 2003 Act defines proper accounting practices for local authorities in the UK;
- the Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No.2011/64) amended the Local Authority Accounts (Scotland) Regulations 1985 (SI No.1985/267) to require local authorities in Scotland prepare a Remuneration Report as part of the annual statutory accounts;
- under paragraph 3 of the Local Authority Account (Scotland) Regulations 1985 (s1 1985/267, Finance circular 5/1985) the "proper officer" is formally responsible for the form of accounts; the Code requires this officer to sign, date and submit the un-audited statement of accounts to the authority and the Controller of Audit by 30<sup>th</sup> June.

The Code was developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board and has effect for financial years commencing on or after 1 April 2013.

The Code reiterates the primacy of legislative requirements whereby the overriding principle of public sector accounts is that where an accounting treatment is prescribed by law the legal requirement must be applied.

The overriding requirement of the Code is that the Statement of Accounts provides a true and fair view of the financial position and the financial transactions of the authority.

## Primary Financial Statements

The Statement of Accounts summarises the Orkney and Shetland Valuation Joint Board's transactions for the year, its year-end position at 31 March and its cash-flows. All monetary amounts presented in the financial statements are rounded to the nearest pound for the purposes of presentation. The four primary financial statements and their relationships are explained in more detail below:

### Movement in Reserves Statement

Shows the movement in reserves that must be set aside under statute and accounting regulations (i.e. unusable reserves); the Valuation Joint Board has no usable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the service which is different from the statutory amounts required to be funded from taxation in the year.

The Net (Increase) /Decrease before Transfers to Reserves line shows the statutory balance before any discretionary transfers to or from reserves are undertaken by the Board.

### Comprehensive Income and Expenditure Statement

Shows the economic costs of providing the service in accordance with generally accepted accounting practices (GAAP) rather than the amount to be funded from taxation by way of central government grant-in-aid and amounts requisitioned from Orkney and Shetland Islands Councils. Where accounting costs are different from those to be funded from taxation in the year (e.g. pension costs) the difference is shown in the Movement in Reserves Statement.

### Balance Sheet

Shows the value (i.e. the net worth of the entity) of the assets and liabilities recognised by the Board.

### Cash Flow Statement

Is a key indicator of the extent to which the operations are funded by way of grant-in-aid or income and of how the Board uses the cash and cash equivalents for its operating activities.

### Financial Performance - Comparison of Outturn against Budget

The purpose of this statutory statement is to present a public statement on the stewardship of funds for the benefit of both members of the Valuation Joint Board and the public. The Valuation Joint Board is funded by Orkney Islands Council and Shetland Islands Council. The Board normally meets twice a year with its budget meeting taking place in January. The Valuation Joint Board's Budget is its prime annual planning document and actual expenditure is monitored against it during the year.

Expenditure (net of income from fees and charges) funded from central government and Orkney and Shetland Island Councils in 2013/14 is summarised below:

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	£	£	£
<b>Expenditure:</b>			
Employee Costs	453,010	456,530	(3,520)
Operating Costs	150,617	130,666	19,951
<b>Income:</b>			
Fees and Charges	(23,107)	(31,210)	8,103
Specific Grant Income		(9,027)	9,027
<b>Total Expenditure</b>	<b>580,520</b>	<b>546,959</b>	<b>33,561</b>

Overall for the year, the Valuation Joint Board was underspent compared to budget. In the Joint budget there was an underspend within all training costs and subsistence of £8,898. There was an underspend of £6,065 across property costs for Orkney. The Joint Board received £16,271 Individual Electoral Registration income, not budgeted for, which will enable additional work associated with the transition from canvassing.

### **Pension Liability**

In order to comply with International Accounting Standard (IAS) No.19 (Retirement Benefits), a valuation of the Shetland Islands Council's Pension Fund was made by the Fund Actuary as at 31 March 2014. This indicated a net pension liability for the Valuation Joint Board of £1,466,000 compared to a net pension liability of £1,323,000 as at 31 March 2013.

The pension fund is a long-term commitment and is subject of a triennial actuarial valuation; the last valuation at 31 March 2011 recorded a funding level of 91% and the contributions the Council makes to the pension fund are in line with the actuary's valuation and recommendations.

### **Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

Prior period adjustments arise as a result of a correction of a material error or a change in accounting policy and changes have been applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

There was one prior year adjustment for a change in accounting policy relating to the June 2011 amendments to the accounting standard IAS19 Employee Benefits. The key change relates to the expected return on assets. In order to permit a meaningful comparison between financial years, some figures in the previous year's audited financial statements have been amended. Details of the changes have been included in note 17.

## Annual Governance Statement

### Scope of Responsibility

VJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this accountability, elected members collectively and senior officers individually are responsible for putting in place proper arrangements for the governance of the organisation's affairs and the stewardship of the resources at its disposal.

### The Governance Framework

The governance framework in place fully mirrors that of Shetland Islands Council. Details of the governance framework have been included in the Shetland Islands Council Statement of Accounts should a user of these accounts require any further information.

The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

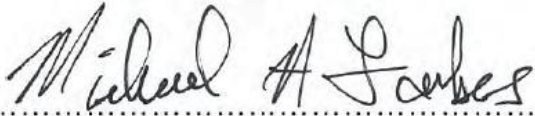
### Review of Effectiveness

The organisation has a responsibility for ensuring the continuing effectiveness of its governance framework and systems of internal control. The review of effectiveness is informed by:

- progress towards key strategic and service objectives, as demonstrated through reporting on targets and performance;
- financial and budget monitoring;
- Internal Audit reviews on specific services and on activities which occur across the Council;
- the Annual Report and Accounts;
- external inspections and quality assurance reports and recommendations for improvement; and
- External Audit and the Accounts Commission observations, comments and recommendations for improvement.

The governance framework can provide only reasonable and not absolute assurance that assets are safeguarded and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

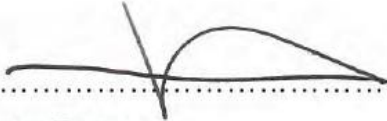
Overall, I consider the governance and internal control environment operating in 2013/14 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.



Date 2 Sept 2014

Michael Forbes

Assessor and Electoral Registration Officer, Orkney & Shetland Valuation Joint Board



Date 2 Sept 2014

Drew Ratter

Convener Orkney & Shetland Valuation Joint Board



## Remuneration Report

### Introduction

The remuneration report is set out in accordance with the Local Government Accounts (Scotland) Regulations 1985 (as amended by the Local Authority (Scotland) Amendment Regulations 2011 (SSI No. 2011/64)). These Regulations require various disclosures on the remuneration and pension benefits of senior councillors and employees.

All information disclosed in the tables in this Remuneration Report was audited by Audit Scotland. The other sections of the Remuneration Report were reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

### Remuneration arrangements of Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 and the (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as the leader of council, the convenor of the council, senior councillors and councillors.

These regulations set out the amounts a councillor may be paid for being a convenor or vice-convenor of a Joint Board. This is inclusive of any amount payable to them as either a councillor or senior councillor. The convenor and vice-convenor are the only two senior councillor positions recognised by the Orkney & Shetland Valuation Joint Board.

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

The Convenor and Vice-convenor of the Orkney & Shetland Valuation Joint Board are remunerated by the Council of which they are a Council Member.

### Disclosure of remuneration for Senior Councillors

Name	Designation	2013-14		2012-13
		Salary, Fees and Allowances £	Total Remuneration 2013-14 £	Total Remuneration 2012-13 £
Mr W Ratter	Convenor from 29/06/2012	4,064.68	<b>4,064.68</b>	3,070.00
Mr H Johnston	Vice Convener from 29/06/2012	2,791.25	<b>2,791.25</b>	2,173.79

### Remuneration of Senior Employees of Orkney & Shetland Valuation Joint Board

The employees of the Valuation Joint Board are employed on the same terms and conditions as the employees of Shetland Islands Council. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/144 details the salaries paid to Chief Officers.

The Assessor of the Orkney & Shetland Valuation Joint Board is paid at spinal column point 29 on the Chief Officers' Pay Scale. These arrangements were agreed through approval of the Board following local government reorganisation under the Local Government etc (Scotland) Act 1994.

### Disclosure of remuneration for Senior Employees

Name	Designation	2013-14			2012-13
		Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration 2013-14 £	Total Remuneration 2012-13 £
Mr Michael Forbes	Assessor & Electoral Registration Officer	71,183.35	822.00	72,005.35	71,317.50

Mr. Forbes is the only senior employee.

### General Disclosure of Pay Band (Para 4 of the schedule)

Remuneration Bands	Number of Employees	
	2013-14	2012-13
£70,000 - £74,999	1	1

### Pension Benefits

#### Pension details of Convenor and Vice Convenor of Orkney & Shetland Valuation Joint Board

The pension disclosure for Joint Boards for a convenor or vice-convenor is limited to the contribution the Board has been asked to make to that person's pension by the Council of which the convenor or vice-convenor is a member. No accrued pension benefit needs to be disclosed. (per para 61 of the guidance).

#### Pension employer contributions – Senior Councillors

Name	Designation	In-Year Employer Pension Contributions	
		Year ending 31 March 2014 £	Year ending 31 March 2013 £
Mr W Ratter	Convenor from 29/06/2012	760.10	574.09
Mr H Johnston	Vice Convenor from 29/06/2012	597.33	465.19

#### Pension details of Senior Employees of Orkney & Shetland Valuation Joint Board

Pension benefits for local government employees are provided through the Local Government Pension Scheme (LGPS). The Pension Scheme is a funded Pension Scheme consisting of payments being received from members of the Scheme as well as from the Employer.

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for employees is 65.

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

The Tiered Contribution Rates for 2013/14 are as follows:	Contribution rate 2013-14
On earnings up to and including £19,800	5.5%
On earnings above £19,800 and up to £24,200	7.25%
On earnings above £24,200 and up to £33,200	8.5%
On earnings above £33,200 and up to £44,200	9.5%
On earnings above £44,200	12%

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

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

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

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

**Pension benefits – Senior Employees**

Name	Designation	In-Year Employer Pension Contributions	
		Year ending 31 March 2014	Year ending 31 March 2013
		£	£
Mr Michael Forbes	Assessor & Electoral Registration Officer	21,141.49	20,937.17

Name	Designation		Accrued Pension Benefits		
			As at 31 March 2014	As at 31 March 2013	Increase (Decrease)
			£	£	£
Mr Michael Forbes	Assessor & Electoral Registration Officer	Pension	33,284.34	31,776.80	1,507.54
		Lump Sum	82,055.63	81,234.91	820.72

*Michael A Forbes*

Date *2 Sept 2014*

Michael Forbes

Assessor and Electoral Registration Officer, Orkney & Shetland Valuation Joint Board

*[Signature]*

Date *2 Sept 2014*

Drew Ratter

Convener Orkney & Shetland Valuation Joint Board

## Statement of Responsibilities for the Statement of Accounts

### 1. The Board's responsibility

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the appointed Treasurer has the responsibility for the administration of those affairs;
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;
- acknowledge the audited accounts at a meeting of the Board within two months of receipt of the audit certificate and provide each of its constituent authorities with a copy of the audited accounts as soon as possible after the completion of the audit of accounts.

### 2. The Treasurer's responsibilities

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

It is the responsibility of the Treasurer to sign, date and submit the un-audited statement of accounts to Board and the Controller of Audit by 30<sup>th</sup> June.

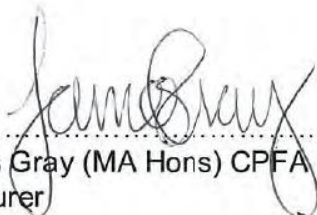
In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Treasurer has also:

- kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Orkney and Shetland Valuation Joint Board at the reporting date and its income and expenditure for the year ended 31 March 2014.

  
.....  
James Gray (MA Hons) CPFA  
Treasurer

Date 2 September 2014

**Movement in Reserves Statement**

	<b>Pension Reserve Restated</b>	<b>Employee Benefits Accrual</b>	<b>Total unusable reserves Restated</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance as at 31 March 2012</b>	1,113,000	8,840	1,121,840
<b>Movement in reserves during 2012/13</b> (Surplus) or deficit on the provision of services	27,000	(2,397)	24,603
Other comprehensive I&E	183,000	0	183,000
(Increase)/Decrease in 2012/13	210,000	(2,397)	207,603
<b>Balance as at 31 March 2013</b>	<b>1,323,000</b>	<b>6,443</b>	<b>1,329,443</b>

	<b>Pension Reserve</b>	<b>Employee Benefits Accrual</b>	<b>Total unusable reserves</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance as at 31 March 2013</b>	1,323,000	6,443	1,329,443
<b>Movement in reserves during 2013/14</b> (Surplus) or deficit on the provision of services	51,000	4,485	55,485
Other comprehensive I&E	92,000	0	92,000
(Increase)/Decrease in 2013/14	143,000	4,485	147,485
<b>Balance as at 31 March 2014</b>	<b>1,466,000</b>	<b>10,928</b>	<b>1,476,928</b>

**Comprehensive Income and Expenditure Statement**

<b>2012/13</b>			<b>2013/14</b>
<b>Restated</b>		<b>Note</b>	<b>£</b>
<b>£</b>			<b>£</b>
424,171	Employee costs		453,015
65,089	Property costs		33,566
2,098	Supplies & services		2,515
15,354	Transport		16,592
73,466	Administration Costs		73,784
5,307	Payments to other bodies		4,209
53,000	Pension interest cost and expected return on pension assets		59,000
<hr/>			<hr/>
638,485	<b>Cost of Services</b>		642,681
(24,840)	Sales, fees & charges		(31,210)
0	Specific grant income		(9,027)
(589,042)	Requisitions from Member Authorities	15	(546,959)
<hr/>			<hr/>
24,603	<b>Deficit on the provision of services</b>		55,485
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183,000	Actuarial losses on pension assets/liabilities		92,000
<hr/>			<hr/>
207,603	<b>Total comprehensive income and expenditure</b>		147,485
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**Balance Sheet as at 31 March 2014**

31 March 2013 £		Note	31 March 2014 £
	<b>Current Assets</b>		
3,053	Short-term Debtors	7	25,877
<u>3,053</u>			<u>25,877</u>
	<b>Less Current Liabilities</b>		
(9,496)	Short-term Creditors	8	(36,805)
<u>(6,443)</u>	<b>Net Assets Excluding Pension Liability</b>		<u>(10,928)</u>
(1,323,000)	Pension Liability	10	(1,466,000)
<u>(1,329,443)</u>	<b>Net Liabilities Including Pension</b>		<u>(1,476,928)</u>
	<b>Represented by</b>		
6,443	Employee Benefits Accrual	9	10,928
1,323,000	Pension Reserve	9	1,466,000
<u>1,329,443</u>			<u>1,476,928</u>

The audited accounts were issued 2 September 2014.

.....  ..... Date 2/9/2014

James Gray (MA Hons) CPFA  
Treasurer



**Cash Flow Statement**

2012/13 £		2013/14 £
	<b>Operating Activities</b>	
	<b>Cash Inflows</b>	
(273,785)	Contributions - Orkney Islands Council	(305,126)
(302,217)	- Shetland Islands Council	(269,279)
(22,945)	Other Operating Cash Receipts	(40,237)
<u>(598,947)</u>	<b>Cash inflows generated from operating activities</b>	<u>(614,642)</u>
	<b>Cash Outflows</b>	
452,567	Cash Paid to and on Behalf of Employees	456,530
163,191	Other Operating Cash Payments	129,182
<u>615,758</u>	<b>Cash outflows generated from operating activities</b>	<u>585,712</u>
16,811	<b>Net Cash (inflows)/outflows from operating activities</b>	(28,930)
<u>16,811</u>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<u>(28,930)</u>
13,758	Cash and cash equivalents at the beginning of the reporting period	(3,053)
(3,053)	Cash and cash equivalents at the end of the reporting period	25,877
<u>16,811</u>	<b>Net cash (inflow)/outflow in cash and cash equivalents in year</b>	<u>(28,930)</u>

## Notes to the Financial Statements

### Note 1: Summary of Accounting Policies

#### General Principles

The Code specifies the applicable accounting policies for:

- selecting measurement bases for recognising assets, liabilities, gains and losses in the statement of accounts;
- making changes to reserves;
- the minimum disclosure requirements.

A valid estimation technique can be used to derive the monetary amount (i.e. the one that best reflects the economic reality of a transaction or event) to be recognised in the financial statements in such circumstances when the basis of measurement for the monetary amount cannot be applied with certainty (and the range of options is considered to be material).

#### Accounting Conventions and Concepts

The accounting convention adopted in the Statement of Accounts is historical cost modified by the revaluation of certain categories of non-current assets and financial instruments.

The concept of the Valuation Joint Board as a going concern is based on the premise that its functions and services will continue in existence for the foreseeable future.

The concept of materiality derives from the premise that financial statements need not be precisely accurate to represent a true and fair view. It is a matter of professional judgement as to whether users of the accounts could come to different conclusions about the Board's standards of stewardship or make different economic decisions as a result of deviations from the provisions set out in the Code.

The Valuation Joint Board accounting policies which are significant in terms of the amounts recognised in its financial statements are summarised (a – f) below.

#### a) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Revenue from the provision of services is recognised when the Board can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.

**b) Accumulated Absences**

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

**c) Cash and Cash Equivalents**

In the Cash Flow Statement cash and cash equivalents (represented by funds held by Shetland Islands Council) are shown net of bank overdrafts that are repayable on demand.

**d) Employee Benefits****Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Board.

**Participation in Pension Schemes**

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

Employees of Orkney and Shetland Valuation Joint Board are members of the Shetland Island Council Local Government Pension Scheme which is administered locally.

The pension scheme is a defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

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

**Transactions Relating to Post-employment Benefits**

The cost of retirement benefits is recognised in the reported cost of services when earned by employees, rather than when the benefits are eventually paid as pensions. The charge against council tax, however, is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Statutory provisions require the amount payable by the Valuation Joint Board to be the amount paid directly to pensioners in the year, not the amount calculated according to the relevant accounting standards in the Movement in Reserves Statement.

This treatment requires appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits

for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Valuation Joint Board balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

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

### **e) Exceptional Items and Prior Period Adjustments**

There are no exceptional items. There is one prior year adjustment for 2013/14. This relates to the defined benefit scheme and specifically the expected return on assets. In order to permit a meaningful comparison between financial years some figures in the previous year's audited financial statements have been amended. Details of the changes have been included in note 17.

### **f) Overheads and Support Services**

Whereby, under agreement with the Board, the constituent authorities place their own staff at the disposal of the Board, the Board pays to that authority such amounts as may be agreed for such services. The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

## **2. Critical Judgements in applying accounting policies**

There is a high degree of uncertainty about future levels of funding for local government in general, however, the Valuation Joint Board has determined that this uncertainty is not an indication that the Orkney and Shetland Island Councils intend to close facilities or reduce levels of service provision.

## **3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £396,000; however, the assumptions interact in complex ways. During 2013/14, net pension liability had increased by £143,000. Falling bond yields resulted in increased liabilities, offset by higher than expected investment performance, increasing assets.

#### 4. Employee Benefits Accrual

The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

2012/13 £	Employee Benefits Accrual	2013/14 £
(8,840)	<b>Balance at 1 April</b>	(6,443)
8,840	Settlement or cancellation of accrual made at the end of the preceding year	6,443
(6,443)	Amounts accrued at the end of the current year	(10,928)
	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
<b>(6,443)</b>	<b>Balance at 31 March</b>	<b>(10,928)</b>

#### 5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Treasurer on 2 September 2014. Events taking place after this date are not reflected in the financial statements or notes.

## 6. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments required to total comprehensive income and expenditure for the year in accordance with either proper accounting practice or statutory provisions. These adjustments relate to the Pension Reserve and Employee Benefits Reserve by which amounts charged to the Comprehensive Income and Expenditure Statement are different from the costs chargeable in accordance with statutory requirements.

31 March 2013 Restated £		31 March 2014 £
	<b>Adjustments primarily involving the Pensions Reserve:</b>	
183,000	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 17)	240,000
(98,000)	Employer's pension contributions and direct payments to pensioners payable in the year	(97,000)
	<b>Adjustments involving the Employee Benefits Accrual:</b>	
(2,397)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4,485
<b>82,603</b>	<b>Total Adjustments</b>	<b>147,485</b>

## 7. Short-term debtors

31 March 2013 £		31 March 2014 £
3,053	Other local authorities	25,877

The 2013/14 short-debtors represents amounts due by Shetland Islands Council at 31 March 2014 in respect of its requisition costs.

## 8. Short-term creditors

31 March 2013 £		31 March 2014 £
3,053	Other local authorities	25,877
6,443	Other entities and individuals	10,928
<b>9,496</b>	<b>Total short-term creditors</b>	<b>36,805</b>

The 2013/14 short-term creditors with other local authorities represents the net balances with third parties that Shetland Islands Council holds on behalf of the Board. This represents the Council's obligation to pay the Board's liabilities as they fall due as part of their responsibilities in hosting the Board.

## 9. Unusable Reserves

31 March 2013 £		31 March 2014 £
1,323,000	Pension Reserve	1,466,000
6,443	Employee benefits accrual	10,928
<b>1,329,443</b>	<b>Total unusable reserves</b>	<b>1,476,928</b>

## 10. Pension Reserve

31 March 2013 Restated £		31 March 2014 £
1,113,000	<b>Balance at 1 April</b>	1,323,000
183,000	Actuarial losses on pensions assets and liabilities	92,000
125,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	148,000
(98,000)	Employer's pensions contributions and direct payments to pensioners payable in the year	(97,000)
<b>1,323,000</b>	<b>Balance at 31 March</b>	<b>1,466,000</b>

## 11. Amounts Reported for Resource Allocations

This provides a Subjective Analysis of the surplus or deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement:

The income and expenditure of the Joint Board's contributing authorities recorded in the budget reports for the year is as follows:

Valuation Joint Board Income & Expenditure 2013/14	Orkney Islands Council	Shetland Islands Council	Total
	£	£	£
<b>Expenditure</b>			
Employee costs	228,265	228,265	456,530
Property costs	21,463	12,103	33,566
Supplies & services	1,443	1,072	2,515
Transport costs	8,295	8,296	16,591
Administration costs	36,391	37,393	73,784
Payments to other bodies	1,949	2,261	4,210
<b>Total Expenditure</b>	<b>297,806</b>	<b>289,390</b>	<b>587,196</b>
<b>Income</b>			
Fees & charges	(20,127)	(20,110)	(40,237)
<b>Total Income</b>	<b>(20,127)</b>	<b>(20,110)</b>	<b>(40,237)</b>
<b>Contribution by Authorities</b>	<b>277,679</b>	<b>269,280</b>	<b>546,959</b>



**12. Reconciliation of Contributing Authorities Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement**

This reconciliation shows how the figures in the analysis of Contributing Authorities income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2012/13 £		2013/14 £
589,042	Net expenditure on Contributing Authorities analysis	546,959
49,443	Net expenditure of services and support services not included in the analysis	95,722
<b>638,485</b>	<b>Cost of services in Comprehensive Income and Expenditure Statement</b>	<b>642,681</b>

**13. External Audit Costs**

2012/13 £		2013/14 £
7,370	Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	7,020
<b>7,370</b>	<b>Total</b>	<b>7,020</b>

**14. Other Income**

2012/13 £		2013/14 £
4,840	Sales, fees and charges	11,210
20,000	Asset valuation service to Orkney Islands Council	20,000
<b>24,840</b>	<b>Total</b>	<b>31,210</b>

## 15. Related Parties

The Valuation Joint Board's related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Board, or to be controlled or significantly influenced by the Joint Board. The Joint Board is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties.

The member authorities of the Valuation Joint Board have contributed requisitions in the following proportions to enable the Valuation Joint Board to carry out its objectives. The Valuation Joint Board in turn pays Shetland Islands Council for property and support services. The amount paid in respect of these services for the year ended 31 March 2014 was £11,300 and £6,989 respectively (2012/13 £33,802 and £8,170). The Valuation Joint Board pays Orkney Islands Council for property services £15,199 (2012/13 £17,697) and in turn Orkney Islands Council pays the Valuation Joint Board for valuation services. The amount for 2013/14 was £20,000 (2012/13 £20,000).

2012/13 £			2013/14 £
	<b>Council</b>		
286,824	Orkney Islands Council	50.8%	277,679
302,218	Shetland Islands Council	49.2%	269,280
<b>589,042</b>	<b>Total</b>	<b>100.0%</b>	<b>546,959</b>

## 16. Operating Leases

The Board leases a property in Orkney from the Orkney Islands Council which is due to expire in 2017.

2012/13 £		2013/14 £
11,000	Not later than one year	12,000
35,750	Later than one year and less than five years	27,000
<b>46,750</b>	<b>Total</b>	<b>39,000</b>

Shetland premises are provided by the Shetland Islands Council. There is no formal lease agreement. The Board's only obligation is to fund the actual running costs of their share of the building.

## 17. Retirement Benefits

The Local Government Pension Scheme, administered locally by Shetland Islands Council, is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The pensions accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009, the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.) There is no automatic entitlement to a lump sum in respect of Post 2009 service. Members may however opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The scheme's normal retirement age is 65. Pensions are increased annually in line with changes to the Pensions (Increases) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Shetland Islands Council Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Fund Consultative Panel of Shetland Islands Council. The Panel comprises of elected members of Shetland Islands Council along with employee and employer representatives and a pension/deferred member representative.

Policy is determined in accordance with the Pensions Fund Regulations. Management of the Fund's investments is carried out by Shetland Islands Council which receives recommendations from the Fund's Consultative Panel. Shetland Islands Council selects and appoints a number of external investment managers/partners and monitors their investment performance.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the contributing authorities the amounts required by statute as described in the accounting policies note.

### Transactions Relating to Post-employment Benefits

The Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

The charge required to be funded in the year, however, is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement during the year:

**17a. Transactions relating to post-employment benefits**

2012/13 Restated £	Local Government Pension Scheme	2013/14 £
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Cost of Services:</b>	
72,000	Current service cost	89,000
0	Past service cost (including curtailments)	0
	<b>Financing and Investment Income and Expenditure:</b>	
53,000	Net Interest Expense	59,000
<b>125,000</b>	<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>148,000</b>
	<b>Other Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	
(194,000)	Return on plan assets (excluding the amount included in the net interest expense)	(51,000)
380,000	Actuarial (gains) and losses arising on changes in financial assumptions	144,000
(3,000)	Actuarial (gains) and losses arising from other experience	(1,000)
<b>308,000</b>	<b>Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>240,000</b>
	<b>Movement in Reserves Statement</b>	
308,000	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	240,000
	<b>Actual amount charged against the General Fund balance for pensions in the year:</b>	
<b>(98,000)</b>	<b>Employers' contributions and direct payments to pensioners payable in the year</b>	<b>(97,000)</b>

The amount included in the balance sheet arising from the schemes obligation in respect of the pension fund is as follows:

	2012/13 £	2013/14 £
Present value of the defined benefit obligation	(3,537,000)	(3,880,000)
Fair value of assets in the Local Government Pension Scheme	2,214,000	2,414,000
<b>Net liability arising from Defined Benefit Obligation</b>	<b>(1,323,000)</b>	<b>(1,466,000)</b>
Local Government Pension Scheme	(1,299,000)	(1,441,000)
Unfunded liabilities for Pension Fund	(24,000)	(25,000)
<b>Total</b>	<b>(1,323,000)</b>	<b>(1,466,000)</b>

**17b. Assets and Liabilities in Relation to Post-employment Benefits**

Reconciliation of fair value of the scheme assets:

2012/13 £		2013/14 £
1,877,000	<b>Opening balance at 1 April</b>	2,214,000
91,000	Interest income	101,000
	<b>Re-measurement gains and (losses)</b>	
194,000	Return on assets excluding amounts included in net interest	51,000
98,000	Employer contributions	97,000
24,000	Contributions by scheme participants	23,000
(70,000)	Benefits paid	(72,000)
<b>2,214,000</b>	<b>Closing balance at 31 March</b>	<b>2,414,000</b>

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2012/13 £		2013/14 £
2,990,000	<b>Opening balance at 1 April</b>	3,537,000
72,000	Current service cost	89,000
144,000	Interest Cost	160,000
24,000	Contributions by scheme participants	23,000
	<b>Remeasurement (gains) and losses:</b>	
380,000	Actuarial (gains) and losses from changes in financial assumptions	144,000
(3,000)	Actuarial (gains) and losses from other experience	(1,000)
(70,000)	Benefits paid	(72,000)
0	Past service costs including curtailments	0
<b>3,537,000</b>	<b>Closing balance at 31 March</b>	<b>3,880,000</b>

**17c. Analysis of Pension Fund's Assets**

The Valuation Joint Board's share of the Pension Funds assets at 31 March 2014 comprised:

2012/13 £	Quoted Prices not in Active Markets	2013/14 £
77,000	Cash and cash equivalents	89,000
	Property:	
118,000	UK Property	140,000
23,000	Overseas Property	23,000
<b>141,000</b>	<b>Sub-total Property</b>	<b>163,000</b>
	Investment Funds and Unit Trusts	
1,811,000	Equities	1,962,000
185,000	Bonds	200,000
<b>1,996,000</b>	<b>Sub-total Investment Funds and Unit Trusts</b>	<b>2,162,000</b>
<b>2,214,000</b>	<b>Total Assets</b>	<b>2,414,000</b>

**17d. Basis for estimating assets & liabilities**

The Valuation Joint Board's share of the liabilities of Shetland Islands Council Pension Fund have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2011.

The principal assumptions used by the actuary have been:

2012/13		2013/14
	<b>Long-term expected rate of return on assets in the scheme:</b>	
4.5%	Investment Funds and Unit Trusts	4.3%
	<b>Mortality Assumptions:</b>	
	Longevity at 65 for current pensioners (in years):	
23.0	Men	23.0
25.8	Women	25.8
	Longevity at 65 for future pensioners (in years):	
24.9	Men	24.9
27.7	Women	27.7
3.6%	Rate of inflation	3.6%
5.1%	Rate of increase in salaries	5.1%
2.8%	Rate of increase in pensions	2.8%
4.5%	Rate for discounting scheme liabilities	4.3%
70.0%	Take-up of option to convert annual pension into retirement lump sum	70.0%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on

reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Change in assumptions as at 31 March 2014	Approximate increase to employer liability	Approximate monetary amount
	%	£
0.5% decrease in Real Discount Rate	10%	396,000
1 year increase in member life expectancy	3%	116,000
0.5% increase in the Salary Increase Rate	3%	126,000
0.5% increase in the Pension Increase Rate	7%	263,000

Shetland Islands Council does not have an asset and liability matching strategy (ALM)

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's common contribution rate has been set at 18.8% for 2014-2015. The next three years will be set following completion of the triennial valuation as at 31 March 2014.

The Fund will need to take account of impending national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earning scheme (CARE) for future accruals.

The total contributions expected to be made by the Board to the Pension Fund in the year to 31 March 2015 is £0.097m.

The weighted average duration of the defined benefit obligation for scheme members is 17.6 years, 2013/14.

### Change in Accounting Policy IAS19R

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

There has been a redistribution of costs within the CIES. The pension interest cost within the Surplus or Deficit on the Provision of Services has increased with a corresponding reduction in actuarial (gains) or losses on pension assets and liabilities in Other

Comprehensive Income and Expenditure. Essentially, the expected return on schemes assets that was credited to the Surplus or Deficit on the Provision of Services has been effectively replaced with an equivalent figure using the discount rate.

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

Effect on Comprehensive Income and Expenditure Statement

CIES	As Previously Stated	As Restated	Amendment
	2012/13 £	2012/13 £	2012/13 £
Pension interest cost and expected return on pension assets	34,000	53,000	19,000
Cost of Services (Surplus) or Deficit on the Provision of Services	619,485	638,485	19,000
Actuarial (gains) or losses on pension fund assets and liabilities	5,603	24,603	19,000
	202,000	183,000	(19,000)

Movement in Reserves Statement – Unusable Reserves 2012-2013

Movement in Reserves Statement	As Previously Stated	As Restated	Amendment
	2012/13 £	2012/13 £	2012/13 £
(Surplus) or Deficit on the Provision of Services	5,603	24,603	19,000
Other Comprehensive I&E	202,000	183,000	(19,000)

Movement in Reserves Statement – Pension Reserve 2012-2013

Movement in Reserves Statement	As Previously Stated	As Restated	Amendment
	2012/13 £	2012/13 £	2012/13 £
(Surplus) or Deficit on the Provision of Services	8,000	27,000	19,000
Other Comprehensive I&E	202,000	183,000	(19,000)



I certify that I have audited the financial statements of Orkney and Shetland Valuation Joint Board for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the 2013/14 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Responsible Financial Officer and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

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

### **Opinion on other prescribed matters**

In my opinion

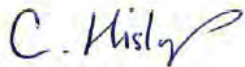
- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with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

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.



Carol Hislop CA

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