

**2000/2001 ANNUAL ACCOUNTS (UNAUDITED)**

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**1 SUMMARY**

- 1.1 The unaudited Annual Accounts should be lodged with the Controller of Audit by 30<sup>th</sup> June 2001 in accordance with legislation. The unaudited Accounts should also be submitted to Council and a set is attached to this report.

The General Fund shows a surplus position of £85,000 and the Housing Revenue Account shows a surplus position of £1,573,000. In both cases, the sums are carried forward into the financial year 2001/2002. However, it should be noted that the Council has commitments of £468,000 in respect of specific projects relating to the interim award of SINA.

The Direct Labour Organisations and Direct Service Organisations returned a net surplus of £389,000 in respect of 2000/2001.

Overall, the total net revenue expenditure shows a variation from budget (as augmented by approved use of accumulated surplus) of 0.1%. However, the departments of Education and Transportation and Property Services incurred expenditure over budget, compensated by savings in other areas of the Council's budget.

**2 RECOMMENDATION**

- 2.1 The Council note the submission of the unaudited Accounts within the statutory timescale and remit the Accounts to the Audit Committee for further scrutiny.

**3 DETAIL**

3.1 Introduction

There is a statutory requirement to prepare a set of Accounts and submit the Accounts to the Controller of Audit and the Council.

The date set for submission of the Accounts by the Scottish Executive, is 30<sup>th</sup> June of each year.

3.2 Summary of main items in Accounts

Before commencing on the details contained in the Accounts, it should be noted that the Accounts have still to be audited. The Auditors certificate and letter to Members will be submitted following the completion of the audit anticipated for 30<sup>th</sup>

September 2001. Figures are therefore subject to change.

i Outturn For The Year On The General Fund (£611,000)

It should be noted that the Council budgeted to use £364,000 of accumulated Housing Revenue Account surplus at 31<sup>st</sup> March 2000 and during the course of the 2000/2001 financial year, decided to utilise a further £110,000 of General Fund surplus in connection with the Education NPDO project. Actual expenditure should therefore have exceeded budget by £474,000. The final outturn amounts to £611,000.

The surplus carried forward from 1999/2000 was £332,000 (following audit). Surplus utilisation during 2000/2001 together with 2000/2001 variations amounted to £611,000 and after bringing in the transfer of £364,000 from the Housing Revenue Account reserves (as budgeted) a closing balance of £85,000 remains on the General Fund to be carried forward into 2001/2002.

ii Surplus For The Year On The Housing Revenue Account  
£317,000

The surplus for the year amounted to £317,000. Variances on repairs and maintenance, void house rents and bad debt provision resulted in a lower than budget surplus. A surplus of £2,192,000 was carried forward from 1999/2000 which earned interest of £128,000. A contribution of £700,000 was made from surpluses to capital and a contribution of £364,000 was made to the Councils General Fund leaving a surplus of £1,573,000 to be carried forward in 2001/2002.

iii Summary of Revenue Accounts (Excluding HRA)

A comparison between the actual outturn for 2000/2001 and the budget by service, is given on the page headed Consolidated Revenue Account for the year ended 31<sup>st</sup> March 2001. 1999/2000 actual net expenditure figures are also shown.

It can be seen on the line third from the bottom of the Consolidated Revenue Account, that overall, the variation from budget amounts to £260,000 (£611,000 - £351,000) of this sum, £110,000 is in respect of approved use of accumulated surplus leaving a net variation from budget of only £150,000 (0.1%).

However, there are variations from budget within each Service Department, albeit they net out to only £150,000 overall.

It should be noted that an adjustment has been made to Education and Development and Environmental Services expenditure in respect of capital impairment values (see note at the foot of the Consolidated Revenue Account). These

adjustments are cancelled out through the Capital Financing Reserve and do not effect the overall General Fund position. The over expenditure in the Education service has resulted mainly from School Transport, Catering and Cleaning and savings anticipated in staff costs not achieved. In terms of Catering and Cleaning, arrangements have been put in place by Education and Transportation and Property to agree the approved 2001/02 budget premise by premise. In the case of school transport information will be provided by the departments of Education and Transportation and Property on the specific contracts which resulted in increased costs following retendering and 2001/02 budgets will be reprofiled for budget monitoring purposes. The over expenditure in the department of Transportation and Property Services is mainly in respect of Winter Maintenance costs, additional staff costs and reductions in income. The authorised extra expenditure on the Housing and Social Work service is balanced by additional Revenue Support Grant given to the Council following completion of the 2000/2001 estimates. The Council also incurred £132,000 in unbudgeted expenditure in respect of precautionary measures regarding the foot and mouth outbreak.

The over expenditure mentioned in the foregoing paragraph has been compensated by savings achieved in Loan Charges in the sum of £1,100,000 together with additional council tax and community charge income amounting to £173,000 and contributions of £389,000 from the DLO/DSOs. The interim award of SINA in the sum of £900,000 was not fully spent at 31<sup>st</sup> March 2001 and the sum of £468,000 also contributes towards the surplus for the year (although this sum is "committed" expenditure to be incurred in 2001/2002).

iv Outturn On The Capital Account

In the Composite programme (which excludes the Housing Revenue Account) expenditure exceeded the capital consent available by £538,000. This was in accordance with the Councils objectives to fully maximise the Capital Consent and utilise the tolerance arrangements whereby expenditure can be incurred by anticipating the following years capital allocation. Capital Expenditure on the Housing Revenue Account matched the Capital Allocation.

v Direct Labour Organisations (DLOs) and Direct Services Organisations (DSOs)

The position on DLO/DSO trading is shown on the page headed summary DLO/DSO Revenue and Appropriation Account. Overall, a net surplus of £389,000 has been achieved for 2000/2001 and each DLO/DSO returned a surplus for the year.

Stewart McGregor  
Director of Finance  
19 June 2001  
report/19junsmgannualaccounts Council mtg

**ACCOUNTS FOR THE PERIOD**

**1 APRIL 2000 TO 31 MARCH 2001**

**(Unaudited)**



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	<b>Page</b>
<b>FOREWORD BY THE DIRECTOR OF FINANCE</b>	2 - 4
<b>STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS</b>	5
<b>STATEMENT OF ACCOUNTING POLICIES</b>	6 - 7
<b>CONSOLIDATED REVENUE ACCOUNT</b>	8
<b>NOTES TO THE CONSOLIDATED REVENUE ACCOUNT</b>	9 - 12
<b>HOUSING REVENUE ACCOUNT</b>	13
<b>SUMMARY DLO/DSO REVENUE AND APPROPRIATION ACCOUNT</b>	14
<b>COUNCIL TAX INCOME ACCOUNT</b>	15 - 16
<b>NON-DOMESTIC RATE INCOME ACCOUNT</b>	17
<b>CONSOLIDATED BALANCE SHEET</b>	18
<b>NOTES TO THE CONSOLIDATED BALANCE SHEET</b>	19 - 23
<b>STATEMENT OF MOVEMENT ON RESERVES</b>	24
<b>CONSOLIDATED CASH FLOW STATEMENT</b>	25
<b>NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT</b>	26

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**Introduction**

This foreword is intended as a comment on Argyll and Bute Council's financial position as presented within the Statement of Accounts for the financial year 2000/2001.

**Statement of Responsibilities**

This statement sets out the main financial responsibilities of the Council and the Director of Finance.

**Accounting Policies**

The Statement of Accounting Policies sets out the basis upon which the Financial Statements have been prepared, and explains the accounting treatment of both general and specific items.

**The Financial Statements***Consolidated Revenue Account*

shows the income raised by the Council during the year and how it was spent on services, financing costs and contributions to/from reserves. A comparison to budget is also made in this statement. The surplus or deficit is carried to the Statement of Total Movement on Reserves. The notes to the Consolidated Revenue Account provide additional information on some costs and income included within the Consolidated Revenue Account

*Housing Revenue Account*

reflects the statutory requirement to separately account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure and capital financing costs, and how these are met by rents, housing support grant and other income. The surplus or deficit is carried to the Statement of Total Movement in Reserves.

*Summary DLO/DSO Revenue and Appropriation Account*

gives the summarised financial outturn for each DLO/DSO for the financial year. It also shows how the overall surplus or deficit is dealt with. A note to the statement indicates whether the DLO/DSO's have achieved their statutory financial objective. The overall DLO/DSO position is carried to the Consolidated Revenue Account and Statement of Total Movement on Reserves.

*Council Tax Income Account*

explains how the council tax income shown for the financial year in the Consolidated Revenue Account is made up.

*Non-domestic Rate Income Account*

shows the build up of non-domestic rate income, the contribution to or from the national pool and the resulting net income for the financial year to the Council which is shown in the Consolidated Revenue Account.

*Consolidated Balance Sheet*

brings together all the assets and liabilities of the Council's General Fund, Direct Labour and Direct Service Organisations and Loans Fund. It is the statement of the resources of the Council and the means by which they have been financed. It is also a report on the Council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms. The notes to the Balance Sheet give further information on the make up of certain assets and liabilities.

*Statement of Total Movement in Reserves*

gives details of the balances on each reserve at the start of the financial year, movements during the financial year by source and the balance at the end of the financial year as shown in the Balance Sheet.

*Consolidated Cash Flow Statement*

summarises the inflows and outflows of cash arising from the transactions with third parties on both day to day revenue transactions and expenditure on capital activities.

**Major Changes in Accounting Practice**

The Council continues to adopt the accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authorities (Scotland) Accounts Advisory Committee (LA(S)AAC). In accordance with best accounting practice the deferred charge balance as at 31 March 2000 has been written out of the balance sheet to the Capital Financing Reserve. Deferred charges arising during the year have been charged in full to the relevant service department's revenue account. The budget figures have been adjusted to aid comparison.

Further more to comply with the 2000 Statement of Recommended Practice (SORP) depreciation has been charged on all operational buildings, again the budget figures have been adjusted to aid comparison.

During 2000/2001 the Council carried out a review of its approach to allocating central support service costs. The outcome is an increase in the transparency, clarity and robustness of these allocations. This has resulted in a number of changes in the allocations to individual services with the budget being adjusted for comparison. The most notable adjustment being a reduction in allocations to the Housing Revenue Account of £0.171m. Except for the Housing Revenue Account budgets have been adjusted to aid comparison.

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**Property Valuations**

It is the intention of Argyll and Bute Council that all land and property inherited from the former District and Regional Councils be revalued through a rolling programme of revaluation. This programme was started during 1999/2000 with all properties of the former Argyll and Bute District Council being valued together with all other properties which had a valuation as at 1 April 1999 greater than £1m. This programme of revaluation continued during 2000/01 with the revaluation of all Primary Schools and 84 of the non-operational buildings. By 31 March 2001 86% of the opening net book value of the "Other Land and Buildings" category of Fixed assets had been revalued.

Council dwellings were revalued at the 31st March 2001.

**Asset Impairment**

In compliance with Financial Reporting Standard 11, Impairment of Fixed Assets and Goodwill, the Council has reviewed the valuations of its assets at 31 March 2001 to assess any reduction in asset valuations. Arising from these impairment reviews the Council has reduced the valuation of Hermitage Academy and Campbeltown Swimming Pool by £6m and £0.5m respectively. These reductions are reflected in the actual expenditure of Education and Development and Environment Services for the year.

**Consolidated Revenue Account**

The general fund surplus at 31 March 2001 amounted to £0.085m. This is an increase of £0.072m on the budget balance of £0.013m. However it should be noted the Council has forward commitments of £0.468m be funded from this in respect of specific projects related to the interim award of the Special Islands Needs Allowance (SINA).

The main elements of the increase of £0.072m in the general fund surplus are:

	£'m
Savings in loan charges	0.800
Increase in collection of Council tax and community charge	0.150
Contribution to general fund by DLO/DSOs	0.389
Underspend on specific projects funded from interim SINA award	0.468
Other	0.039
Balance brought forward which was not budgeted	0.332
<b>Increased Income</b>	<b>2.178</b>
Over expenditure on Education	(1.164)
Over expenditure on Transportation & Property Services	(0.529)
Supplementary estimate re feasibility study for capital funding in Education	(0.110)
Precautionary measures re foot and mouth	(0.132)
Reduction in central support allocation to HRA	(0.171)
<b>Increased expenditure</b>	<b>(2.106)</b>
<b>Net increase in general fund</b>	<b>0.072</b>

During the year the Council took precautionary measures with regard to the national foot and mouth outbreaks. The amount of expenditure incurred during 2000/2001 was £0.132m. This cost was met by the Development and Environment Services and has been included in the total expenditure chargeable against Section 83 of the Local Government (Scotland) Act 1973.

The income and expenditure of the Education service reflects additional central government grant funding of £1.2m allocated to schools which has been spent on additional staffing and school supplies. This income and expenditure was additional to budget.

The major reasons for increases in Education expenditure include cleaning and catering costs, pupil transport and teaching staff costs. The contributing factors within Transportation and Property Services include additional costs related to winter maintenance of roads, unbudgeted staff costs and reduced income levels.

**DLO/DSO's**

During 2000/2001 the Council's DLO/DSO's achieved a surplus of £0.389m. The surplus has been taken as a contribution to the General Fund. All DLO/DSO's met their statutory financial objective. In a period of financial constraints this is a welcome outcome and reflects positively upon the Council's management of direct services.

**Housing Revenue Account**

The balance on the HRA reserve stands at £1.573m at 31 March 2001. This compares to a budgeted balance of £1.811m. The main factors giving rise to the reduction of £0.238m in the reserve are as follows:

Housing Revenue Account (Continued)	£'m
Savings in capital financing costs and interest	0.178
Increase in other income	0.305
Reduction in central support service allocation	0.171
<b>Increased Income</b>	<b>0.654</b>
Additional expenditure on repairs and maintenance	(0.518)
Void house rents and provision for bad debts	(0.299)
Other movements	(0.075)
<b>Increased Expenditure</b>	<b>(0.892)</b>
<b>Reduction in HRA Reserve</b>	<b>(0.238)</b>

Budgeted contributions of £0.7m to supplement the capital expenditure programme and a transfer to the general fund of £0.364m were made.

#### Capital Expenditure

The Council incurs capital expenditure within limits laid down by the Scottish Executive who issue consents under Section 94 of the Local Government (Scotland) Act 1973. Capital receipts (from the sale of buildings, land, etc.) and private sector contributions are used to enhance these consents, subject to certain Scottish Executive restrictions placed on the use of receipts. Details of capital expenditure are as follows:

	Composite Programme £'m	Housing Revenue Account £'m
Net Allocation	10.882	1.675
Usable Capital Receipts	1.282	0.800
Capital Financed from Current Revenue	0.134	0.700
<b>Gross Consent</b>	<b>12.298</b>	<b>3.175</b>
<b>Capital Expenditure</b>	<b>12.836</b>	<b>3.175</b>
<b>Excess Expenditure</b>	<b>0.538</b>	-

The excess expenditure on the composite programme, which was planned, is within tolerance limits allowed and will be offset against the consent available in 2001/2002. Containing expenditure within the tolerance limit demonstrates effective management of the substantial capital investment programmes and the continuing pressure upon these programmes. The composite programme includes all services other than Police, Fire and the Housing Revenue Account. Joint Boards control capital expenditure on Police and Fire and are reported separately thereon. The Housing Revenue Account covers capital expenditure on the Council's stock of houses. The composite programme includes additional consent in relation to the redevelopment of Port Askaig Harbour which the Council secured in competition, securing much needed

#### Other Significant Matters

The Council has been active in progressing a range of initiatives which although not directly affecting the financial position for the 2000/2001 financial year are worthy of mention in order to gain a full understanding of the Council's business.

Over the last 2 years the Council has been developing a public private partnership to secure the necessary capital investment to meet the Council's long term waste disposal needs. Negotiations are progressing and financial closure is anticipated in July 2001.

The Council secured funding under the new housing partnerships programme. This funding has been utilised to carry out an options appraisal study for large scale voluntary transfer of the housing stock. The options appraisal is well underway and the outcome of this will be considered over the next year.

In common with other Councils a significant investment in school buildings is required. The Council has adopted a proactive approach to this and allocated funding during 2000/2001 for a feasibility study to investigate how this investment might be achieved. To supplement this the Council secured £0.200m of Scottish Executive funding to develop an outline business case for its education capital investment proposals. This exercise is now underway.

#### Conclusion

The Council ends the year with a small general fund surplus. However this is committed to projects already underway. Improvements in council tax collection, savings in loan charges, effective management of DLO/DSOs and containment of expenditure in most departments has offset the over expenditure on Education and Transportation and Property Services. There is a small reduction in the HRA reserve. In overall terms the Council has achieved its objectives in fully utilising capital consents.

The Council will continue to pursue initiatives to secure additional funding. Budgetary control will be scrutinised to improve financial control within Education and Transportation and Property Services.

**Stewart McGregor**  
Director of Finance  
20 June, 2001

**THE AUTHORITY'S RESPONSIBILITIES**

The Authority is required:

1. 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. In this authority, that officer is the Director of Finance.
2. to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

**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/LA(S)AAC Code of Practice on Local Authority Accounting in Great Britain ("The Code of Practice"), is required to present fairly, the financial position of the authority as at 31 March 2001 and its income and expenditure for the year ended on that date.

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

1. selected suitable accounting policies and applied them consistently;
2. made judgements and estimates that were reasonable and prudent;
3. complied with "The Code of Practice".

The Director of Finance has also:

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

The Accounts have been prepared in accordance with the Code of Practice for the publication of Financial Information. Due regard has been given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities in Great Britain.

**1. REVENUE ACCOUNTS**

Revenue transactions have been recorded on an income and expenditure basis, actual or estimated sums having been included in respect of known debtors and creditors at the year end.

Customer and client receipts in the form of sales, fees, charges and rents have been accrued in the period to which they relate.

Employee costs have been charged to the period within which the employees worked.

Interest payable on external borrowing and internal income has been accrued in the period to which it relates on the basis of the overall economic effect of the borrowing.

The cost of supplies and services has been accounted for in the period during which they were received or consumed.

All revenue grants are matched with the expenditure to which they relate. Grants made to finance the general activities of a local authority 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 on an accruals basis when the conditions for receipt have been complied with.

**2. OVERHEADS**

The cost of all Central Support Departments are fully allocated over user departments. Allocations have been based on actual or estimated activity levels, time and floor area.

**3. PENSIONS**

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.

The accounting treatment followed by the Council is not in accordance with the Statement of Standard Accounting Practice 24 (SSAP24), "Accounting for Pension Costs", which requires that the pension costs should be charged to revenue in such a manner as to provide a substantially level charge for current and future pension costs. It is not considered appropriate to reflect non-cash items of this nature in the accounts of the Council and, therefore, the charge for the year represents only the actual contributions paid.

The employer's contributions to the scheme are assessed every three years by a consulting actuary and are calculated to ensure the actuarial solvency of the fund. The cost of pensions to the Council, reflected in the financial statements, is the actual contribution paid in the year as determined by the actuary.

**4. CAPITAL ACCOUNTING**

**Accounting Policy Statement**

The accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain, which is recognised by statute as representing proper accounting practices. In Scotland the status of the 1993 Code is derived from the Scottish Office Circular 5/1985 and not from a statutory source.

Services have been charged for the assets based on their value rather than on the financing costs of debt outstanding on the asset.

**Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

**Disposal of Fixed Assets**

The receipts arising from the disposal of fixed assets have been dealt with on an accruals basis. Those of a capital nature are credited to the Capital Financing Reserve.

**Depreciation**

This policy complies with the requirements of the 2000 SORP which incorporated the introduction of Financial Reporting Standard 15 (FRS15), "Tangible Fixed Assets".

Operational Buildings	-	20 – 50 years
Infrastructure and Deferred Government Grants thereon	-	40 years
Vehicles	-	4 – 20 years
Plant and Equipment	-	3 – 10 years
Vessels	-	25 years

**5. DEFERRED CHARGES**

Deferred charges are items that have been charged to the capital account of the authority, but which do not result in the acquisition of a tangible asset for the authority. On the 31 March 2000 these were valued at £42.218m, £34.566m of which was for Argyll and Bute Council investing in private sector housing stock by way of repair, improvement and disablement grants. On 31 March 2001, in line with best accounting practice, these are now shown to have no value as Argyll and Bute Council derives no beneficial ownership of such investment.

Deferred charges arising during the financial year have been written out immediately with service revenue accounts being charged on the basis of the benefit that the service receives as a result of the expenditure. Adjustments have been made through the contribution to the Capital Financing Reserve so that there is no net impact on the amount to be met from government grants and local taxation.

**6. STOCK & WORK IN PROGRESS**

Stock has been valued at the lower of cost and net realisable value.

Work in progress is reflected in the Revenue Accounts and Balance Sheets of the appropriate trading activities at cost plus, where appropriate, a proportion of overheads together with attributable profits and allowances for future losses.

**7. PROVISION FOR BAD AND DOUBTFUL DEBT**

Due account has been taken of the likelihood of the collection of outstanding debt, including local tax collection, and, where appropriate, debtor balances have been reduced to reflect this.

**INSURANCE FUND**

An insurance fund has been established in accordance with the Local Government (Scotland) Act 1994.

**9. RESERVE FUNDS**

A Repairs and Renewals Fund has been established in accordance with the Local Government (Scotland) Act 1975. Reserve Funds for the Direct Labour and Direct Service Organisations have been established in accordance with the relevant CIPFA Code of Practice. A Capital Fund has also been established within the Direct Labour Organisation.

**10. LEASING**

All current leases are classified as "operating leases" as defined by Statement of Standard Accounting Practice 21 (SSAP 21), "Accounting for Leases and Hire Purchase Contracts". The annual rentals are charged to the appropriate Revenue Account.

**11. ASSETS FINANCED BY COVENANT SCHEMES**

The accounting treatment of assets financed under Covenant Schemes is in accordance with Section 4.1 of Guidance Note 1 - Covenant Schemes Accounting Treatment and Disclosures - issued by the Local Authority (Scotland) Accounts Advisory Committee

The Council's indebtedness is recorded as a Deferred Covenant Liability in the Consolidated Balance Sheet. The assets have been valued in accordance with Note 4 above.

**12. LOANS FUND**

In accordance with the Local Government (Scotland) Act 1975 Schedule 3 (12), the Council administers a Loans Fund. All loans raised by the Council are paid into the fund and are pooled.

Interest and expenses of the Loans Fund have been calculated and allocated to the revenue account on the basis of debt outstanding on each account at the start of the financial year with a pro-rata adjustment in respect of new advances.

Redemption of debt has been calculated and provided for in the Revenue Account on an annuity basis.

Interest on revenue balances is allocated on the basis of monthly balances held on the respective accounts.

**13. DIRECT LABOUR AND DIRECT SERVICE ORGANISATIONS**

Accounts for the Direct Labour and Direct Service Organisations are included in summary format in this document. A detailed set of accounts as required by statute are available on request from Council Headquarters. The Consolidated Revenue Account and Balance Sheet include entries from these as appropriate.

1999/00		2000/01			
Actual Net Expenditure £'000		Actual Gross Expenditure £'000	Actual Gross Income £'000	Actual Net Expenditure £'000	Budget Net Expenditure £'000
	<b>Council Services</b>				
56,249	Education	75,644	8,754	66,890	58,315
17,022	Development and Environment Service	24,735	6,069	18,666	18,087
20,484	Social Work and Housing Service	45,076	18,813	26,263	25,462
(594)	Housing Revenue Account	13,818	14,135	(317)	(683)
20,160	Roads and Transportation Service	38,470	18,457	20,013	19,369
1,806	Central Services to the Public	2,994	1,190	1,804	2,161
2,262	Corporate and Democratic Core	3,379	87	3,292	3,327
11,017	Joint Boards	11,114	-	11,114	11,061
<b>128,406</b>	<b>Net Cost of Services</b>	<b>215,230</b>	<b>67,505</b>	<b>147,725</b>	<b>137,099</b>
39	Net (income) / expenditure on the Asset Management Revenue Account			830	(298)
<b>128,445</b>	<b>Net Operating Expenditure</b>			<b>148,555</b>	<b>136,801</b>
594	Surplus/deficit transferred to/from HRA Balances			317	683
6,261	Contributions to/(from) Capital Financing Reserve			(9,614)	461
(280)	Contribution from DLO/DSO			(389)	-
<b>135,020</b>	<b>Amount to be met from Government Grants and Local Taxpayers</b>			<b>138,869</b>	<b>137,945</b>
30,652	Council Tax			32,984	32,877
76,818	Revenue Support Grant			75,852	75,371
25,472	Non-domestic Rates			29,231	29,221
314	Community Charge and Old Rates			191	125
<b>(1,764)</b>	<b>(Deficit) / Surplus for Year</b>			<b>(611)</b>	<b>(351)</b>
	Transfer from HRA Reserves			364	364
2,096	General Fund Surplus Brought Forward			332	-
<b>332</b>	<b>General Fund Surplus Carried Forward</b>			<b>85</b>	<b>13</b>

During the year the valuations of Hermitage Academy and Campbeltown Swimming Pool were revised down to reflect a permanent impairment in value. This amounted to an additional charge of £6.071m being made to the Education service account and £0.511m being made to the Development and Environment service account.

**1. Joint Boards**

This account shows payments to the Police, Fire and Valuation Joint Boards and to the Authorities Buying Consortium.

1999/2000		2000/01
£'000		£'000
6,481	Strathclyde Police Joint Board	6,406
3,512	Strathclyde Fire Joint Board	3,641
1,006	Dunbartonshire and Argyll & Bute Valuation Joint Board	1,038
18	Authorities Buying Consortium	29
<u>11,017</u>	<b>Total Joint Boards</b>	<u>11,114</u>

**2. Asset Management Revenue Account**

This account shows the (deficit)/surplus arising from the capital charges made to the service accounts for the use of assets and the cost to the Council of financing these assets.

1999/2000		2000/01
£'000		£'000
4,056	Provision for Depreciation/Impairment	16,562
17,978	External Interest Payable	17,921
(21,526)	Capital Charges	(33,165)
(469)	Release of Government Grant	(488)
<u>39</u>	<b>Net Expenditure / ( Income)</b>	<u>830</u>

**3. Contributions to Capital Financing Reserve**

This shows the amount of revenue resources used to finance capital expenditure during the year and the repayment of the principal instalment from the Loans Fund, offset by depreciation/impairment charges (net of Government Grants credit) and the amount of deferred charges written off to revenue.

1999/2000		2000/01
£'000		£'000
643	Capital Financed from Current Revenue	134
9,205	Principal Loans Fund Instalment	9,667
(4,056)	Depreciation/Impairment	(16,562)
469	Deferred Charges Written off to Revenue	(3,341)
<u>6,261</u>	Release of Government Grant	488
	<b>Total Contribution to Capital Financing Reserve</b>	<u>(9,614)</u>

**4. Operating Lease Rentals Paid**

The Council uses land, buildings, vehicles, plant and equipment financed under the terms of an operating lease. The amount paid under these arrangements in 2000/01 are as follows:

1999/2000		2000/01
£'000		£'000
113	Land and Buildings	68
521	Vehicles	887
558	Plant and Equipment	395
<u>1,192</u>	<b>Total</b>	<u>1,350</u>

In respect of vehicles the Council recovered £0.121m of leased car costs from its employees during 2000/01.

The future cash payments required under these operating leases are:

	£'000
2001/02	1,148
2002 onwards	3,686
<b>Total</b>	<u>4,834</u>

**5. Local Government Act 1973, Section 83 Expenditure**

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 2000/01 that limit was £0.337m with expenditure of £0.324m being incurred and included within service expenditure. This expenditure covered the cost of Leisure Management Grants, Joint Twinning and the precautionary measures taken with regards to the national outbreak of foot and mouth disease.

**6. Local Government Act 1986 - Separate Publicity Account**

The Council is required under Section 5 of the Act to maintain a separate account for publicity. Expenditure of £0.404m was incurred during 2000/01 and is included within service expenditure as follows:

1999/2000		2000/01
£'000		£'000
181	Staff advertising	172
16	Leaflets and publications	21
60	Statutory notices	64
155	Other	147
<u>412</u>	<b>Total</b>	<u>404</u>

**7. Agency Income**

The Council has an agency agreement with Scottish Homes whereby the Council collects rents on their behalf and arranges for maintenance work to be carried out on their housing stock. In addition the Council has an agency agreement with the West of Scotland Water Authority to collect water and sewerage rates.

1999/2000		2000/01
£'000		£'000
1	Scottish Homes - collection of rents	1
3	Scottish Homes - repair of houses	1
161	West of Scotland Water Authority	161
<u>165</u>		<u>163</u>
-	Agency Expenditure	-
<u>165</u>		<u>163</u>

**8. Local Authorities (Goods and Services) Act 1970**

The Council is empowered by this Act to provide goods and services to other public bodies. Income from these services amounted to £4.624m and the related expenditure was £4.581m. The goods and services provided were as follows:

	Income	Expenditure
	£'000	£'000
Joint Finance and Resource Transfer	1,659	1,659
North Lanarkshire Council - Cleaning Outdoor Centre	73	66
Trunk Road Maintenance	2,445	2,427
Education - Provision of Special Needs	203	196
Strathclyde Police	106	99
Strathclyde Fire Brigade	127	125
Scottish Homes	6	5
Kirkcare	5	4
	<u>4,624</u>	<u>4,581</u>



**9. Pensions - Local Government Superannuation (Scotland) Scheme**

The Council participates in the Superannuation Fund administered by City of Glasgow Council's Strathclyde Pension Fund. This Fund provides members with defined benefits related to pay and service. The contributions are based on rates determined by the Fund's professionally qualified actuary and based on triennial valuations of the Fund, the most recent of which was at 31 March 1999 and set employers contributions as follows:

2000/01 - 200% of employees contributions  
2001/02 - 210% of employees contributions  
2002/03 - 220% of employees contributions

The value of assets of the scheme as at 31 March 1999 did not exceed 105% of the value of the liabilities of the scheme.

1999/2000 £'000		2000/01 £'000
3,240	<b>Pension costs charged to the accounts (£)</b>	3,757
10.20%	as a percentage of pensionable pay (%)	12.00%
16	<b>Discretionary payments made by the council (£)</b>	10
0.05%	as a percentage of pensionable pay (%)	3.19%
377	<b>Expenditure on added years awarded (£)</b>	-
1.19%	as a percentage of pensionable pay (%)	

The capital cost of discretionary increases in pensions payments agreed by the authority are:

	£'000
in the year	77
in earlier years	12,946

This includes both retirals from Argyll and Bute Council itself, and retirals from predecessor authorities for which Argyll and Bute Council is still making payments.

**10. Teachers Pensions - Administered by the Scottish Office**

1999/2000 £'000		2000/01 £'000
1,612	<b>Amount paid over (£)</b>	1,994
6.90%	Rate of contribution (%)	6.90%
441	<b>Amount of added years awarded by the Council (£)</b>	431
56	<b>Discretionary payments made by the council (£)</b>	-

**11. Members' Allowances**

The total amount of members' allowances paid by the Council during the year were:

1999/2000 £'000		2000/01 £'000
192	Basic Allowance	195
176	Special Responsibility Allowance	199
<u>368</u>	<b>Total Allowances</b>	<u>394</u>

**12. Officers' Emoluments**

The number of employees whose remuneration, excluding pension contributions was £40,000 or more in bands of £10,000 were:

1999/2000	Remuneration Band	2000/01
No		No
30	£40,000 - £49,999	34
3	£50,000 - £59,999	2
6	£60,000 - £69,999	6
1	£70,000 - £79,999	1

**13. Related Party Transactions**

During the year transactions with related parties arose as follows:

	Income £'000	Expenditure £'000
<b>Central Government and Agencies:</b>		
Revenue Grants: Revenue Support Grant	75,852	
Non-domestic Rates	29,231	
Housing Benefits / Support Grant	13,100	
Council Tax Benefit Subsidy	4,523	
Other Government Grants	6,772	
Capital Grants: European Grants	111	
Sports Lottery	92	
Argyll and the Islands Enterprise	47	
Scottish Natural Heritage	6	
New Deal for Schools	600	
Other Government Capital Grants	323	
<b>Related Bodies:</b>		
Joint Boards (see note 1 for further details)		11,114
Scottish Passenger Transport		1,079
<b>Other Related Party Transactions:</b>		
Companies in which members have a significant interest		88

1999/2000		2000/2001	2000/2001
Actual		Actual	Budget
£'000		£'000	£'000
	<b>Expenditure</b>		
3,883	Repairs and Maintenance	4,502	3,984
3,553	Supervision and Management	3,647	3,732
5,227	Capital Financing Costs	4,953	5,003
307	Void House Rents	402	240
28	Bad Debt Write Off	-	-
24	Provision for bad or doubtful debts	137	-
114	Other expenditure	177	128
<b>13,136</b>	<b>Total Expenditure</b>	<b>13,818</b>	<b>13,087</b>
	<b>Income</b>		
13,212	Rent of houses (gross)	13,501	13,437
57	Non-dwelling rents	51	55
93	Housing Support Grant	93	93
368	Other income	490	185
<b>13,730</b>	<b>Total Income</b>	<b>14,135</b>	<b>13,770</b>
<b>594</b>	<b>(Deficit) / Surplus for Year</b>	<b>317</b>	<b>683</b>
3,298	Surplus Brought Forward	2,192	2,192
-	Interest Earned on Surplus Brought Forward	128	-
(1,700)	Contribution to Capital Financing Reserve	(700)	(700)
-	Contribution to General Fund	(364)	(364)
<b>2,192</b>	<b>Surplus Retained in Housing Revenue Account</b>	<b>1,573</b>	<b>1,811</b>

**NOTES TO THE HOUSING REVENUE ACCOUNT**

**1. Gross Rent Income**

This is the total rent income for the year. Average annual rent charges were £37.95 per week in 2000/01 (1999/2000 £36.45)

**2. Housing Stock**

1999/2000		2000/01
No		No
182	Sheltered Housing	198
3,592	Other houses	3,563
1,658	Tenement flats	1,664
1,453	Other flats	1,330
<b>6,885</b>	<b>Total Housing Stock</b>	<b>6,755</b>

**3. Rent Arrears and Bad Debts**

Rent arrears at 31/3/2001 were £0.472m (31/3/2000 - £0.322m) and this equated to an average rent arrears per house of £70.00 (1999/2000 - £46.77)

In accordance with the latest assessment of potential recovery and in order to reflect due prudence, the provision for bad debts has been adjusted to £0.272m (1999/2000 - £0.125m), this represents an increase of £0.147m.

1999/2000 (Surplus) Deficit Actual £'000		2000/01			
		Turnover Actual £'000	Total Expenditure Actual £'000	(Surplus) Deficit Actual £'000	(Surplus) Deficit Budget £'000
	<b>DLO</b>				
(95)	Property Maintenance	3,148	3,125	(23)	-
(4)	Roads - Local	8,015	7,878	(137)	
(40)	Roads - Trunk	2,445	2,428	(17)	
	<b>DSO</b>				
(37)	Vehicle Maintenance	1,732	1,586	(146)	
(6)	Ground Maintenance	2,533	2,515	(18)	(4)
(2)	Street Cleansing	865	858	(7)	
(51)	Refuse Collection	1,442	1,426	(16)	
-	Leisure Management	750	743	(7)	
(42)	Catering	2,433	2,427	(6)	
(3)	Cleaning	1,247	1,235	(12)	
<b>(280)</b>	<b>TOTAL</b>	<b>24,610</b>	<b>24,221</b>	<b>(389)</b>	<b>(4)</b>

**Appropriation Account**

	Deficit (Surplus) £'000	Transfer to General Fund £'000	Transfer to Reserve Fund £'000	Balance 31/3/01 £'000
2000/01	<b>(389)</b>	<b>389</b>	<b>-</b>	<b>-</b>

**NOTES TO THE SUMMARY DLO/DSO REVENUE AND APPROPRIATION ACCOUNT**

**1. Further Information**

The detailed accounts for the Direct Labour and Direct Services Organisations are contained in a separate Annual Report, which is published in accordance with the appropriate legislation and is available on request from Council Headquarters.

**2. Statutory Financial Objectives**

The statutory financial objective for all DSO's and DLO's is to break-even after applying the CIPFA Code of Practice on Capital Accounting. All Direct Labour and Direct Service Organisations have achieved the statutory financial objective.

Shows the net income raised from council taxes levied under the Local Government Finance Act 1992.

1999/2000		2000/01
Actual		Actual
£'000		£'000
38,312	Gross Council Tax levied and contributions in lieu	41,443
	Less:	
(252)	Council Tax benefits (net of government grant)	(183)
(6,626)	Other discounts and reductions	(7,087)
(782)	Provision for bad and doubtful debts	(1,189)
<u>30,652</u>	<b>Net Council Tax Income</b>	<u>32,984</u>

**NOTES TO THE COUNCIL TAX INCOME ACCOUNT**

**1. Calculation of the Council Tax**

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base, ie. Band D equivalents as below. This value is then decreased or increased dependant upon the band of the dwelling. The charge for each band for 2000/01 was as follows:

Band	Valuation Band	% Band D	£ per year
A	Under £27,000	67%	£ 625.33
B	£27,000 - £35,000	78%	£ 729.56
C	£35,000 - £45,000	89%	£ 833.78
D	£45,000 - £58,000	100%	£ 938.00
E	£58,000 - £80,000	122%	£1,146.44
F	£80,000 - £106,000	144%	£1,354.89
G	£106,000 - £212,000	167%	£1,563.33
H	Over £212,000	200%	£1,876.00

**NOTES TO THE COUNCIL TAX INCOME ACCOUNT - Continued**

**2. Calculation of the Council Tax Base 2000/01**

<b>Council Tax Base</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
Total Number of Properties	8,098	9,372	9,278	5,358	6,438	3,266	2,156	205	44,171
<b>Less</b> - Exemptions / Deductions	891	619	1,264	397	518	162	93	28	3,972
- Adjustment for Single Chargepayers	915	955	692	382	315	127	73	7	3,466
<b>Effective Number of Properties</b>	<b>6,292</b>	<b>7,798</b>	<b>7,322</b>	<b>4,579</b>	<b>5,605</b>	<b>2,977</b>	<b>1,990</b>	<b>170</b>	<b>36,733</b>
Band D Equivalent Factor (ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
<b>Band D Equivalent Number of Properties</b>	<b>4,195</b>	<b>6,065</b>	<b>6,508</b>	<b>4,579</b>	<b>6,851</b>	<b>4,300</b>	<b>3,317</b>	<b>340</b>	<b>36,155</b>
<b>Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)</b>									<b>750</b>
Nominal Tax Yield									<b>36,905</b>
<b>Less Provision for Non-Collection</b> - 5.4%									<b>1,993</b>
<b>Council Tax Base 2000/01</b>									<b>34,912</b>

Shows the income from the rate levied under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property.

1999/2000		2000/01
Actual		Actual
£'000		£'000
30,636	Gross rates levied and contributions in lieu	33,286
	Less:	
(3,998)	Reliefs and other deductions	(5,867)
16	Payment of interest	(19)
(230)	Provision for bad and doubtful debts	(420)
<u>26,424</u>	<b>Net Non-domestic Rate Income</b>	<u>26,980</u>
8	Adjustments for years prior to introduction of national non-domestic rates pool	10
(960)	Contribution from / (to) national non-domestic rate pool	2,241
<u>25,472</u>	<b>Guaranteed Rate Income</b>	<u>29,231</u>

**NOTES TO THE NON-DOMESTIC RATE INCOME ACCOUNT**

**1. Analysis of Rateable Values**

1999/2000		2000/01
£		£
2,902,925	Industrial and freight transport subjects	3,409,660
31,683,788	Public utilities including British Rail, British Gas, Hydro Electric etc	33,258,234
	Commercial subjects:	
8,280,645	Shops	9,680,920
3,783,285	Offices	4,555,835
5,343,005	Hotels, Boarding Houses etc.	6,819,895
4,421,665	Others	5,596,495
8,284,462	Miscellaneous and formula valued subjects	7,298
<u>64,699,775</u>	<b>Total Rateable Value</b>	<u>63,328,337</u>

**2. Non-Domestic Rate Charge**

1999/2000		2000/01
Pence		Pence
<u>48.9p</u>	<b>Rate Per Pound</b>	<u>45.8p</u>

**3. Calculation of Rate Charge for Each Property**

The rates charge for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the Rate per £ announced each year by the Government.

1999/2000 £'000		Note	2000/01 £'000
	<b>Fixed Assets</b>	<b>1</b>	
	Operational Assets		
62,364	- Council Dwellings		63,290
152,755	- Other Land and Buildings		156,013
4,233	- Vehicles, Plant and Equipment		3,988
59,384	- Infrastructure Assets		60,175
28	- Community Assets		-247
	Non-operational Assets		
10,279	- Non-operational Land and Buildings		15,494
<b>289,043</b>			<b>298,713</b>
43,561	Deferred Charges	<b>2</b>	-
1,347	Long Term Debtors		9,065
<b>333,951</b>	<b>Total Long Term Assets</b>		<b>307,778</b>
	<b>Current Assets</b>		
1,158	- Stock and Work in Progress		1,178
14,835	- Debtors	<b>5</b>	9,946
795	- Cash at Bank and in Hand		1,922
<b>350,739</b>			<b>320,824</b>
	<b>Current Liabilities</b>		
-29,765	- Short Term Borrowing	<b>6</b>	-1,095
-15,389	- Creditors		-27,515
-2,315	- Bank Overdraft		-2,765
<b>303,270</b>	<b>Total Assets less Current Liabilities</b>		<b>289,449</b>
-184,996	Long Term Borrowing	<b>6</b>	-207,659
-479	Deferred Covenant Liability		-399
-11,215	Deferred Government Grants	<b>7</b>	-11,113
<b>106,580</b>	<b>Total Assets less Liabilities</b>		<b>70,278</b>
60,836	Fixed Asset Restatement Reserve		74,759
39,748	Capital Financing Reserve		-9,142
3,369	Earmarked Reserves		2,895
	Balances		
332	- General Fund		85
2,192	- Housing Revenue Account		1,573
103	- DSOs		108
<b>106,580</b>	<b>Total Equity</b>		<b>70,278</b>

**Stewart McGregor**  
Director of Finance  
June 20, 2001



**1.1 Movement of Fixed Assets**

	Balance at 1/4/00 £'000	Expenditure in year £'000	Revaluations £'000	Disposals £'000	Transfers £'000	Depreciation £'000	Write off to FARR £'000	Balance at 31/3/01 £'000
<b>Operational Assets</b>								
- Council Dwellings	62,364	3,102	4,160	(1,156)		(2,078)	(3,102)	63,290
- Other Land and Buildings	152,755	4,357	9,092		1,341	(10,505)	(1,027)	156,013
- Vehicles Plant and Equipment	4,233	1,000		(38)		(1,207)		3,988
- Infrastructure Assets	59,384	3,582		(19)		(2,772)		60,175
- Community Assets	28	32					(307)	(247)
<b>Non-operational Assets</b>	10,279	236	6,803	(483)	(1,341)			15,494
<b>Total</b>	<b>289,043</b>	<b>12,309</b>	<b>20,055</b>	<b>(1,696)</b>		<b>(16,562)</b>	<b>(4,436)</b>	<b>298,713</b>
<b>Total 1999/2000</b>	<b>290,588</b>	<b>13,492</b>	<b>(465)</b>	<b>(2,072)</b>	<b>(359)</b>	<b>(4,056)</b>	<b>(8,085)</b>	<b>289,043</b>

**1.2 Valuation of Fixed Assets**

In accordance with the Capital Accounting Code of Practice, fixed assets are shown at valuation. The basis on which each category of fixed asset is valued is as follows:

**Council Dwellings**

The basis of valuation is Existing Use Value for Social Housing as defined in Practice Statement 4.1 of the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, the definition of which is as follows:

"Existing Use Value for Social Housing is defined as an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of the valuation."

The valuations were carried out as at 31 March 2001 by an independent valuer, the District Valuer, on the aforementioned basis.

**Other Land and Buildings**

The basis of valuation is Open Market Value for Existing Use, assessed on either a comparative or depreciated replacement cost basis.

During the current year, revaluations were carried out by the Estates Section of Transportation and Property in accordance with their rolling programme of revaluations. This included revaluations of all schools not revalued during 1999/2000. This programme will continue during 2001/2002.

**Vehicles, Plant and Equipment**

These assets have been valued using historical cost as a proxy for current replacement cost.

**Infrastructure and Community Assets**

These assets are valued at depreciated historic cost.

**Non Operational Assets**

These have been valued on the basis of open market value taking account of existing and alternative uses.

During the current year, revaluations were carried out by the Estates Section of Transportation and Property, on 80 non-operational properties, in accordance with their rolling programme of revaluations. This programme will continue during 2001/2002.

1.3 Fixed Assets Information on Assets Held at 31/3/01

	2000/01		2000/01
<b>OPERATIONAL BUILDINGS</b>	<b>No.</b>	<b>OPERATIONAL EQUIPMENT</b>	<b>No.</b>
Administrative Buildings	38	Vehicles and Heavy Plant	354
Depots	32		
Social Work Homes for the Elderly	6	<b>INFRASTRUCTURE ASSETS</b>	
Social Work Children's Homes	4	Highways (miles)	1,406
Social Work Hostels	3	Bridges	954
Primary Schools	81		
Secondary Schools	10	<b>COMMUNITY ASSETS</b>	
Special Schools	3	Play Areas	52
Nursery Schools	3	Parks	25
Halls	10	Civic Regalia (Provosts' Chains)	4
Sports Centres	1	Civic Regalia (Bailies' Chains)	1
Swimming Pools	4	Cemeteries	66
Museums and Libraries	10		
Community Centres	8	<b>COUNCIL DWELLINGS</b>	6,755
Crematoria	1		
Public Conveniences	69		
Travelling Persons Sites	3		

2. Deferred Charges

	Balance at 1/4/00 £'000	Write off Opening Bal £'000	Expenditure during year £'000	Receipts during year £'000	Capital Discharged £'000	Balance at 31/3/01 £'000
Improvement Grants	34,789	(34,789)	-	-	-	-
Slum Clearance	389	(389)	-	-	-	-
Other	8,383	(8,383)	-	-	-	-
<b>Total</b>	<b>43,561</b>	<b>(43,561)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 1999/2000</b>	<b>42,218</b>	<b>-</b>	<b>2,942</b>	<b>-</b>	<b>(1,599)</b>	<b>43,561</b>

3. Spending on Capital Projects During the Year

Capital expenditure involves the creation of assets, the benefit of which will be available to future rate and council taxpayers. It is financed from borrowing and therefore the cost of the assets is effectively borne over a period of years. In 2000/01 gross capital expenditure totalled £16.012m, offset by capital income of £4.116m, as follows:

	31 March 2001 £'000	31 March 2000 £'000
Education Services	2,574	3,496
Development and Environment Services	1,976	2,043
Social and Housing Services	3,485	3,244
Housing Revenue Account	3,175	4,178
Transportation and Property Services	3,459	2,448
Central Support	1,343	1,078
<b>Total Expenditure</b>	<b>16,012</b>	<b>16,487</b>
<b>Financed by:</b>		
Sale of Council Houses	689	743
Sale of Other Assets	612	305
Grants	1,757	1,129
Other Capital Receipts	224	414
Capital from Current Revenue	834	2,343
Borrowing	11,896	11,553
<b>Total Financing</b>	<b>16,012</b>	<b>16,487</b>

**4. Assets Held Under Finance Leases**

There were no assets held under finance leases during the year.

**5. Debtors**

£'000

Arrears of Local Taxation	Council Tax	11,324	
	less: provision for bad debts	<u>-9,256</u>	2,068
	Community Charge	8,060	
	less: provision for bad debts	<u>-8,016</u>	44
	Non-domestic Rates	2,434	
	less: provision for bad debts	<u>-1,972</u>	462
House Rents		373	
less: provision for bad debts		<u>-272</u>	101
Debtor Accounts		3,866	
less: provision for bad debts		<u>-813</u>	3,053
VAT Recoverable			1,417
Other Debtors			2,801
<b>Total Debtors</b>			<b>9,946</b>

**6. Analysis of Borrowing**

**6.1 Source of Loan**

	31 March 2001 £'000	31 March 2000 £'000
Public Works Loan Board	187,819	185,910
Money Market	18,500	26,026
EIB	2,164	2,590
Other Loans	271	235
<b>Total Outstanding Loans</b>	<b>208,754</b>	<b>214,761</b>

**6.2 Maturity of Loans**

	31 March 2001 £'000	31 March 2000 £'000
Short Term Loans	1,095	29,765
<b>Total Short Term Loans</b>	<b>1,095</b>	<b>29,765</b>
1 - 2 years	1,292	1,048
2 - 5 years	2,714	3,959
6 - 10 years	1,409	16,291
Over 10 years	202,244	163,698
<b>Total Long and Medium Term Loans</b>	<b>207,659</b>	<b>184,996</b>
<b>Total Outstanding Loans</b>	<b>208,754</b>	<b>214,761</b>

**7. Deferred Government Grants**

	£'000
<b>Balance at 1 April 2000</b>	<b>11,215</b>
Grants received during the year to finance capital projects	386
Credit to revenue account during the year	-488
<b>Balance at 31 March 2001</b>	<b>11,113</b>

**8. Analysis of Net Assets Employed**

	As at 31 March 2001			Total £'000
	General Fund £'000	HRA £'000	DSO/DLO's £'000	
<b>Assets</b>				
Fixed Assets	235,423	63,290	-	298,713
Deferred Charges	-	-	-	-
Long Term Debtors	9,065	-	-	9,065
Stock and Work in Progress	199	-	979	1,178
Debtors	9,700	193	53	9,946
Cash at Bank and in Hand	1,922	-	-	1,922
<b>Liabilities</b>				
Short Term Borrowing	-1,139	25	19	-1,095
Creditors	-23,654	-1,595	-2,266	-27,515
Bank Overdraft	-2,765	-	-	-2,765
Long Term Borrowing	-161,934	-45,652	-73	-207,659
Deferred Covenant Liability	-399	-	-	-399
Government Grants Deferred	-11,113	-	-	-11,113
<b>Total Net Assets Employed</b>	<b>55,305</b>	<b>16,261</b>	<b>(1,288)</b>	<b>70,278</b>

**9. Insurance Fund**

An Insurance Fund has been established in accordance with the Local Government (Scotland) Act 1994. The balance at 31 March 2001 was £1.234m (1999/2000 - £1.178m). The fund represents contributions made from the General Fund and does not yet cover specific uninsured risks.

**10. Contingent Gains and Liabilities**

The Council has inherited a number of applications for equal pay at various stages of completion at Industrial Tribunals. The final outcome of these applications is unknown at this time, although there is the possibility that the Council may lose at least some of these cases. No financial provision has been made in the 2000/2001 Accounts given the uncertainties which surround both the final outcomes and the settlement levels.

Contingent liabilities have continued to arise in respect of the former Strathclyde Regional Council's operations. Cost sharing arrangements are in place with the other eleven authorities which make up the former Strathclyde Region. Argyll and Bute Council's share of liabilities which materialise in the future will be approximately 4%. At present, potential liabilities in respect of insurance claims and various legal actions could cost the Council £0.322m. Full provision for this amount has been made.

As at 31 March 2000, the Council had incurred no expenditure and had made no commitments in respect of the costs associated with the introduction of the Euro. Prior to entry into full Euro trading, a significant review of all systems will require to be undertaken. Consequently an estimate of costs is not available at this stage.

**11. Provisions**

A provision in respect of insurance claims and various legal actions from the former Strathclyde Regional Council was set up during the 1999/2000 financial year, this was adjusted during 2000/01 to reflect the overall movement in the claims position during the year. This provision complies with the requirements of FRS 12 (Financial Reporting Standard 12 - Provisions, Contingent Liabilities and Contingent Assets) and meets the following criteria:

- There is a present obligation (legal or constructive) as a result of a past event;
- It is probable that a transfer of economic benefit will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

**12. Commitments Under Capital Contracts**

At 31 March 2001, the Council had commitments on capital contracts of £8.295m. This expenditure will be funded from a combination of government capital consent (borrowing), income from selling assets and contributions from Revenue Accounts.

**13. The Castle Trust**

Argyll and Bute Council, East Renfrewshire Council and Glasgow City Council have entered a joint venture to operate the two educational outdoor centres at Ardentlinny and Castle Toward.

**14. Trust Funds and Other Third Party Funds**

The Council acts as sole or custodian trustee for 76 trust funds and 6 common good funds. In neither case do the funds represent assets of the Council, and as such have not been included in the Consolidated Balance Sheet. The funds have not been subject to an independent audit by the Council's external auditors.

Funds for which Argyll and Bute Council act as sole trustee:

	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
Campbelltown Common Good Fund	33	19	426	426
Oban Common Good Fund	58	44	730	730
Inveraray Common Good Fund	-	-	1	1
Lochgilphead Common Good Fund	-	-	5	5
Dunoon Common Good Fund	-	-	8	8
Rothesay Common Good Fund	7	2	98	98
Argyll Education Trust	18	9	193	193
GM Duncan Trust	4	5	72	72
McDougall Trust	24	8	426	426
Moore's Mortification Fund	5	-	100	100
Various Other Trust Funds	22	3	357	357
<b>Total Trust Funds</b>	<b>171</b>	<b>90</b>	<b>2,416</b>	<b>2,416</b>

**Purpose of Common Good Funds:**

The funds are held for the benefit of residents of the former Burghs within Argyll and Bute.

**Purpose of Trust Funds:**

GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbelltown.

McDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Moore's Mortification Fund: to provide benefits to the needy of that part of the Parish of Cardross lying between Auchentroe and Keppoch.

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex pupils of schools within the former Argyll County Council area.

Further information on the Common Good and Trust Funds, administered by Argyll and Bute Council, can be obtained from the Treasury Section of the Finance Department.

	CAPITAL RESERVES			REVENUE RESERVES			Total
	Fixed Asset	Capital	Earmarked	General	Housing	DLO/DSO	
	Restatement	Financing	Reserves	Fund	Revenue		
	Reserve	Reserve			Account		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2000	60,836	39,748	3,369	332	2,192	103	106,580
Net surplus/(deficit) for year				(611)	317	389	95
Unrealised (gains)/loss, from revaluation of fixed assets	20,055						20,055
Interest			189		128	10	327
Contribution (to) / from General Fund		(9,614)	89	364	(364)	(389)	(9,914)
Contribution (to) / from HRA		700			(700)		-
Contribution (to) DLO Capital Fund			5			(5)	-
Capital Discharged on House Loans		(111)					(111)
Net Book Value of assets disposed of	(1,696)						(1,696)
Capital Receipts Applied		3,697					3,697
Expenditure			(757)				(757)
Write off Deferred Charges at 1 April 2000		(43,562)					(43,562)
Expenditure not through Fixed Asset Register	(4,436)						(4,436)
<b>Balance at 31 March 2001</b>	<b>74,759</b>	<b>(9,142)</b>	<b>2,895</b>	<b>85</b>	<b>1,573</b>	<b>108</b>	<b>70,278</b>

NOTES TO THE STATEMENT OF MOVEMENT OF RESERVES

1. Fixed Asset Restatement Reserve

This reserve reflects the difference between the book value of assets prior to the implementation of the new system of Capital Accounting and the revalued amounts. Any subsequent revaluations are also recorded here. It is not a revaluation reserve and does not represent resources available to the authority. It cannot be used in any way to finance revenue or capital expenditure and can only be reduced by either writing out the book value of assets or a downward revaluation.

2. Capital Financing Reserve

The Capital Financing Reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans as well as the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans. As with the Fixed Asset Restatement Reserve it does not represent resources available to the authority.

3. Earmarked Reserves

	Balance at				Balance at
	1 April 2000	Contributions	Interest	Expenditure	
	£'000	£'000	£'000	£'000	£'000
Education Reserves	353	89	19	(119)	342
Repairs and Renewals - Vehicles	552		32		584
Repairs and Renewals - General	1,205		70	(626)	649
Insurance Fund	1,178		68	(12)	1,234
DLO Capital Fund	81	5			86
<b>Total Earmarked Reserves</b>	<b>3,369</b>	<b>94</b>	<b>189</b>	<b>(757)</b>	<b>2,895</b>

4. Revenue Reserves

Revenue reserves are made up of the annual movements in the Consolidated Revenue Account, Housing Revenue Account and the DSO/DLO Appropriation Account. The Housing Revenue Account reserves carried forward are ring-fenced and as such can only be used for the benefit of Council House Tenants. Revenue reserves can be used to meet both capital and revenue expenditure.

1999/2000		Note	2000/01
Actual	REVENUE ACTIVITIES		Actual
£'000	<i>Cash outflows</i>		£'000
83,742	Cash Paid for and on Behalf of Employees		87,151
74,076	Other Operating Cash Payments		65,703
4,757	Housing Benefit Paid Out		6,460
1,804	National Non-domestic Rate Payments to National Pool		
<b>164,379</b>	<b>Total Cash Outflows</b>		<b>159,314</b>
	<i>Cash inflows</i>		
6,672	Rents (after rebates)		6,949
26,094	Council Tax Income		28,717
25,424	Non-domestic Rate Receipts		30,014
314	Community Charge		191
76,818	Revenue Support Grant		75,852
16,734	DSS Grants for Benefits		17,531
5,107	Other Government Grants	1	6,865
19,630	Cash Received for Goods and Services		16,291
	National Non-domestic Rate Receipts from National Pool		7,393
5,058	Other Operating Cash Receipts		5,536
<b>181,851</b>	<b>Total Cash Inflows</b>		<b>195,339</b>
<b>17,472</b>	<b>Net Cash Inflow / (Outflow) From Revenue Activities</b>	2	<b>36,025</b>
	<b>SERVICING OF FINANCE</b>		
	<i>Cash outflows</i>		
16,760	Interest paid		22,561
<b>16,760</b>	<b>Total Cash Outflows</b>		<b>22,561</b>
	<i>Cash inflows</i>		
41	Interest received		107
<b>41</b>	<b>Total Cash Inflows</b>		<b>107</b>
<b>(16,719)</b>	<b>Net Cash Inflow / (Outflow) From Servicing of Finance</b>		<b>(22,454)</b>
	<b>CAPITAL ACTIVITIES</b>		
	<i>Cash outflows</i>		
3,814	Purchase of Fixed Assets		5,525
8,800	Other Capital Cash Payments		5,456
<b>12,614</b>	<b>Total Cash Outflows</b>		<b>10,981</b>
	<i>Cash inflows</i>		
2,954	Sale of Fixed Assets		2,959
1,025	Capital Grants Received		1,008
878	Other Capital Cash Receipts		127
<b>4,857</b>	<b>Total Cash Inflows</b>		<b>4,094</b>
<b>(7,757)</b>	<b>Cash Inflow (Outflow) From Capital</b>		<b>(6,887)</b>
<b>(7,004)</b>	<b>Net Cash Inflow / (Outflow) Before Financing</b>		<b>6,684</b>
	<b>FINANCING</b>		
	<i>Cash outflows</i>		
183,783	Repayments of Amounts Borrowed		101,470
<b>183,783</b>	<b>Total Cash Outflows</b>		<b>101,470</b>
	<i>Cash inflows</i>		
190,533	New Loans Raised		95,463
<b>190,533</b>	<b>Total Cash Inflows</b>		<b>95,463</b>
<b>6,750</b>	<b>Net Cash Inflow / (Outflow) From Financing</b>		<b>(6,007)</b>
<b>(254)</b>	<b>Decrease / (Increase) in Cash and Cash Equivalents</b>	3	<b>677</b>

**1. Other Government Grants**

1999/2000 £'000		2000/01 £'000
211	Housing Support Grant	93
239	Rural Transport Grant	253
2,094	Pre School Education Grants	2,475
258	Gaelic Education Grants	258
2,160	Other Educational Grants (e.g. Excellence Fund)	3,540
145	Other Grants (e.g. Civil Defence)	246
<b>5,107</b>	<b>Total "Other Government Grants"</b>	<b>6,865</b>

**2. Net Cash Flow Reconciliation**

1999/2000 £'000		2000/01 £'000
(1,764)	Surplus/(Deficit) for Year	(611)
594	Add back: Transfer to HRA Balance	317
<b>(1,170)</b>		<b>(294)</b>
257	Movements in Reserves	(469)
22,926	Adjustments Not Involving Movement in Funds	21,086
492	(Increase)/Decrease in Stocks	(20)
-774	(Increase)/Decrease in Debtors	4,937
-4,259	Increase/(Decrease in Creditors)	10,785
<b>17,472</b>	<b>Revenue Activities Net Cash Flow</b>	<b>36,025</b>

**3. Analysis of Net Debt**

	As at 31 March 2001 £'000	As at 1 April 2000 £'000	Cash Flow £'000
Cash at Bank and in Hand	1,922	795	1,127
Bank Overdraft	(2,765)	(2,315)	(450)
<b>Increase in Cash and Cash Equivalents</b>	<b>(843)</b>	<b>(1,520)</b>	<b>677</b>
Debt due within one year	(1,095)	(29,765)	28,670
Debt due after one year	(207,659)	(184,996)	(22,663)
<b>Total Debt</b>	<b>(208,754)</b>	<b>(214,761)</b>	<b>6,007</b>
<b>Total</b>	<b>(209,597)</b>	<b>(216,281)</b>	<b>6,684</b>

**4. Reconciliation of Movement in Cash to Net Debt**

1999/2000 £'000		2000/01 £'000
(254)	Increase / (Decrease) in Cash in Period	677
(6,750)	Increase / (Decrease) in Debt Financing	6,007
<b>(7,004)</b>	<b>Movement in Debt in Period</b>	<b>6,684</b>
(209,277)	Net Debt as at 1 April 2000	(216,281)
<b>(216,281)</b>	<b>Net Debt as at 1 April 2001</b>	<b>(209,597)</b>