LOTHIAN VALUATION JOINT BOARD

Item no 4
Report no

Unaudited Report and Accounts for the Year Ended 31st March 2009

26th June 2009

1 Purpose of report

The purpose of this report is to present members with the unaudited Report and Accounts for the year ended 31st March 2009.

2 Unaudited Report and Accounts

2.1 These accounts are presented in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (amended 1997) which requires that the Accounts for the financial year 2008/09 are presented to the Joint Board not later than 30th June 2009.

2.2 The Treasurer's opinion on the effectiveness of the Board's system of Internal Financial Control is provided in the Treasurer's statement on page 29. The Treasurer's opinion is informed by the work of Internal Audit, managers in the Board and External Audit.

2.3 These Accounts will be re-presented to the Joint Board on completion of the External Audit and I would draw to Members' attention the foreword by the Treasurer on pages 3 to 5 which highlights key aspects of the financial performance during the year.

3 Financial Outturn

3.1 The Unaudited Report and Accounts present the performance to 31st March, 2009 in accordance with the Code of Practice on Local Authority Accounting: A Statement of Recommended Practice issued in 2008.

3.2 Appendix 1 attached to this report, provides a more simplified presentation of the outturn position compared with budget.

3.3 The performance to 31st March, 2009 shows an actual net expenditure of £6.194m compared to a budget of £6.246m resulting in an underspending totalling £0.052m. This represents a greater underspend of £0.039m than that reported to the Board in February 2009. This underspending will be returned to constituent councils on completion of the audit.

3.4 The main variances are drawn out in pages 4 and 5 of the Foreword to the Report and Accounts.

4 Recommendation

The Joint Board is requested to note the report and be aware that the Accounts will be re-presented to the Joint Board on completion of the External Audit.

D. McGougan

DONALD McGOUGAN,
Treasurer.
9th June 2009

Appendices	1
Contact/tel	Mr. I. Knowles: 0131 469 3173
Background Papers	Held at offices of the Treasurer

APPENDIX 1

THE LOTHIAN VALUATION JOINT BOARD

FINAL ACCOUNTS 2008/09

	Approved Budget	Budget Virements	Revised Budget	Actual Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
EXPENDITURE					
1.Employees	4,698	0	4,698	4,631	(67)
OPERATING COSTS					
2.Property	597	16	613	667	54
3.Supplies and Services	697	(33)	664	616	(48)
4.Transport	115	23	138	134	(4)
5.Third Party Payments	84	32	116	110	(6)
6. Support Services	108	0	108	98	(10)
7. Other	0	0	0	0	0
Total Running Expenses	1,601	38	1,639	1,625	(14)
GROSS EXPENDITURE	**6,299**	**38**	**6,337**	**6,256**	**(81)**
INCOME					
10.Sales,fees,chges	(38)	(15)	(53)	(30)	23
12.Grant	0	(23)	(23)	(23)	0
12. Int on Revenue Bal	(15)	0	(15)	(9)	6
TOTAL INCOME	**(53)**	**(38)**	**(91)**	**(62)**	**29**
NET EXPENDITURE	**6,246**	**0**	**6,246**	**6,194**	**(52)**

THE LOTHIAN VALUATION JOINT BOARD

Report and Accounts for the year ended 31st March 2009

THE LOTHIAN VALUATION JOINT BOARD

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009

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THE LOTHIAN VALUATION JOINT BOARD

MEMBERS AND OFFICIALS
AS AT 31ST MARCH 2009

Members

Convener:	Councillor Stuart McIvor, City of Edinburgh Council
Vice Convener:	Councillor Lisa Beattie, Midlothian Council
City of Edinburgh Council Members:	Councillor Stuart McIvor
	Councillor Andrew Burns
	Councillor Gordon Mackenzie
	Councillor Ian Perry
	Councillor Jason Rust
	Councillor Paul Edie
	Councillor Gordon Buchan
	Councillor Phil Wheeler
	Councillor David Beckett
East Lothian Council:	Councillor Jacqui Bell
	Councillor Roger Knox
Midlothian Council Members:	Councillor Margot Russell
	Councillor Lisa Beattie
West Lothian Council Members:	Councillor Frank Anderson
	Councillor Martyn Day
	Councillor Dave King

Officials

Assessor:	Joan M. Hewton, BSc, FRICS
Chief Executive and Clerk:	Tom Aitchison, CBE
Treasurer:	Donald McGougan, CPFA
Solicitor:	Gill Lindsay, LLB
Monitoring Officer:	Jim Inch, BA, FIMS

THE LOTHIAN VALUATION JOINT BOARD

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009

Foreword by Treasurer

Introduction
The Lothian Valuation Joint Board provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation services.

The Board comprises 16 members of whom nine are elected by the City of Edinburgh, three by West Lothian and two each by East and Midlothian Councils.

Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for council tax within the area of each constituent authority. This has resulted in costs being split 61.83% to the City of Edinburgh Council, 9.06% to Midlothian Council, 10.92% to East Lothian Council and 18.19% to West Lothian Council.

The statement of accounts presents the financial position and performance of the Lothian Valuation Joint Board for the year to 31st March 2009. This foreword describes briefly the nature and purpose of each of the statements which follow and the principal items of interest or note which are contained within the accounts.

The Local Authority Accounts (Scotland) Regulations 1985 (as amended) require that all local government bodies submit their unaudited annual financial statements to the Controller of Audit by 30th June. Audit Scotland monitors compliance with this requirement and reports to the Accounts Commission on the extent to which it is met. The statement of accounts was authorised for issue on 9th June, 2009 and therefore complies with this statutory requirement.

The Income and Expenditure Account complies with Generally Accepted Accounting Practices (UK GAAP). However, to show the net position of the Board, it is necessary to adjust the Income and Expenditure Account for additional items required by statute or non-statutory proper practice to be taken into account in determining the General Fund balance for the year. These are shown in Note 16 to the Core Financial Statements.

The statement of accounts has been prepared in accordance with the following fundamental accounting principles: relevance, reliability, comparability, understandability and materiality. The accounting concepts of accruals, going concern and primacy of legislative requirements also apply.

Financial Statements
The financial statements which follow show the financial results of the Board for the year to 31st March 2009. They comprise the following individual statements:

Statement of Accounting Policies which explains the basis for the recognition, measurement and disclosure of transactions and other events shown in the Report and Accounts.

THE LOTHIAN VALUATION JOINT BOARD

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

Foreword by Treasurer (Contd.)

Income and Expenditure Account this summarises the resources that have been generated and consumed in providing services and managing the Board during the last year. It includes all day to day expenses and related income on an accruals basis and the real projected value of retirement benefits earned by employees in the year.

Statement of Movement on the General Fund Balance this summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance.

Statement of Total Recognised Gains and Losses this brings together all the gains and losses of the Board for the year and shows the aggregate increase in its net worth. In addition to the surplus or deficit generated on the Income and Expenditure Account, it includes re-measurement of the net liability to cover the cost of retirement benefits.

Balance Sheet this summarises in its top half all of the assets that the Board owns and the liabilities that it owes to others. The bottom half sets out reserves needed to recognise the complexities of local authority accounting.

Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties for revenue purposes.

Statement of Responsibilities for the Statement of Accounts which sets out the respective responsibilities of the Joint Board and the Treasurer for the accounts.

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

These accounting statements are supported by the Statement of Accounting Policies which follows this foreword and appropriate notes to the Core Financial Statements.

2008/09 Revenue Outturn
The 2008/09 Revenue Outturn can be summarised in the following table:

	Estimate £000	Outturn £000	Variance £000
Employee Costs	4,290	4,223	(67)
Operating Costs	1,639	1,625	(14)
Income	(91)	(62)	29
			(52)

The employee cost underspending totalling £67,000 was mainly due to maternity leave, changes to working hours to reflect work/life balance and an underspending on overtime.

THE LOTHIAN VALUATION JOINT BOARD

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009

Foreword by Treasurer (Contd.)

***2008/09 Revenue Outturn** (Contd)*
There was also a small underspending on operating costs of £14,000 mainly computer equipment and central support costs offset by higher electricity, and property repairs and maintenance costs.

The underspends have been partially offset by lower rental income and interest received during the year.

Expenditure includes retirement and redundancy payments totalling £293,000.

The net underspending of £52,449 will be returned to the constituent councils. This sum has been deducted from the constituent authority contributions shown in the accounts.

FRS17 - Retirement Benefits
In accordance with the requirements of FRS17, the net pension liability of £2.488 million is shown in Note 2 to the Accounts, an increase of £1.088 million from the 2007/08 liability mainly as a result of a reduction in asset values. This Note details the movement in surplus/(deficit) during the year. This liability is accounted for within the balance sheet and through the creation of a Pension Reserve.

FRS17 is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future.

Net cost of services in the Income Expenditure Account therefore includes an appropriate amount for the retirement benefits the Board has committed to give, while the effect on the amount to be met from the constituent authorities has been balanced through inclusion of pension interest costs and the transfer from the pensions' reserve.

This has no impact on the underlying basis for meeting the Board's current and ongoing pension liabilities, which will be met out of contributions from constituent authorities. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Staff are admitted to the Lothian Pension Fund. Actuarial Valuations will consider the appropriate employers' contributions and this, together with revenues generated from employee contributions and investments, will be utilised to meet the fund's commitments.

D. McGougan
Donald McGougan, CPFA,
Treasurer.
9th June 2009

THE LOTHIAN VALUATION JOINT BOARD

Statement of Accounting Policies

1. *General*

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting: A Statement of Recommended Practice issued in 2008 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). Exceptions to this are stated in the Policies and Notes to the Accounts. The accounts are intended to present the financial position and transactions of the Board and have been prepared in accordance with the basic accounting principles and accounting concepts.

2. *Revenue Expenditure*

In broad terms the revenue expenditure of the Lothian Valuation Joint Board can be divided into two categories:

- employees
- day-to-day operating expenses; this includes costs incurred in respect of furniture and fittings and equipment

Each year net revenue expenditure is met by way of requisitions on the City of Edinburgh, West, East and Midlothian Councils.

3. *Capital Expenditure*

Capital expenditure is presented as a fixed asset in the balance sheet. Capital expenditure is the expenditure on the acquisition of tangible or intangible assets which adds to and not merely maintains the value of an existing asset provided that it yields benefits to the Board and the services it provides for a period of more than one year. Capital expenditure is subject to a de minimis level of £6,000.

These fixed assets are matched by a Revaluation Reserve and Capital Adjustment Account within the balance sheet. These reserves do not represent resources available to the Board.

4. *Fixed Assets*

4.1 **Intangible Fixed Assets**

Intangible assets represent software licences purchased by the Board.

4.2 **Tangible Fixed Assets**

Tangible assets are categorised into the following classes: leasehold improvements, and plant and equipment.

4.3 **Recognition**

Expenditure on the acquisition, creations or enhancement of fixed assets has been capitalised on an accrual basis.

4.4 **Basis of Valuation**

Plant, equipment, computer software and leasehold improvements are included in the balance sheet at depreciation historic cost.

THE LOTHIAN VALUATION JOINT BOARD

Statement of Accounting Policies (Contd)

4.5 **Depreciation**

Depreciation is provided on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Depreciation is not provided in the year of an assets purchase.
- Depreciation is calculated using the straight line method over the following periods:

Leasehold improvements	25 years
Plant and equipment	5 years

Leasehold improvements are depreciated over the term of the lease.
Software licences classified as intangible fixed assets are depreciated over the period of the licence, commencing in the year after acquisition.

5. ***Reserves***

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated and financed through the capital controls system.

The General Fund represents the balance of the surpluses or deficits arising from the Income and Expenditure Account.

The Pension Reserve complies with the requirements of FRS17 Retirement Benefits. This represents the difference between the accounting cost (FRS17 based cost) and the funding cost (contributions or payments made during the year).

6. ***Basis of Inclusion of Debtors and Creditors***

All transactions are recorded on a system of receipts and payments during the year and converted to an income and expenditure basis at the year end. As a result, amounts estimated to be due to, or from, the Board in respect of that year but still outstanding at the year end are included in the accounts.

7. ***Assisted Car Purchase Scheme***

The Car Purchase Advances outstanding at 31st March 2009 represent the outstanding principal and interest thereon calculated on the full life of the loan.

8. ***Pensions***

The Joint Board is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by the Lothian Pension Fund. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The Accounts have been prepared including pension costs, as determined under FRS17 – Retirement Benefits. The net cost of services includes expenditure equivalent to the amount of retirement benefits the Board has committed to during the year. Pensions interest cost and the expected return on pension assets have been charged to net operating expenditure.

THE LOTHIAN VALUATION JOINT BOARD

Statement of Accounting Policies (Contd.)

8 Pensions (Contd)

The pension costs charged to the Income and Expenditure Account in respect of employees are not equal to contributions paid to the funded scheme for employees. The amount by which pension costs under FRS17 are different from the contributions due under the pension scheme regulations are disclosed in the Statements of Movement on the General Fund Balance.

Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

9. Financial Instruments

9.1 **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Board has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to net operating expenditure in the Income and Expenditure Account in the year of repurchase/ settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discounts is respectively deducted from or added to the amortised cost of the new loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Board has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

9.2 **Financial Assets**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loans that the Board has, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Income and Expenditure Account.

THE LOTHIAN VALUATION JOINT BOARD

Statement of Accounting Policies (Contd)

10. Going Concern

The balance sheet as at 31st March 2009 shows a net liability of £1.921 million. This net liability position reflects the inclusion of net pension liabilities of £2.488 million falling due in future years and arising from the application of FRS17. It is appropriate to adopt a going concern basis for the preparation of the financial statements as the constituent authorities have a legal obligation under the Valuation Joint Boards (Scotland) Order 1995 to provide the Joint Board with funding to meet all liabilities as they fall due.

Subject to Audit

THE LOTHIAN VALUATION JOINT BOARD

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31ST MARCH 2009

2007/08 Actual £		2008/09 Budget £	2008/09 Actual £	
	EXPENDITURE			
	1 Employee Costs			
317,688	Chief Officers	310,216	308,796	*Note 12*
3,653,938	Administration and Clerical	3,644,504	3,579,435	*Note 12*
0	Temporary Staff	44,377	41,387	
310,266	Other Allowances - Retirement and Redundancy Costs	291,091	293,364	
4,281,892	**Total Employee Costs**	4,290,188	4,222,982	
	2 Operating Costs			
	Property Costs			
2,594	Repairs and Maintenance	45,000	58,304	
170,274	Rates	170,600	177,177	
305,200	Rents	310,200	305,200	
26,085	Electricity and Gas	42,000	64,245	
13,338	Water Charges	10,000	15,465	
33,293	Other Costs	34,816	37,942	
550,784		612,616	658,333	
	Supplies and Services Costs			
45,776	Operational Equipment and Materials	18,000	14,085	
118,004	Computer Equipment	213,345	133,105	
71,107	Printing and Stationery	58,000	65,945	
241,524	Postages	230,000	238,096	
13,071	Telephones	17,400	11,098	
33,389	Conference, Training and Subsistence	29,000	26,052	
13,803	Advertising	10,000	13,381	
25,983	Insurance	26,832	22,829	
28,677	Legal Fees	44,500	44,022	
23,094	Other Costs	17,250	21,602	
614,428		664,327	590,215	
	Transport and Plant Costs			
3,846	Fuel and Hires	2,900	4,104	
110,633	Travel Expenses, Allowances and Other Costs	135,726	129,532	
114,479		138,626	133,636	
	Payments to Agencies and Other Bodies			
54,462	External Contractors	37,143	20,210	
50,019	Fees	78,300	83,645	
104,481		115,443	103,855	

THE LOTHIAN VALUATION JOINT BOARD

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31ST MARCH 2009

2007/08 Actual £			2008/09 Budget £	2008/09 Actual £	
		Support Services			
6,550		Service Level Agreements	8,500	6,550	
79,544		Central Support Costs	99,288	91,705	
86,094			107,788	98,255	*Note 2*
1,470,266		**Total Operating Costs**	1,638,800	1,584,294	
	3	**Capital Costs**			
44,860		Depreciation	0	65,215	
5,797,018		**GROSS OPERATING EXPENDITURE**	5,928,988	5,872,491	
	3	**Income**			
0		Grant	(23,345)	(23,345)	*Note 21*
(45,016)		Sales, Fees and Charges	(52,657)	(30,073)	
(8,594)		Rents	0	0	
(53,610)			(76,002)	(53,418)	
5,743,408		**NET COST OF SERVICE**	5,852,986	5,819,073	
(21,443)		Interest on Investment Income	(15,000)	(8,708)	
(143,000)		Pensions interest cost and expected return on pensions asset	13,000	13,000	*Note 1*
5,578,965		**NET OPERATING EXPENDITURE**	5,850,986	5,823,365	
5,964,879		Constituent Authority Contributions	6,245,986	6,187,898	*Note 3*
(385,914)		**NET (SURPLUS)/DEFICIT FOR YEAR**	(395,000)	(364,533)	

THE LOTHIAN VALUATION JOINT BOARD

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007/08 Actual £		2008/09 Budget £	2008/09 Actual £	
(385,914)	(Surplus)/Deficit for the year on the Income and Expenditure Account	(395,000)	(364,533)	
385,914	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund balance for the year	395,000	364,533	*Note 1*
0	(Increase)/Decrease in General Fund Balance for the year	0	0	
0	General Fund Balance brought forward	0	0	
0	General Fund Balance brought forward	0	0	

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2007/08 Actual Restated £		2008/09 Actual £	
(385,914)	(Surplus)/Deficit on the Income and Expenditure Account for the year	(364,533)	
(3,643,000)	Actuarial (Gain)/Loss on Pension assets and Liabilities	1,483,000	
(4,028,914)	Total Recognised (Gains) and Losses for the year	1,118,467	*Note 17*

Subject to Audit

THE LOTHIAN VALUATION JOINT BOARD

BALANCE SHEET AS AT 31ST MARCH 2009

2008 £		2009 £	2009 £	
38,131	**INTANGIBLE FIXED ASSETS**		30,505	*Note 13*
	TANGIBLE FIXED ASSETS			
	Operational Assets			
379,200	Leasehold Improvements	372,174		
179,881	Plant & Equipment	164,066		
559,081			536,240	*Note 13*
611,723	**LONG TERM DEBTORS**		604,952	*Note 19*
	CURRENT ASSETS			
240,531	Sundry Debtors	243,277		*Note 10*
1,129	Car Purchase Advances due within 12 months	1,129		
228,171	Balance due from City of Edinburgh Council	76,620		
500	Cash Imprest	500		
470,331	**TOTAL CURRENT ASSETS**	321,526		
	CURRENT LIABILITIES			
(242,054)	Sundry Creditors	(121,478)		*Note 20*
228,277	**TOTAL CURRENT ASSETS/LESS CURRENT LIABILITIES**		200,048	
1,437,212	**TOTAL ASSETS LESS CURRENT LIABILITIES**		1,371,745	
	LONG TERM LIABILITIES			
(840,000)	Deferred Credit		(805,000)	*Note 18*
(1,400,000)	Net Pension Liability		(2,488,000)	*Note 1*
(802,788)	**TOTAL ASSETS LESS LIABILITIES**		(1,921,255)	
	REPRESENTED BY:			
(597,212)	Capital Adjustment Account		(566,745)	*Notes 15&1*
1,400,000	Pension Reserve		2,488,000	*Notes 1&1*
802,788			1,921,255	

D. McGougan

Donald McGougan, CPFA
Treasurer
9th June 2009

THE LOTHIAN VALUATION JOINT BOARD

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2009

2007/2008 £	£		2008/2009 £	£
		REVENUE ACTIVITIES (*Note 6a)*		
		Cash Outflows		
4,601,211		Cash paid to and on behalf of employees	4,587,549	
1,515,522		Other operating cash payments	1,635,685	
		Cash Inflows		
0		Government Grants	(46,690)	
(85,793)		Cash received for goods and services	(34,107)	
(6,144,585)	(113,645)	Other operating cash receipts	(6,016,926)	125,511
		SERVICING OF FINANCE		
		Cash Inflows		
	(21,443)	Interest Received		(8,708)
		CAPITAL ACTIVITIES		
		Cash Outflows		
	101,774	Purchase of Fixed Assets		34,748
	(33,314)	Net (increase)/decrease in cash (*Note 6b)*		151,551

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements

1. Pensions

Under Pension Regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The Fund's Actuary reported that, as at 31st March 2005, the funding level was 85% and that a period of 20 years had been adopted in assessing the level of contribution required to fund that deficit. In addition, the Board is responsible for all pensions relating to added years' benefits it has awarded, together with the related increases.

From April 2009, employees' contributions to the Fund vary depending on rates of pay and employer's contributions are assessed every three years by an independent actuary. The employer's contribution is calculated to ensure that the Fund can meet its future pension and pensions increase liabilities. The latest Actuarial Valuation was at 31st March 2008.

The funding objectives are to build up assets to provide adequate security for the benefits as they accrue. The actuarial method of valuation used is the "Projected Unit Method", which assumes a stable long term contribution rate over time and a steady flow of new entrants to the Fund.

Employer contributions are calculated by the Fund Actuary. They are made up of two elements:

a) an estimate of the cost of benefits accruing in the future (17.1% of salaries), referred to as the "future service rate"; and

b) an adjustment for the solvency of the Fund based on the benefits already accrued. If there is a surplus, there may be a contribution reduction; if there is a deficit there may be a contribution increase. For the financial years 2009/10, 2010/11 and 2011/12 the increase is 2.9%, 3.4% and 3.9% respectively.

Further information can be found in the Lothian Pension Fund's Funding Strategy Statement which is available on application to the City of Edinburgh Council's Director of Finance.

Pension Assets and Liabilities

In accordance with Financial Reporting Standard No. 17 - Retirement Benefits, the Board is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in note 8 of the Accounting Policies, the Board participates in the Local Government Superannuation Scheme, which is administered by Lothian Pension Fund. The Board has liabilities for discretionary pension payments outside the main scheme. The Board's assets and liabilities amounted to:

	2007/08 £000	**2008/09 £000**
Share of assets in Lothian Pension Fund	22,982	18,766
Less: Estimated liabilities in Lothian Pension Fund	(22,215)	(20,070)
Estimated liabilities for discretionary pensions	(2,167)	(1,184)
Net pension asset/(liability)	(1,400)	(2,488)

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements

Assets are valued at fair value, principally market value for investments, and consist of:

	Market Value 2007/08 £000	Rate of Return 2007/08 %	Market Value 2008/09 £000	Rate of Return 2008/09 %
Equity investments	17,447	7.7	14,825	7.0
Bonds	2,041	5.7	2,064	5.4
Property	2,736	5.7	1,877	4.9
Cash	758	4.8	-	-
	22,982		18,766	

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the Fund discounted to their present value. The valuations are based on a valuation as of 31st March 2008 updated by Hymans Robertson, the independent actuaries to Lothian Pension Fund. The main assumptions used in the calculations are:

	2007/08 %	2008/09 %
Price Increases	3.6	3.1
Salary Increases	5.1	4.6
Pension Increases	3.6	3.1
Discount Rates	6.9	6.9
Expected Return on Assets	7.2	6.6

Income and Expenditure

In accordance with FRS17, the following charges are included in the Income and Expenditure Account. The budget has been adjusted to reflect these charges.

	2007/08 £000		2008/09 £000	
Employer pension contributions	827		792	
Contributions in respect of unfunded benefits	122	949	64	856
Less: FRS17 Charges:				
Current Service Costs	(763)		(448)	
Past Service Costs	0		0	
Expected return on assets	1,689		1,675	
Interest on pension scheme liabilities	(1,546)	(620)	(1,688)	(461)
Contribution to/(from) pension reserve		329		395

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements

Analysis of amount recognised in Statement of Total Movement in reserves:	2004/05 £000	2005/06 £000	2006/07 £000	2007/08 Restated £000	2008/09 £000
Actual return less expected return on pension scheme assets	454	3,313	137	(2,396)	(6,487)
Experience gains and losses arising on the scheme liabilities	624	(1,146)	1,018	122	2,544
Changes in financial assumptions underlying the present value of scheme liabilities	(5,302)	(4,126)	2,525	5,917	2,460
Actuarial gain/(loss) in Pension Plan	**(4,224)**	**(1,959)**	**3,680**	**3,643**	**(1,483)**
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-	-	-	-
Actuarial gain/(loss)	**(4,224)**	**(1,959)**	**3,680**	**3,643**	**(1,483)**

	2007/08 £000	2008/09 £000
Movement in Surplus/(Deficit) during the year:		
Surplus/(deficit) at beginning of year	(5,372)	(1,400)
Current Service Cost	(763)	(448)
Employer contributions	827	792
Contributions in respect of unfunded benefits	122	64
Net return on assets	143	(13)
Actuarial gains/(losses)	3,643	(1,483)
Surplus/(Deficit) at end of year	**(1,400)**	**(2,488)**

History of Experience Gains and Losses:	2004/05 £000	2005/06 £000	2006/07 £000	2007/08 Restated £000	2008/09 £000
Difference between the expected and actual return on assets	454	3,313	137	(2,396)	6,487
Value of assets	15,142	20,974	23,000	22,982	18,766
Percentage of assets	**3.0%**	**15.8%**	**0.6%**	**(10.4%)**	**34.6%**
Experience gains/(losses) on liabilities	624	(1,146)	1,018	122	2,544
Present value of liabilities	22,675	30,252	28,372	24,382	21,254
Percentage of the present value of liabilities	**2.8%**	**(3.8%)**	**3.6%**	**0.5%**	**12.0%**
Actuarial gains/(losses) recognised in reserves	(4,224)	(1,959)	3,680	3,643	(1,483)
Present value of liabilities	22,675	30,252	28,372	24,382	21,254
Percentage of the present value of liabilities	**(18.6%)**	**(6.5%)**	**13.0%**	**14.9%**	**(7.0%)**

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements Contd.

2. ***Support Services***

The expenditure is analysed as follows:

	2007/08	2008/09
	£	£
Finance Charges	53,166	51,355
Corporate Services Charges	19,536	29,756
Corporate and Democratic Core	11,603	10,594
Service Level Agreements	6,550	6,550
Refund 2006/07 costs	(4,761)	0
	86,094	98,255

The increase in Corporate Services Charges is mainly due to increased recharges from the Council Solicitor.

Members expenses/allowances are recharged to the Board annually and are included within Corporate and Democratic Core. The recharge in 2008/09 ws £5,400 (2007/08 £5,982).

3. ***Constituent Authority Contributions***

The net expenditure of the Board is a charge upon the City of Edinburgh, West, East and Midlothian Councils. The division of net expenditure borne by the constituent authorities is made in accordance with the Valuation Joint Boards (Scotland) Order 1995.

	Due for 2008/09	Received during 2008/09	Amount Returned
	£	£	£
City of Edinburgh Council	3,825,976	3,858,411	(32,435)
Midlothian Council	560,624	565,373	(4,749)
East Lothian Council	675,718	681,440	(5,722)
West Lothian Council	1,125,579	1,135,122	(9,543)
	6,187,897	6,240,346	(52,449)

4. ***Publicity***

Section 5 of the Local Government Act 1986 requires local authorities to maintain a separate publicity account. In 2008/09, expenditure of £5,283 was incurred by the Board on publicity as defined by the relevant statutory provisions (2007/08 £6,742).

5. ***Audit Fees***

The fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice are detailed below:

	2007/08	2008/09
	£	£
Indicative audit fee (mid point)	6,300	6,400
Fixed charge element	1,200	1,300
	7,500	7,700

There is no fees payable in respect of any other service provided by Audit Scotland over and above the duties undertaken in accordance with the Code.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements Contd.

6. *Cash Flow Statement*

(a) Reconciliation between the General Fund Balance and the revenue activities net cash flow.

	2007/08	2008/09
	£	£
(Increase)/Decrease in General Fund Balance	0	0
Exclude Interest received	21,443	8,708
Exclude Revenue Contribution to Capital	(101,774)	(34,748)
	(80,331)	(26,040)
Increase/(Decrease) in Debtors	(8,721)	(1,579)
Increase/(Decrease) in Car Loans	(1,129)	(2,446)
Increase/(Decrease) in General Fund Balance	0	0
(Increase)/Decrease in Deferred Credit	35,000	35,000
(Increase)/Decrease in Creditors	(58,464)	120,576
Revenue Activities Net Cash Flow	**(113,645)**	**125,511**

(b) Reconciliation of the movements in cash with the related items in the opening and closing balance sheets for the period.

	2007/08	2008/09
	£	£
Due by/(to) the City of Edinburgh Council and Lothian Pension Fund at 1st April	194,857	228,171
Due by/(to) the City of Edinburgh Council and Lothian Pension Fund at 31st March	228,171	76,620
	(33,314)	151,551

7. *Officers' Emoluments*

The number of employees whose remuneration during the year exceeded £50,000 was as follows:

	2007/08	2008/09
£ 50,001 - £ 60,000	3	3
£ 60,001 - £ 70,000	-	-
£ 70,001 - £ 80,000	2	2
£ 80,001 - £ 90,000	-	-
£ 90,001 - £100,000	-	-
£100,001 - £110,000	1	1

8. *Euro Costs*

The Lothian Valuation Joint Board shares information technology with the City of Edinburgh Council. The Council's ORACLE Enterprise Finance system covers general ledger, finance management reporting and procurement and is fully Euro-compliant. No significant expenditure on Euro preparation is planned by the Board at present.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

9. ***Related Parties***

The Board entered into transactions with related parties:

INCOME AND EXPENDITURE ACCOUNT	2007/08	2008/09
	£	£
The City of Edinburgh Council		
Rates	170,274	177,177
Central Support Costs	86,094	98,255
Interest on Revenue Balances	(21,443)	(8,708)
Constituent Authority Contribution	3,688,084	3,825,976
Midlothian Council		
Constituent Authority Contribution	540,418	560,624
East Lothian Council		
Constituent Authority Contribution	651,365	675,718
West Lothian Council		
Constituent Authority Contribution	1,085,012	1,125,579
BALANCE SHEET		
The City of Edinburgh Council		
Car Purchase Advances	2,446	1,317
Balance due from City of Edinburgh Council	228,171	76,620

10. ***Debtors***

The debtors figure includes a balance outstanding for car leasing £130,538 (2007/08 £140,679).

11. ***Registration of Electors/Local Tax Collection***

During 2008/09, 20% of staff time related to Registration of Electors and 80% of staff time related to Local Tax Collection (2007/08 15% and 85% respectively). This amounts to £1,237,580 for Registration of Electors (2007/08 £894,732) and £4,950,318 (2007/08 £5,070,147) for Local Tax Collection.

12. ***Employee Costs***

To ensure compliance with FRS17, the amounts shown on the face of the Income and Expenditure Account for Chief Officers, Administration and Clerical, and Temporary Staff costs include the following notional FRS17 charges:

	2007/08 Actual	2008/09 Budget	2008/09 Actual
	£	£	£
Chief Officers service costs/budget	332,743	342,654	341,234
FRS17 adjustments	(15,055)	(32,438)	(32,438)
Adjusted Chief Officers costs	317,688	310,216	308,796
Administration and Clerical actual service costs/budget	3,824,883	4,020,066	3,954,997
FRS17 adjustments	(170,945)	(375,562)	(375,562)
Adjusted Administration and Clerical costs	3,653,938	3,644,504	3,579,435

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

13. *Fixed Assets*

The following information is provided in relation to the capital accounting requirements introduced by the CIPFA Code of Practice on Local Authority Accounting

		--- Tangible Assets ---		Total
	Intangible Assets	**Leasehold Improvements**	**Plant and Equipment**	**Tangible Assets**
	£	**£**	**£**	**£**
Gross Book Value as at 31.03.08	38,131	395,000	208,941	603,941
Additions during the year	-	8,774	25,974	34,748
Gross Book Value as at 31.03.09	38,131	403,774	234,915	638,689
Accumulated Depreciation as at 31.03.08	-	(15,800)	(29,060)	(44,860)
Depreciation for the year to 31.03.09	(7,626)	(15,800)	(41,789)	(57,589)
Net Book Values as at 31.03.09	30,505	372,174	164,066	536,240
Net Book Values as at 31.03.08	38,131	379,200	179,881	559,081

Plant, equipment and leasehold improvements are included in the Balance Sheet at depreciated historic cost.

Intangible assets represent expenditure on computer software.

14. *Capital Expenditure*

	£	£
Expenditure during 2008/09		
Plant and Equipment	25,974	
Leasehold Improvements	8,774	34,748
Financed by:		
Capital from Current Revenue		(34,748)
Net Book Values as at 31.03.09		0

15. *Capital Adjustment Account*

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated and financed. The movement in the Capital Adjustment Account is summarised in the "Movement in Reserves" note 17.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

16. *Analysis of additional items required by statute and non-statutory proper practice to be taken into account in determining the General Fund balance for the year*

Actual 2007/08 £		Budget 2008/09 £	Actual 2008/09 £
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
(44,860)	Depreciation and Impairment of Fixed Assets	0	(65,215)
(620,000)	Net charges made for retirement benefits in accordance with FRS17	(461,000)	(461,000)
(664,860)		(461,000)	(526,215)
	Amounts included in the Income and Expenditure Account but required to be included when determining the Movement on the General Fund Balance for the year		
101,774	Capital Expenditure Financed from the General Fund	0	34,748
949,000	Employer's contributions payable to the Lothian Pension Fund and retirement benefits payable direct to pensioners	856,000	856,000
1,050,774		856,000	890,748
385,914	Net additional amount required to be debited to the General Fund Balance for the year	395,000	364,533

17. *Movement on Reserves*

	Balance Brought Forward £	(Gains)/ Losses for the Year £	Transfers Between Reserves £	Balance Carried Forward £
Capital Adjustment Account	(597,212)	0	30,467	(566,745)
Pension Reserve	1,400,000	1,483,000	(395,000)	2,488,000
General Fund Balance	0	(364,533)	364,533	0
	802,788	1,118,467	0	1,921,255

18. *Deferred Credit*

The Board relocated to its new offices in December 2006. As part of the agreement, the landlord agreed to pay a cash incentive of £400,000 on the date of entry and £475,000 in 2011. This will be amortised on a straight line bases over 25 years, the term of the lease.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

19. ***Long Term Debtors***

This includes car purchase advances due after twelve months £188 (2007/08 £1,317) and a long term debtor totalling £604,764. The long term debtor is in respect of £141,048 used to finance one-off relocation costs as agreed by the Board at its meeting on September 2006, a benefit in respect of a relocation cash incentive of £475,000 receivable in 2011. The relocation costs are amortised on a straight line basis over the term of the lease, consequently £5,642 has been credited to the income and expenditure account. This is shown in the following table:

Long Term Debt	**£**
Cash incentive	610,406
Amortised to income and expenditure account	(5,642)
	604,764
Car purchase advances	188
	604,952

20. ***Creditors***

This includes an amount due to constituent authorities of £52,449.

21. ***Grant***

A Ministry of Justice project, "Co-ordinated On-line Register of Electors", aims to create a UK national database that holds copies of all Register of Electors. The primary purpose of this is, at this time, to prevent electoral fraud and the monitoring of donations to political parties.

To ensure systems are capable of exchanging data, the Board was awarded a Ministry of Justice Grant totalling £46,690 with £23,345 being allocated in 2008/09 and the same amount in 2009/10.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

22. *Financial Instruments*

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	----- Long-Term -----		----- Current -----	
	31.03.09	**31.03.08**	**31.03.09**	**31.03.08**
	£	**£**	**£**	**£**
Financial liabilities at amortised cost	0	0	8,417	(12,728)
Total borrowings	**0**	**0**	**8,417**	**(12,728)**
Loans and receivables	0	0	76,620	228,171
Total investments	**0**	**0**	**76,620**	**228.171**

The gains and losses recognised in the Income and Expenditure Account in and STRGL in 2008/09 in relation to financial instruments are made up as follows:

	Financial Liabilities measured at Amortised cost	**Loans and receivables**	**Financial Assets Available for sale Asset**	**Total**
	£	**£**	**£**	**£**
Interest income	0	8,708	0	8,708
Gains on derecognition	0	0	0	0
Interest and investment income	**0**	**8,708**	**0**	**8,708**
Net gain/(loss) for the year	**0**	**8,708**	**0**	**8,708**

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The only financial liabilities which the Board has are Trade Creditors, and fair value has been assumed to approximate to the amount due by the Board;
- no early repayment or impairment is recognised;
- since all of the Boards loans and receivables mature within the next 12 months, the carrying amount has been assumed to approximate to fair value,
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated for Financial Liabilities are as follows:

	31 March 2009		**31 March 2008**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	£	**£**	**£**	**£**
Trade Creditors	8,417	8,417	(12,718)	(12,718)
Financial liabilities	**8,417**	**8,417**	**(12,718)**	**(12,718)**

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

The fair values calculated for Financial Assets are as follows:

	31 March 2009		31 March 2008	
	Carrying amount £	**Fair value £**	**Carrying amount £**	**Fair value £**
Loans and receivables	76,620	76,620	228,171	228,171
Trade Debtors	417	417	(362)	(362)
Total Investments	**77,037**	**77,037**	**227,809**	**227,809**

Key Risks

The Board's activities expose it to a variety of financial risks, the key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Board;
- Liquidity risk - the possibility that the Board might not have funds available to meet its commitments to make payments;
- Re-financing risk - the possibility that the Board might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

Treasury Management is carried out on the Board's behalf by the City of Edinburgh Council. On behalf of the Board, the Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The Council complies with the CIPFA Prudential Code, and has adopted the CIPFA Treasury Management in the Public Services Code of Practice. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

The Board's surplus funds not for the time being required for expenditure are held with the City of Edinburgh Council, and the Board receives Interest on Revenue Balances on these monies. The following analysis summarises the Board's maximum exposure to credit risk. The table gives details of global corporate finance average cumulative default rates (including financial organisations) from Fitch for the period 1990 to 2007 on investments out to five years and includes the Board's historical experience of its customer collection levels, adjusted to reflect current market conditions.

	Amount 31.03.09 £ (a)	**Historical experience of Default % (b)**	**Adjustment for market conditions 31.03.09 % (c)**	**Estimated maximum exposure to Default £ (a x c)**
Local Authorities	76,620	0.00	0.00	0
Aaa rated counterparties	0	0.00	0.00	0
Aa rated counterparties	0	0.00	0.00	0
A rated counterparties	0	0.65	0.06	0
Trade debtors	417	1.80	2.47	10.30
	77,037			10.39

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

Since the Board's surplus funds are held with the City of Edinburgh Council, the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits.

All Board invoices become due for payment on issue, and trade debtors past due date can be analysed by age as follows (excluding pre-payments):

	2009 £
Less than two months	52
Two to four months	475
Four to six months	0
Six months to one year	475
More than one year	0
Total	1,002

Collateral - During the reporting period the Board held no collateral as security.

Liquidity risk
The Board is required by statute to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The arrangement with the City of Edinburgh Council ensures sufficient liquidity is available for the Board's day to day cash flow needs. The Council manages the Board's liquidity position through the risk management procedures above as well through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk
The Board has only a small level of surplus funds and no long term debt. The refinancing risk to the Board relates to managing the exposure to replacing financial instruments as they mature. As such, the Board has no refinancing risk on its liabilities. All trade and other payables are due to be paid in less than one year and the Board has trade creditors of £8,417. The Board's only investment is the £76,620 due from the City of Edinburgh Council and has no investment with a maturity greater than one year.

Market risk
Interest rate risk - The only market risk to which the Board is exposed to is interest rate movements on the balance it holds with the City of Edinburgh Council. Movements in interest rates have a complex impact on an organisation, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates - the fair value of the borrowing liability will fall;
- investments at variable rates - the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates - the fair value of the assets will fall.

The Board currently has no long term borrowings.

Changes in interest receivable on variable rate investments will be posted to the Income and Expenditure Account and effect the Fund Balance. Movements in the fair value of fixed rate investments will be reflected in the STRGL. However, all investments currently have a maturity of less than one year and the fair value has therefore been approximated by the outstanding principal.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Core Financial Statements (Contd.)

The Board's surplus funds are held with the City of Edinburgh Council and the Board is paid interest on these balances in accordance with the appropriate LASAAC Guidance. The interest rate received by the Board will vary in line with short term interest rates during the year. If all interest rates had been 1% higher (with all other variables held constant) the financial effect in 2008/09 would have been:

	£
Increase in interest receivable on variable rate investments	(2,234)
Impact on Income and Expenditure Account	(2,234)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note - Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Board does not invest in equity shares.

Foreign exchange risk - The Board has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

23. Events after the Balance Sheet date

The purchase of Pentad Building by the City of Edinburgh Council from EDI, the current landlord, has crystalised the long term debtor shown in the Balance Sheet and the payment of £475,000 receivable in 2011 is now expected to be received by the end of June 2009.

THE LOTHIAN VALUATION JOINT BOARD

Statement of Responsibilities for the Statement of Accounts

The Joint Board's Responsibilities
The Joint Board is required:

- 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 Joint Board, that officer is the Treasurer;

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's Responsibilities
The Treasurer is responsible for the preparation of the Joint Board's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"), is required to present fairly the financial position of the Joint Board at the accounting date and its income and expenditure for the year (ended 31st March 2009).

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 Code of Practice, except where stated in the Policies and Notes to the Core Financial Statements.

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
The Statement of Accounts presents fairly the financial position of the Lothian Valuation Joint Board at the accounting date and its income and expenditure for the year ended 31st March 2009.

D. McGougan
Donald McGougan, CPFA,
Treasurer.
9th June 2009

THE LOTHIAN VALUATION JOINT BOARD

Statement on the System of Internal Financial Control for the year ended 31st March 2009

1. This statement is given in respect of the statement of accounts for the Lothian Valuation Joint Board. I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

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

3. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. The system is maintained and developed by Board management and includes:

   - comprehensive budgeting systems;
   - regular reviews of periodic reports that measure financial performance against forecasts;
   - targets against which financial and operational performance can be assessed;
   - preparation of regular financial reports that compare expenditure with plans and forecasts;
   - clearly defined capital expenditure guidelines; and
   - as appropriate, formal project management disciplines.

4. The Internal Audit function is provided by the City of Edinburgh Council's Internal Audit Section. The Section operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government and complies with the ISO 9001:2008 quality standard. The Section's annual programme is based on formal assessments of risk and audit needs in line with the agreed Audit Strategy. The Section reports directly to the Treasurer of the Board and, where necessary, to members and employees of the Board. The Chief Internal Auditor has provided me with an assurance statement that contains his views on the adequacy and effectiveness of the system of internal financial control.

5. My review of the effectiveness of the system of internal financial control is informed by:

   - the Assessor's assurance certificate on internal controls;
   - the work of managers within the Board;
   - the work of the internal auditors as described above; and
   - the external auditors in their annual audit letter and other reports.

6. Having reviewed the above, it is my opinion that reasonable assurance can be placed on the adequacy and effectiveness of the Board's internal control system.

D. McGougan

Donald McGougan, CPFA,
Treasurer.
9th June 2009

THE LOTHIAN VALUATION JOINT BOARD

Service Profile

The Board is responsible for providing valuation appeals, lands valuation, registration of electors and council tax valuation services to the four constituent authorities: City of Edinburgh, West, East and Midlothian Councils.

STATISTICS

	Number of Staff (Full-time Equivalent)		
	2007/08 Actual	**2008/09 Budget**	**2008/09 Actual**
Executive	3	3	3
Professional	31	32	31
Technical	21	22	21
Administrative	62	62	62
	117	119	117

2007/08	**City of Edinburgh**	**Midlothian**	**East Lothian**	**West Lothian**
Electorate	332,807	62,122	74,100	123,104
Number of Council Tax Properties	227,717	34,242	42,612	72,480
Non-Domestic Properties:				
- Number	18,380	2,688	3,178	5,065
- Value	£785m	£57.5m	£50m	£166.2m

2008/09	**City of Edinburgh**	**Midlothian**	**East Lothian**	**West Lothian**
Electorate	330,318	62,317	74,023	123,361
Number of Council Tax Properties	231,356	35,281	43,958	74,247
Number of Domestic Properties:				
- Number	18,500	2,727	3,204	5,230
- Value	£775.9m	£58.3m	£50.1m	£172.6m

THE LOTHIAN VALUATION JOINT BOARD

STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE

The Lothian Valuation Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for governance of the Board's affairs and the stewardship of the resources at its disposal. To this end the Board adopted a Local Code of Corporate Governance in November 2004, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE framework.

The Board has put in place arrangements, detailed within the Local Code, for monitoring each element of the framework and providing evidence of annual compliance.

During the year, the Chief Internal auditor has undertaken a review of changes in the current arrangements and has indicated that he is satisfied the Code is adequate and effective. He has also indicated that satisfactory evidence has been provided to allow him to conclude the arrangements are fully compliant with the requirements of the lates guidance issued by CIPFA/SOLACE.

Arrangements have also been put in place to support the Treasurer's statement on internal financial controls.

Stuart McIvor	Tom Aitchison	Joan Hewton
Convener	Chief Executive and Clerk	Assessor