

Audited Accounts for the Year Ended 31st March 2010

29th November 2010

1 Purpose of report

To present to members the audited Report and Accounts for the financial year 2009/10.

2 The External Audit Report


- 2.1 It is normal practice for the Report and Accounts to be submitted together with a report from the Board's external auditors summarising all significant matters that have arisen during the audit.
- 2.2 The consultation process regarding Audit Scotland's report has been completed and the report is included elsewhere on this agenda.

3 Key Findings

There were no qualifications to the auditor's opinion in the Independent Auditor's Report. It was concluded that the financial statements gave a true and fair view of the Board's financial position and that they had been properly prepared in accordance with the Local Government (Scotland) Act 1973.

4 Recommendations

It is recommended that the Board notes the Audited Report and Accounts for the year ended 31st March, 2010.


D. McGOUGAN,
Treasurer.
19/11/2010.

Appendices	Audited Report and Accounts for the year ended 31st March, 2010
Contact/tel	Mr Ian Knowles: 0131 469 3173
Background Papers	Held at the office of the Treasurer

THE LOTHIAN VALUATION JOINT BOARD

*Financial Statements
for the year ended 31st March 2010*

THE LOTHIAN VALUATION JOINT BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010

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THE LOTHIAN VALUATION JOINT BOARD

MEMBERS AND OFFICIALS AS AT 31ST MARCH 2010

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 Peter Johnston
Councillor Dave King

Officials

Assessor: Joan M. Hewton, BSc, FRICS
Chief Executive and Clerk: Tom Aitchison, CBE
Treasurer: Donald McGougan, CPFA
Solicitor: Alastair Maclean, LLB(Hons), DipLP, NP, WS
Monitoring Officer: Jim Inch, BA, FIMS

THE LoTHIAN VALUATION JOINT BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010

Explanatory Foreword

Introduction

The Lothian Valuation Joint Board was established under the Valuation Joint Boards (Scotland) Order 1995 and 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 61.57% (2008/09 61.83%) to the City of Edinburgh Council, 9.05% (2008/09 9.06%) to Midlothian Council, 10.99% (2008/09 10.92%) to East Lothian Council and 18.39% (2008/09 18.19%) to West Lothian Council.

The financial statements present the financial position and performance of the Lothian Valuation Joint Board for the year to 31st March 2010. 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 financial statements were authorised for issue on 14th June 2010 and therefore comply with this statutory requirement.

The Income and Expenditure Account complies with Generally Accepted Accounting Practice (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 Financial Statements.

The financial statements have 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 2010. They comprise the following individual statements:

Statement of Accounting Policies: this explains the basis for the recognition, measurement and disclosure of transactions and other events shown in the financial statements.

THE LOTHIAN VALUATION JOINT BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010

Explanatory Foreword (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: this summarises the inflows and outflows of cash arising from transactions with third parties for revenue purposes.

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

Annual Governance Statement: this sets out the framework within which financial control is managed and reviewed, including the arrangements for internal audit.

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

2009/10 Revenue Outturn

The financial statements which follow reflect the statutory reporting requirements. After adjusting for the additional items required by statute, the 2009/10 revenue outturn can be summarised as follows:

	Estimate	Outturn	Variance
	£000	£000	£000
Employee Costs	4,860	4,703	(157)
Operating Costs	1,644	1,567	(77)
Income	(76)	(87)	(11)
			<hr/>
Refund to Constituent Authorities			(245)
			<hr/>

THE LOTHIAN VALUATION JOINT BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010

Explanatory Foreword (Contd.)

2009/10 Revenue Outturn (Contd)

The employee cost underspending totalling £157,000 was mainly due to staff turnover savings, non filling of staff vacancies, lower than expected overtime payments and lower than budgeted temporary staff costs.

The operating cost net underspend of £77,000 was mainly due to lower than budgeted costs in respect of operational equipment and furniture £61,000; conference and subsistence £26,000; property repairs and maintenance £14,000; staff travel £21,000 and support services £42,000. These underspendings totalling £164,000 have been partially offset by greater than expected costs for legal fees and expenses £50,000 and postages £34,000.

There was also greater than budgeted income received £11,000.

Expenditure includes retirement and redundancy payments totalling £280,000.

The net underspending of £245,000 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 £11.740m is shown in Note 1 to the Accounts, an increase of £9.252m from the 2008/09 liability mainly as a result of a fall in the real discount rate over the year. 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 and 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.


Donald McGougan, CPFA,
Treasurer
14th June, 2010

THE LOTHIAN VALUATION JOINT BOARD

Statement of Accounting Policies

1. General

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting: A Statement of Recommended Practice (SORP) issued in 2009 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 Financial Statements. The financial statements 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 Capital Adjustment Account within the balance sheet. This reserve does 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, creation or enhancement of fixed assets has been capitalised on an accruals basis.

4.4 *Basis of Valuation*

Plant, equipment and leasehold improvements are included in the balance sheet at depreciated historic cost. This does not comply with SORP, however the difference is not considered material. Software licences purchased by the Board are included in the balance sheet at depreciated 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 asset's purchase.
- Depreciation is calculated using the straight line method over the following periods:

Leasehold improvements	25 years (Original life of the lease)
Plant and equipment	5 years

Leasehold improvements are depreciated over the remaining life 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. However, as the Board has no statutory power to hold a general fund balance, any deficit or surplus incurred during the year will be requisitioned or refunded to the constituent authorities. There is therefore, no balance on the General Fund.

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 financial statements.

7. Assisted Car Purchase Scheme

There are no Car Purchase Advances outstanding at 31st March 2010.

8. Basis of Valuation of Stocks

Stock is valued at latest invoice price. This does not comply with the SORP which requires such items to be shown at the lower of cost or net realisable value. The difference is not considered to be material.

9. 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 LOTHIAN VALUATION JOINT BOARD

Statement of Accounting Policies (Contd.)

9. Pensions (Contd)

The financial statements 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 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.

10. Financial Instruments

10.1 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. As at 31st March, 2010, the Board has no borrowings.

10.2 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. The Board holds its surplus funds with the City of Edinburgh Council and does not place external deposits in its own name. These sums are presented in the Balance Sheet as the balance due from the City of Edinburgh Council 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)

11. Going Concern

The balance sheet as at 31st March 2010 shows a net liability of £11.211m. This net liability position reflects the inclusion of net pension liabilities of £11.740m 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.

THE LOTHIAN VALUATION JOINT BOARD

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31ST MARCH 2010

2008/09 Actual £		2009/10 Budget £	2009/10 Actual £	
EXPENDITURE				
1 Employee Costs				
308,796	Chief Officers	284,763	275,675	<i>Note 11</i>
3,579,435	Administration and Clerical	3,891,591	3,770,674	<i>Note 11</i>
41,387	Temporary Staff	54,377	26,655	
293,364	Other Allowances - Retirement and Redundancy Costs	279,181	280,184	
4,222,982	Total Employee Costs	4,509,912	4,353,188	
2 Operating Costs				
Property Costs				
58,304	Repairs and Maintenance	45,000	28,331	
177,177	Rates	184,000	185,998	
305,200	Rents	310,200	305,200	
64,245	Electricity and Gas	57,000	50,988	
15,465	Water Charges	13,000	15,772	
37,942	Other Costs	32,000	35,640	
658,333		641,200	621,929	
Supplies and Services Costs				
14,085	Operational Equipment and Materials	44,000	13,557	
133,105	Computer Equipment	239,345	170,139	
65,945	Printing and Stationery	58,000	59,361	
238,096	Postages	200,000	234,220	
11,098	Telephones	15,400	17,435	
26,052	Conference, Training and Subsistence	39,000	15,151	
13,381	Advertising	10,000	18,096	
22,829	Insurance	23,832	27,651	
44,022	Legal Fees	24,500	54,335	
21,602	Other Costs	19,750	18,490	<i>Note 4</i>
590,215		673,827	628,435	
Transport and Plant Costs				
4,104	Fuel and Hires	2,900	4,303	
129,532	Travel Expenses, Allowances and Other Costs	137,426	116,434	
133,636		140,326	120,737	
Payments to Agencies and Other Bodies				
20,210	External Contractors	37,143	27,824	
83,645	Fees	46,300	66,807	
103,855		83,443	94,631	

THE LOTHIAN VALUATION JOINT BOARD

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31ST MARCH 2010

2008/09 Actual £		2009/10 Budget £	2009/10 Actual £	
	Support Services			
6,550	Service Level Agreements	8,800	6,550	
91,705	Central Support Costs	96,000	55,866	
<hr/>		<hr/>	<hr/>	
98,255		104,800	62,416	<i>Note 2</i>
<hr/>		<hr/>	<hr/>	
1,584,294	Total Operating Costs	1,643,596	1,528,148	
<hr/>		<hr/>	<hr/>	
	3 Capital Costs			
65,215	Depreciation	0	70,759	
<hr/>		<hr/>	<hr/>	
5,872,491	GROSS OPERATING EXPENDITURE	6,153,508	5,952,095	
<hr/>		<hr/>	<hr/>	
	3 Income			
(23,345)	Grant	(23,345)	(23,345)	
(30,073)	Sales, Fees and Charges	(42,657)	(63,191)	
<hr/>		<hr/>	<hr/>	
(53,418)		(66,002)	(86,536)	
<hr/>		<hr/>	<hr/>	
5,819,073	NET COST OF SERVICE	6,087,506	5,865,559	
<hr/>		<hr/>	<hr/>	
(8,708)	Interest on Investment Income	(10,000)	(1,269)	
13,000	Pensions interest cost and expected return on pensions asset	217,000	217,000	<i>Note 1</i>
<hr/>		<hr/>	<hr/>	
5,823,365	NET OPERATING EXPENDITURE	6,294,506	6,081,290	
<hr/>		<hr/>	<hr/>	
6,187,898	Constituent Authority Contributions	6,427,506	6,176,490	<i>Note 3</i>
<hr/>		<hr/>	<hr/>	
(364,533)	NET (SURPLUS)/DEFICIT FOR YEAR	(133,000)	(95,200)	<i>Note 16</i>
<hr/>		<hr/>	<hr/>	

THE LOTHIAN VALUATION JOINT BOARD

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2008/09 Actual £		2009/10 Budget £	2009/10 Actual £	
(364,533)	(Surplus)/Deficit for the year on the Income and Expenditure Account	(133,000)	(95,200)	
364,533	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund balance for the year	133,000	95,200	<i>Note 16</i>
0	(Increase)/Decrease in General Fund Balance for the year	0	0	
0	General Fund Balance brought forward	0	0	
0	General Fund Balance carried forward	0	0	

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


2008/09 Actual £		2009/10 Actual £	
(364,533)	(Surplus)/Deficit on the Income and Expenditure Account for the year	(95,200)	
1,483,000	Actuarial (Gain)/Loss on Pension assets and Liabilities	9,385,000	
1,118,467	Total Recognised (Gains) and Losses for the year	9,289,800	<i>Note 17</i>

THE LOTHIAN VALUATION JOINT BOARD

BALANCE SHEET AS AT 31ST MARCH 2010

2009		2010	2010	
£		£	£	
30,505	INTANGIBLE FIXED ASSETS		31,729	<i>Note 12</i>
	TANGIBLE FIXED ASSETS			
	Operational Assets			
372,174	Leasehold Improvements	356,025		<i>Note 12</i>
164,066	Plant & Equipment	141,191		<i>Note 12</i>
<u>536,240</u>			497,216	
604,952	LONG TERM DEBTORS		124,122	<i>Note 19</i>
	CURRENT ASSETS			
243,277	Sundry Debtors	211,694		<i>Note 9</i>
0	Stock	16,892		
1,129	Car Purchase Advances due within 12 months	0		
76,620	Balance due from City of Edinburgh Council	668,953		<i>Note 22</i>
500	Cash Imprest	500		
<u>321,526</u>	TOTAL CURRENT ASSETS	<u>898,039</u>		
	CURRENT LIABILITIES			
(121,478)	Sundry Creditors	(252,161)		<i>Note 20</i>
<u>200,048</u>	TOTAL CURRENT ASSETS/LESS CURRENT LIABILITIES		<u>645,878</u>	
1,371,745	TOTAL ASSETS LESS CURRENT LIABILITIES		1,298,945	
	LONG TERM LIABILITIES			
(805,000)	Deferred Credit		(770,000)	<i>Note 18</i>
(2,488,000)	Net Pension Liability		(11,740,000)	<i>Note 1</i>
<u>(1,921,255)</u>	TOTAL ASSETS LESS LIABILITIES		<u>(11,211,055)</u>	
	REPRESENTED BY:			
(566,745)	Capital Adjustment Account		(528,945)	<i>Notes 14&15</i>
2,488,000	Pension Reserve		11,740,000	<i>Notes 1 & 15</i>
<u>1,921,255</u>			<u>11,211,055</u>	

The unaudited financial statements were issued on 14th June, 2010 and the audited financial statements were authorised for issue by Mr. D. McGougan, Treasurer on 24th September, 2010.


 Donald McGougan, CPFA
 Treasurer
 14th June, 2010

THE LOTHIAN VALUATION JOINT BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

2008/09		2009/10	
£		£	
REVENUE ACTIVITIES			
Cash Outflows			
4,587,549	Cash paid to and on behalf of employees	4,703,190	
1,635,685	Other operating cash payments	1,586,439	
Cash Inflows			
(46,690)	Government Grants	0	
(34,107)	Cash received for goods and services	(63,588)	
(6,016,926)	Other operating cash receipts	(6,850,064)	
<u>125,511</u>	Net Cash (inflow)/outflow from Revenue Activities	<u>(624,023)</u>	<i>Note 5c</i>
SERVICING OF FINANCE			
Cash Inflows			
(8,708)	Interest Received	(1,269)	
CAPITAL ACTIVITIES			
Cash Outflows			
34,748	Purchase of Fixed Assets	32,959	
<u>151,551</u>	Net (increase)/decrease in cash	<u>(592,333)</u>	<i>Note 5d</i>

THE LOTHIAN VALUATION JOINT BOARD

Notes to the 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 2008, 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 9 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:

	2008/09	2009/10
	£000	£000
Share of assets in Lothian Pension Fund	18,766	25,907
Less: Estimated liabilities in Lothian Pension Fund	(20,070)	(36,041)
Estimated liabilities for discretionary pensions	(1,184)	(1,606)
Net pension asset/(liability)	(2,488)	(11,740)

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements

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

	Market Value	Rate of Return	Market Value	Rate of Return
	2008/09	2008/09	2009/10	2009/10
	£000	%	£000	%
Equity investments	14,825	7.0	20,466	7.8
Bonds	2,064	5.4	2,073	5.0
Property	1,877	4.9	2,332	5.8
Cash	-	-	1,036	4.8
	<u>18,766</u>		<u>25,907</u>	

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:

	2008/09	2009/10
	%	%
Price Increases	3.1	3.8
Salary Increases	4.6	5.3
Pension Increases	3.1	3.8
Discount Rates	6.9	5.5
Expected Return on Assets	6.6	7.3

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.

	2008/09	2009/10
	£000	£000
Employer pension contributions	792	840
Contributions in respect of unfunded benefits	64	67
	<u>856</u>	<u>907</u>
Less: FRS17 Charges:		
Current Service Costs	(448)	(337)
Past Service Costs	0	(220)
Expected return on assets	1,675	1,257
Interest on pension scheme liabilities	(1,688)	(1,474)
	<u>(461)</u>	<u>(774)</u>
Contribution to/(from) pension reserve	<u>395</u>	<u>133</u>

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements

	2005/06	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000	£000
Analysis of amount recognised in Statement of Total Movement in reserves:					
Actual return less expected return on pension scheme assets	3,313	137	(2,396)	(6,487)	5,327
Experience gains and losses arising on the scheme liabilities	(1,146)	1,018	37	2,544	(8)
Changes in financial assumptions underlying the present value of scheme liabilities	(4,126)	2,525	6,002	2,460	(14,704)
Actuarial gain/(loss) in Pension Plan	(1,959)	3,680	3,643	(1,483)	(9,385)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-	-	-	-
Actuarial gain/(loss)	(1,959)	3,680	3,643	(1,483)	(9,385)
				2008/09	2009/10
				£000	£000
Movement in Surplus/(Deficit) during the year:					
Surplus/(deficit) at beginning of year				(1,400)	(2,488)
Current Service Cost				(448)	(337)
Employer contributions				792	840
Contributions in respect of unfunded benefits				64	67
Past Service Costs				-	(220)
Net return on assets				(13)	(217)
Actuarial gains/(losses)				(1,483)	(9,385)
Surplus/(Deficit) at end of year				(2,488)	(11,740)
	2005/06	2006/07	2007/08	2008/09	2009/10
History of Experience Gains and Losses:	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	3,313	137	(2,396)	6,487	(5,327)
Value of assets	20,974	23,000	22,982	18,766	25,907
Percentage of assets	15.8%	0.6%	(10.4%)	34.6%	(20.6%)
Experience gains/(losses) on liabilities	(1,146)	1,018	37	2,544	(8)
Present value of liabilities	30,252	28,372	24,382	21,254	37,647
Percentage of the present value of liabilities	(3.8%)	3.6%	0.2%	12.0%	-
Actuarial gains/(losses) recognised in reserves	(1,959)	3,680	3,643	(1,483)	(9,385)
Present value of liabilities	30,252	28,372	24,382	21,254	37,647
Percentage of the present value of liabilities	(6.5%)	13.0%	14.9%	(7.0%)	(24.9%)

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements Contd.

2. Support Services

The expenditure is analysed as follows:	2008/09	2009/10
	£	£
Finance Charges	51,355	46,466
Corporate Services Charges	29,756	12,107
Corporate and Democratic Core	10,594	10,351
Service Level Agreements	6,550	6,550
Refund 2008/09 costs	0	(13,058)
	98,255	62,416

The Board received a refund in respect of Council Solicitor costs recharged during 2008/09.

Members expenses/allowances are recharged to the Board annually and are included within Corporate and Democratic Core. The recharge in 2009/10 was £5,357 (2008/09 £5,400).

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 2009/10 £	Received during 2009/10 £	Amount Returned £
City of Edinburgh Council	3,802,865	3,953,946	(151,081)
Midlothian Council	558,972	581,177	(22,205)
East Lothian Council	678,796	705,760	(26,964)
West Lothian Council	1,135,857	1,180,987	(45,130)
	6,176,490	6,421,870	(245,380)

4. Audit Fees

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

	2008/09	2009/10
	£	£
Indicative audit fee (mid point)	6,400	6,500
Fixed charge element	1,300	1,300
	7,700	7,800

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 Financial Statements Contd.

5. Cash Flow Statement

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

	2008/09	2009/10
	£	£
(Increase)/Decrease in General Fund Balance	0	0
Exclude Interest received	8,708	1,269
Exclude Revenue Contribution to Capital	(34,748)	(32,959)
	<u>(26,040)</u>	<u>(31,690)</u>
Increase/(Decrease) in Stock	0	16,892
Increase/(Decrease) in Long Term Debtors	(5,642)	(480,830)
Increase/(Decrease) in Debtors	2,746	(31,583)
Increase/(Decrease) in Car Loans	(1,129)	(1,129)
(Increase)/Decrease in Deferred Credit	35,000	35,000
(Increase)/Decrease in Creditors	120,576	(130,683)
	<u>125,511</u>	<u>(624,023)</u>

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

	2008/09	2009/10
	£	£
Due by/(to) the City of Edinburgh Council and Lothian Pension Fund at 1st April	228,171	76,620
Due by/(to) the City of Edinburgh Council and Lothian Pension Fund at 31st March	76,620	668,953
	<u>151,551</u>	<u>(592,333)</u>

6. Officers' Emoluments

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

	2008/09	2009/10
£ 50,001 - £ 60,000	3	3
£ 60,001 - £ 70,000	-	-
£ 70,001 - £ 80,000	2	-
£ 80,001 - £ 90,000	-	1
£ 90,001 - £100,000	-	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1

7. Euro Costs

No significant expenditure on Euro preparation is planned by the Board at present.

THE LoTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements (Contd.)

8. Related Parties

The Board entered into transactions with related parties:

INCOME AND EXPENDITURE ACCOUNT	2008/09	2009/10
	£	£
The City of Edinburgh Council		
Rates	177,177	185,998
Central Support Costs	98,255	62,416
Interest on Revenue Balances	(8,708)	(1,269)
Constituent Authority Contribution	3,825,976	3,802,865
Midlothian Council		
Constituent Authority Contribution	560,624	558,972
East Lothian Council		
Constituent Authority Contribution	675,718	678,796
West Lothian Council		
Constituent Authority Contribution	1,125,579	1,135,857

BALANCE SHEET

The City of Edinburgh Council

Car Purchase Advances:

Due within 12 months	1,129	-
Due in excess of 12 months	188	-
Balance due from City of Edinburgh Council	76,620	668,953
Long Term Debtor - Lease of Office	-	124,122

9. Debtors

The debtors figure includes a balance outstanding for car leasing £114,106 (2008/09 £130,538).

10. Registration of Electors/Local Tax Collection

During 2009/10, 20% of staff time related to Registration of Electors and 80% of staff time related to Local Tax Collection (2008/09 20% and 80% respectively). This amounts to £1,235,298 for Registration of Electors (2008/09 £1,237,580) and £4,941,193 (2008/09 £4,950,318) for Local Tax Collection.

11. 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:

	2008/09	2009/10	2009/10
	Actual	Budget	Actual
	£	£	£
Chief Officers service costs/budget	341,234	308,539	299,451
FRS17 adjustments	(32,438)	(23,776)	(23,776)
Adjusted Chief Officers costs	<u>308,796</u>	<u>284,763</u>	<u>275,675</u>
Administration and Clerical actual service costs/budget	3,954,997	4,217,815	4,096,898
FRS17 adjustments	(375,562)	(326,224)	(326,224)
Adjusted Administration and Clerical costs	<u>3,579,435</u>	<u>3,891,591</u>	<u>3,770,674</u>

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements (Contd.)

12. 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

	Intangible Assets £	--- Tangible Assets --- Leasehold Improvements £	Plant and Equipment £	Total Tangible Assets £
Gross Book Value as at 31.03.09	38,131	403,774	234,915	638,689
Additions during the year	8,850	-	24,109	24,109
<hr/>				
Gross Book Value as at 31.03.10	46,981	403,774	259,024	662,798
Accumulated Depreciation as at 31.03.09	(7,626)	(31,600)	(70,849)	(102,449)
Depreciation for the year to 31.03.10	(7,626)	(16,149)	(46,984)	(63,133)
<hr/>				
Net Book Values as at 31.03.10	31,729	356,025	141,191	497,216
<hr/>				
Net Book Values as at 31.03.09	30,505	372,174	164,066	536,240
<hr/>				

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

Intangible assets represent expenditure on computer software.

13. Capital Expenditure

	£	£
Expenditure during 2009/10		
Plant and Equipment	24,109	
Intangible Assets	8,850	32,959
Financed by:	<hr/>	<hr/>
Capital from Current Revenue		(32,959)
		<hr/>

14. 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.

15. Stock

From 2009/10, goods and materials chargeable to revenue which have not been consumed have been carried forward and will be charged in the accounting period in which they are used. In 2009/10 this amounted to £16,892.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the 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 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	Budget 2009/10 £	Actual 2009/10 £
(65,215)	Depreciation and Impairment of Fixed Assets	0	(70,759)
(461,000)	Net charges made for retirement benefits in accordance with FRS17	(774,000)	(774,000)
(526,215)		(774,000)	(844,759)
	Amounts not included in the Income and Expenditure Account but required to be included when determining the Movement on the General Fund Balance for the year		
34,748	Capital Expenditure Financed from the General Fund	0	32,959
856,000	Employer's contributions payable to the Lothian Pension Fund and retirement benefits payable direct to pensioners	907,000	907,000
890,748		907,000	939,959
364,533	Net additional amount required to be debited to the General Fund Balance for the year	133,000	95,200

17. Movement on Reserves

	Balance Brought Forward £	(Gains)/ Losses for the Year £	Transfers Between Reserves £	Balance Carried Forward £
Capital Adjustment Account	(566,745)	0	37,800	(528,945)
Pension Reserve	2,488,000	9,385,000	(133,000)	11,740,000
General Fund Balance	0	(95,200)	95,200	0
	1,921,255	9,289,800	0	11,211,055

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements (Contd.)

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 basis totalling £35,000 per annum over 25 years, the term of the lease. This is shown in the following table:

	£
Balance at 01.04.09	(805,000)
Amortised to income and expenditure account	35,000
	<hr/>
Balance at 31.03.10	(770,000)
	<hr/>

19. Long Term Debtors

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.

A condition of the lease agreement is that the relocation cash incentive of £475,000 is payable to the Board in 2011 or on a change of landlord. During 2009/10, the City of Edinburgh Council assumed responsibility of landlord from the EDI Group, and as a result £475,000 was received by the Board. This is shown in the following table:

Long Term Debt	£
Total cash incentive	616,048
Amortised to income and expenditure account:	
2007/08 - 2008/09	(11,284)
2009/10	(5,642)
	<hr/>
	599,122
Cash incentive received 2009/10	(475,000)
	<hr/>
Balance at 31st March, 2010	124,122
	<hr/>
Outstanding: 22 years at £5,642	124,122
	<hr/>

20. Creditors

This includes an amount due to constituent authorities of £245,380.

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements (Contd.)

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, at this time, is to prevent electoral fraud and to monitor 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.

22. Financial Instruments

The SORP includes disclosure and accounting requirements in relation to financial instruments and this note to the accounts deals with these insofar as they are applicable to the Board.

All Treasury Management is carried out on the Board’s behalf by The City of Edinburgh Council. The Council complies with the CIPFA Prudential Code, and has adopted the CIPFA Treasury Management in the Public Services Code of Practice.

Overall Procedure for Managing Risk

The City of Edinburgh Council on behalf of the Board has overall risk management procedures that focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Financial Risks

The Board’s activities expose it to a variety of financial risks which have been assessed in order to determine whether or not such risks have, in order to comply with financial instrument accounting requirements, an impact on these financial statements. For all of the financial risks the impact on these financial statements was found to be immaterial. Each risk is detailed below along with an explanation as to why there is no financial effect arising:

- Re-financing risk - the possibility that the Board might require to renew a financial instrument on maturity at disadvantageous interest rates or terms is considered immaterial because, although the Board has powers to obtain loan finance, no such loans were held during the year;
- Market risk - the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rates movements is considered immaterial because the finances of the Board are such that during the year there was no interest payable and interest receivable was immaterial;
- Credit risk - the possibility that other parties might fail to pay amounts due to the Board is considered immaterial on the basis of past experience and the fact that most debt payable to the Board is due from other public bodies;

THE LOTHIAN VALUATION JOINT BOARD

Notes to the Financial Statements (Contd.)

22. Financial Instruments (Contd)

- Liquidity risk - the possibility that the Board might not have funds available to meet its commitments to make payments is considered immaterial given the statutory responsibilities that the Board has to have a balanced budget and that constituent authorities have to fund the activities of the Board;
- Price risk - the possibility that fluctuations in equity prices could have a significant impact on the value of financial instruments held by the Board is considered immaterial because the Board does not generally invest in equity shares;
- Foreign exchange risk - the possibility that fluctuations in exchange rates could result in loss to the Board is considered immaterial because there are no financial assets or liabilities held at the year end denominated in foreign currencies.

The Board holds its surplus funds with The City of Edinburgh Council and does not place external deposits in its own name. The balance held by and due from The City of Edinburgh Council at 31st March, 2010 amounted to £668,953 (2008/09 £76,620). No breaches of the Board's counterparty criteria occurred during the reporting period and the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits. During the reporting period the Board held no collateral as security.

23. Leases

The Board leases its premises at 17A South Gyle Crescent and accounts for it as an operating lease under the definitions of SORP.

The rental payable in 2009/10 was £305,200 (2008/09 £305,220).

The Board is committed at 31st March, 2010 to make the following payments:

	£
2010/11	305,200
2011/12 - 2015/16	1,526,000
2016/17 - 2031/32	4,883,200

THE LOTHIAN VALUATION JOINT BOARD

Statement of Responsibilities for the Financial Statements

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 financial statements 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 give a true and fair view of the financial position of the Joint Board at the accounting date and its income and expenditure for the year (ended 31st March 2010).

In preparing the financial statements, the Treasurer has:

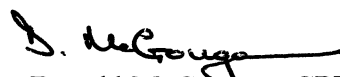
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice, except where stated in the Policies and Notes to the Financial Statements.

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 Financial Statements

The financial statements give a true and fair view of the financial position of the Lothian Valuation Joint Board at the accounting date and its income and expenditure for the year ended 31st March 2010.


Donald McGougan, CPFA,
Treasurer.
14th June, 2010

THE LOTHIAN VALUATION JOINT BOARD

Annual Governance Statement 2009/10

1. Scope of Responsibility

Lothian Valuation Joint Board aims to ensure best value and provide equitable, customer focussed, high quality, professional valuation and electoral services for all its stakeholders.

The Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, effectively and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Board's affairs, and facilitating the effective exercise of its functions, including arrangements for management of risk.

The Board has approved and adopted a Local Code of Corporate Governance that is consistent with the principles, and reflects the requirements, of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government* and is supported by detailed evidence of compliance, which is regularly reviewed. A copy of the code is on our website www.lothian-vjb.gov.uk or can be obtained from the Assessor.

This statement explains how Lothian Valuation Joint Board delivers good governance and reviews the effectiveness of those arrangements. It also includes a statement on internal financial control in accordance with proper practice.

2. The Board's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled, and its activities through which it accounts to, engages with and influences the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance.

- Focusing on the purpose of the Board and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

THE LOTHIAN VALUATION JOINT BOARD

Annual Governance Statement 2009/10 (Contd)

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives. These are outlined in the Board's annual Corporate & Service Plan. This will enable the Board to manage its key risks efficiently, effectively, economically and ethically. While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

Within overall control arrangements the system of internal control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

3. Determining the Board's purpose, its vision for the local area and intended outcomes for the Community

The Board has communicated its vision in the Corporate & Service Plan. Delivery of the vision is the responsibility of the Board, the Assessor, Depute Assessor and Heads of Service. The Board has developed a partnership approach when working with other authorities.

4. Review of Effectiveness

The Board has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within Lothian Valuation Joint Board has been nominated to review the effectiveness of the Local Code and will report annually to the Board.

The review of the effectiveness of its governance framework including the system of internal financial control is informed by:

- the work of the internal auditors and the Chief Internal Auditor's Annual Statement on the adequacy and effectiveness of the Board's system of internal financial control;
- the Assessor's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Board Managers; and
- the External Auditors in their Annual Audit Letter and other reports.

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Lothian Valuation Joint Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Board's performance.
- **Internal Audit** provides an independent and objective assurance service to the Board who complete a programme of reviews throughout the year, to provide an opinion on internal control, risk management and governance arrangements of Lothian Valuation Joint Board.

THE LOTHIAN VALUATION JOINT BOARD

Annual Governance Statement 2009/10 (Contd)

Audit Scotland's Annual Audit Report is considered by the Board along with the output from other external audits.

- **The Strategic, Operational and Project Risk Registers** are reviewed as part of the Board's Corporate and Service Plan (the Corporate and Service Plan is approved by the Board). Key risks are monitored quarterly by the Board. This ensures that actions are taken to effectively manage the Board's highest risks.
- **The Monitoring Officer** is responsible to the Board for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

5. Certification

In compliance with accounting practice, the Treasurer had provided the Chief Executive with a statement on the adequacy and effectiveness of the Board's internal financial control system for the year ended 31st March 2010. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

During the year, the Chief Internal Auditor reviewed changes to the current corporate governance arrangements and systems of internal control and his findings are included in the Chief Internal Auditor's Annual Report.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Board in all significant areas of its corporate governance arrangements.

STUART McIVOR:
Valuation Joint Board.

Stuart Roy McIVOR

Date: 14/06/10

TOM AITCHISON:
Chief Executive and Clerk.

Tom Aitchison

Date: 19/6/10

JOAN HEWTON:
Assessor

Joan M Hewton

Date: 10/6/10

DONALD McGOUGAN:
Treasurer

D. McGoogan

Date: 14/6/2010

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)		
	2008/09	2009/10	2009/10
	Actual	Budget	Actual
Executive	3	3	2
Professional	31	32	31
Technical	21	22	20
Administrative	62	62	60
	<hr/>	<hr/>	<hr/>
	117	119	113
	<hr/>	<hr/>	<hr/>

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

	City of Edinburgh	Midlothian	East Lothian	West Lothian
2009/10				
Electorate (1st April, 2010)	328,575	61,921	74,198	124,239
Number of Council Tax Properties	232,551	35,823	44,393	74,857
Non-Domestic Properties:				
- Number	18,821	2,729	3,246	5,389
- Value	£781.2m	£58.3m	£50.7m	£178.3m

Independent Auditor's Report

Independent auditor's report to the members of Lothian Valuation Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Lothian Valuation Joint Board for the year ended 31 March 2010 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash-Flow Statement and the related notes and the Statement of Accounting Policies. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the 2009 SORP) are set out in the Statement of Responsibilities for the financial statements.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland.

I report my opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

In addition, I report to you if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Annual Governance Statement reflects compliance with the SORP, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises the List of Members and Officials, the Explanatory Foreword, the Annual Governance Statement and the Service Profile. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, of the financial position of Lothian Valuation Joint Board as at 31 March 2010 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Mary Bowman

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22nd September 2010