

**2008/2009  
STATEMENT  
OF  
ACCOUNTS  
(Subject to Audit)**

FOR THE PERIOD

**1 JULY 2008** TO 31 MARCH 2009

## STATEMENT OF ACCOUNTS 2008/09

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## **EXPLANATORY FOREWORD BY THE DIRECTOR OF FINANCE**

### **INTRODUCTION**

The purpose of the annual Statement of Accounts is to demonstrate proper stewardship of the Strategic Development Planning Authority's financial affairs. The Statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

The SORP constitutes proper accounting practice under section 12 of the Local Government (Scotland) Act 2003.

This foreword provides an explanation of the Statement of Accounts and of the most significant matters reported in the Accounts, together with a summary of the financial outturn for the year ended 31 March 2009.

### **FINANCIAL STATEMENTS**

This is the first year of operation of the SDPA and these statements cover the financial period from the Minute of Agreement between the parties involved took effect. This statement therefore covers a part year period only. There are therefore also no prior year comparative figures to refer to and these have been omitted from the presentation of information this year. These Statements will therefore not be able to comply with the strict application of the SORP but it is expected that this variance will not detract from the understanding or usefulness of the statements and other information presented.

#### **1. Income and Expenditure Account**

The Income and Expenditure Account summarises all of the resources that the Authority has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Authority.

Both income and expenditure are measured using essentially the same accounting conventions i.e. UK Generally Accepted Accounting Practice (UK GAAP) that a large (but unlisted) company would use in preparing its audited annual financial statements.

#### **2. Statement of Movement in the General Fund Balance**

The items of 'income' and 'expenditure' that are required to be credited or charged to the General Fund is determined by statute and non-statutory proper practices rather being in accordance with UK GAAP.

This Statement allows for the identification of non-statutory items that require to be accounted for in order to calculate the Authority's overall

financial outturn for the year. In 2008/09 there were no adjustments for non-statutory items.

### **3. Balance Sheet**

This Statement brings together all the assets and liabilities of the Authority, including balances and reserves, and if appropriate any long-term indebtedness, and any fixed and current assets employed in its operations.

### **4. Cash Flow Statement**

The Cash Flow Statement provides the details of cash movements arising from transactions for the financial year.

### **5. Statement of Assurance**

This Statement sets out the Authority's framework for corporate governance. If appropriate, it also includes significant identified weaknesses and remedial actions taken or planned. Whilst the Statement refers to the reported financial year it also incorporates any significant events that may have occurred between the balance sheet date and the date that the accounts are formally signed off.

## **FINANCIAL OUTTURN 2008/09**

In 2008/09 the Authority budgeted to spend £255,000 on the provision of services and completion of works. The Actual expenditure was lower than this at £215,442. The Authority had been informed on 20 October 2008 of an additional grant of £120,000 from the Scottish Government to cover exceptional first year start up costs and early work on a strategic development plan. This was received in March 2009.

The Authority did not create any specific assets of its own and both the funding and spend have been interpreted as revenue activity in these statements.

## **ACKNOWLEDGEMENTS**

The production of the Statement of Accounts is very much a team effort involving many staff from both Aberdeenshire Council, Aberdeen City Council and the Strategic Development Planning Authority. I would like to take this opportunity to thank all those involved for their assistance and co-operation.

Charles Armstrong BA, CPFA, FCCA  
Treasurer  
28 May 2009

## **STATEMENT OF ACCOUNTING POLICIES**

The Accounts are prepared using the Historic Cost convention modified by the revaluation of certain fixed assets if and where appropriate. The general policies adopted in compiling and presenting the Accounts are those recommended by the Code of Practice on Local Authority Accounting in the United Kingdom issued jointly by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). There are no significant departures from those recommendations.

### **1. Reserves and Provisions**

Reserves represent amounts set aside for specific policy purposes, contingencies or earmarked balances.

Provision can also be made for known liabilities that can only be estimated. These liabilities will generally relate to losses on debts and loans due at 31 March 2009.

### **2. Tangible Fixed Assets**

The principles of capital accounting are that capital expenditure is held as a fixed asset, provided that it yields benefits to the Partnership for more than one year. The Income & Expenditure account will be charged for the use of the asset based on its value and expected life. The Authority has no tangible fixed assets at this time.

### **3. Grants**

Grants and subsidies received have been credited to the appropriate accounts and accruals have been made for balances known to be receivable for the period to 31 March 2009.

### **4. Interest Charges**

Interest payable on external borrowings and interest income will be reflected in the Income & Expenditure account on an accruals basis if appropriate.

### **5. Debtors and Creditors**

The Accounts are prepared on an accruals basis in accordance with the Code of Practice and FRS 18. Accordingly, best estimates of amounts due or payable that relate to activities during the year are included whether or not cash has actually been received or paid in the year.

## **6. Stock and Work in Progress**

The Authority does not hold stocks of materials and does not have any work in progress at March 2009.

## **7. Pension Costs**

The SDPA is not an admitted body under the Aberdeen City Council Pension Fund and does not employ any staff directly. All staff involved in the Authority are employed by Aberdeenshire Council. Assets and liabilities of the Fund are not separately identified between the various employers participating as part of the triennial actuarial valuations. The SDPA is not required to identify a relevant share of the underlying assets and liabilities in the Fund. These accounts have therefore been drawn up in accordance with FRS17 on the basis that the pension cost is accounted for as part of the employing Council. Any cost arising as a result of the employment of the staff may then be passed to the Authority.

## **8. Value Added Tax**

Both income and expenditure will exclude amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

## **9. Overheads and Support Services**

It is not considered appropriate to allocate overheads and support costs to operational activities at this time. These costs are identified within the Core Costs of the Authority.

## **10. Financial Instruments**

Financial Assets are generally held as two types. Assets held for sale and Loans and Receivables. The Authority does not have assets for resale.

Loans and receivables and financial liabilities will be measured at fair value and carried at their amortised cost. Interest payable will be charged to the Income & Expenditure Account and will be based on the carrying amount of the liability multiplied at the effective rate of interest for the instrument or agreement. The Authority has not identified any non trading liabilities this year.

Any gains or losses arising from enhancement or de-recognition of an asset or liability will be credited or debited to the Income & Expenditure Account as appropriate.

Where fair value cannot be measured reliably the instrument will be carried at cost, less any impairment loss identified where appropriate.

**INCOME AND EXPENDITURE ACCOUNT**  
For the year ended 31 March 2009

	<b>Gross Expenditure £'000</b>	<b>Gross Income £'000</b>	<b>2008/09 Net Expenditure £'000</b>
Policy, strategy and projects	215	0	215
<b>Net Cost of Service</b>			<b>215</b>
Interest and investment income			-
<b>Net Operating Expenditure</b>			<b>215</b>
Funding received from constituent Councils			(289)
Funding from Scottish Government			(120)
<b>Surplus for the Year</b>			<b>(194)</b>

**STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE**

	<b>2008/09 £'000</b>
(Surplus)/Deficit for the year on the Income & Expenditure Account	(194)
Increase in General Fund Balance for the year	(194)
General Fund Balance brought forward	0
<b>General Fund Balance carried forward</b>	<b>(194)</b>

## BALANCE SHEET

		<b>As at 31 March 2009 £'000</b>
<b>Current Assets</b>		
Cash	(Note 12)	71
Debtors	(Note 10)	144
		<u>215</u>
<b>Current Liabilities</b>		
Creditors	(Note 10)	21
		<u>194</u>
<b>Net Current Assets</b>		<u>194</u>
<b>Represented by General Fund</b>		<u>194</u>

The unaudited accounts were issued on 28 May 2009 and the audited accounts were authorised on XX September 2009.

Charles Armstrong, BA, CPFA, FCCA  
Treasurer  
28 May 2009



## CASH FLOW STATEMENT

REVENUE ACTIVITIES	2008/2009 £'000	2008/2009 £'000
<b>Cash Outflows (Note 11)</b>		
Core Costs including staff costs	194	
		<hr/>
		194
<b>Cash Inflows</b>		
“Capital” Projects Grant		
Operating Costs Revenue Grant – Aberdeen City	(145)	
Operating Costs Revenue Grant –Scottish Government	(120)	
	<hr/>	<hr/>
		(265)
<b>Revenue Activities Net Cash Flow and (Increase/Decrease in Cash (Note 11.1/ 11.3)</b>		<hr/> <hr/>
		(71)

## NOTES TO THE ACCOUNTS

The Financial Statements have been prepared using guidance contained within the Accounting Code of Practice (ACOP) and the Best Value Accounting Code of Practice (BVACOP). The presentation of the Income & Expenditure Account has followed the generally accepted format as this has lent itself to the structure of the activities of the organisation. Notes 1 to 6 provide additional information in support of the figures detailed in the Income & Expenditure Account and the remainder of the Notes are those which are required by the Codes of Practice.

### Note 1 **Core Cost**

Costs incurred in respect of supporting the organisation are as follows:

	<b>Budget (£)</b>	<b>Actual (£)</b>
	<b>2008/09</b>	<b>2008/09</b>
Partnership Staff Costs	228,000	144,680
Administration Costs	17,000	30,235
Transport Expenses	9,000	1,966
Other Supplies & Services	120,000	38,561
Total	<u>374,000</u>	<u>215,442</u>

### Note 5 **Related Partner Transactions**

Each of the constituent partners of SDPA, Aberdeenshire Council, Aberdeen City Council agreed to contribute towards the core costs of the organisation on an equal basis. The Scottish Government provided a grant of £120,000 for first year start up costs.

<b>Core Funding</b>	<b>Budget (£)</b>	<b>Actual (£)</b>
	<b>2008/09</b>	<b>2008/09</b>
Aberdeenshire Council	168,000	144,843
Aberdeen City Council	168,000	144,843
Scottish Government	120,000	120,000
	<u>456,000</u>	<u>409,686</u>

Note 6 **Payments to Authority Members and Officers**

No payments to SDPA Members took place in 2008/09

The table below details the numbers of officers whose emoluments fell within each bracket in multiples of £10,000 and starting with £40,000.

<b>Salary Band</b>	<b>2008/2009</b>
£40,000 - £49,999	1

Note 7 **Section 5 of the Local Government act 1986**

Under the terms of section (5) 1 of the Local Government Act 1986 (Part 11), Local Authorities are required to keep a separate account of expenditure on publicity. In 2008/09 SDPA spent £15,671 on expenditure of a publicity nature.

Note 8 **External Audit Fees**

SDPA has provided for fees of £4,500 in 2008/09 (£0 in 2007/08) relating to external audit and inspection.

Note 9 **Movements in Reserves**

<b>General Fund</b>	<b>£'000</b>
Balance at 1 April 2008	0
Movement for Year	(194)
Balance at 31 March 2009	<u>(194)</u>

Note 10      **Analysis of Year End Debtors and Creditors**

	<b>2008/09</b> <b>£'000</b>
<b>Debtors</b>	
Partner Contributions	144
	<u>144</u>
<b>Creditors</b>	
General Costs	21
	<u>21</u>

Note 11      **Cash Flow Statements**

Note 11.1    **Increase/(Decrease) in Cash and Cash Equivalents**

	<b>2008/09</b> <b>£'000</b>
Cash	71
Total	<u>71</u>

Note 11.2    **Management of Liquid Resources**

Movements in all short-term investments and deposits not repayable on demand are reported under the heading of management of liquid resources. SDPA had no such transactions or balances during the year.

Note 11.3

**Reconciliation of Surplus/Deficit to Net Cash Flow and  
Reconciliation of Movement in Cash to Movement in Net Debt**

Reconciliation of Income and Expenditure Account to Revenue Activities Net Cash Flow

	2008/2009 £'000	2008/2009 £'000
(Surplus)/Deficit for Year		(194)
Items on an Accruals Basis		
Increase/(Decrease) in Debtors	144	
(Increase)/Decrease in Creditors	<u>(21)</u>	
		123
Adjust for Interest Received included in Revenue		
Net Cash Flow from Revenue Activities		<u>(71)</u>
Represented by		
Increase/(Decrease) in Cash and movement in Net Debt		<u><u>71</u></u>

Analysis of Movement in Net Debt

	As at 1 <sup>st</sup> April 2008	Cash Flows	As at 31 <sup>st</sup> March 2009
	£'000	£'000	£'000
Cash balance	0	71	71
Total	<u>0</u>	<u>71</u>	<u>71</u>

## Note 12 **Cash Flow**

The SDPA did not have a separate bank account or banking facilities during 2008/09 and Aberdeenshire Council therefore acted as paymaster for the Authority during the period. All expenditure was paid by the Council from the contributions made by the Aberdeen City, Aberdeenshire Council and the Scottish Government towards the cost of the SDPA. To assist users of these statements the difference between grants received and payments made in the year is identified as cash due to the Authority.

## Note 13 **Financial Instruments**

There are no borrowings and investments to disclose in the Balance Sheet. There are therefore no Notes in respect of Financial Instruments, other than trade borrowings, to disclose further in these Statements

Nature and Extent of Risks Arising from Financial Instruments:

The activities of the Authority expose it to a variety of financial risk

- credit risk – the possibility that other parties might fail to pay amounts due
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority is not generally expected to enter into non trading financial instruments. If it were to do so the overall risk management programme would focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund activities. Risk management would be carried out by Aberdeenshire Councils' central Treasury team, under policies approved by the Council in the annual Treasury Management Strategy statement. The Council provides 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.

Financial liabilities and financial assets represented by loans and receivables will be carried in the Balance Sheet at amortised cost. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The Authority has reviewed all financial risks and does not believe that it requires to make any provision within the financial statements for any financial risk exposure.

There are no gains or losses arising in relation to financial instruments.

## Note 14 **FRS 17 - Pension Costs**

### Aberdeen City Council Pension Fund

Staff employed by the Aberdeenshire Council are entitled to be members of the Superannuation Scheme which is administered by the Aberdeen City Council. This provides staff with defined benefits upon their retirement, and the Partnership contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2008/09, the Authority reimbursed Aberdeenshire Council with £24,526 in respect of superannuation contributions representing 19% of pensionable pay. The employing authority is responsible for all pension payments related to "added years" it has awarded, together with related increases. There are no awards in respect of staff seconded to SDPA. There were no contributions remaining payable at the year end.

It is neither appropriate nor possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its staff. For the purposes of this statement of accounts it is therefore accounted for on the basis of a defined contribution scheme.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the scheme. There have been no such benefits awarded in 2008/09.

## Note 15 **Post Balance Sheet Events**

No events have occurred after the balance sheet date that could be classified as adjusting or non-adjusting events.

## GLOSSARY

- 1. Accruals:**  
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.
- 2. Administration Costs:**  
Includes telephone, printing, stationery, advertising and postage.
- 3. Capital Expenditure:**  
This is expenditure incurred in creating or acquiring an intangible fixed asset, or expenditure that adds to, and not merely maintains, the value of an existing fixed asset. Capital expenditure is normally financed by borrowing over a period of years or by utilising the income from the sale of existing assets.
- 4. Capital Financed from Current Revenue (CFCR):**  
The cost of capital expenditure financed at the Partnership's discretion from within the Partnership's Revenue Budget.
- 5. Consistency:**  
The concept that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.
- 6. Depreciation:**  
The measure of wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, the passage of time or obsolescence through technological or other changes.
- 7. Exceptional Items:**  
This relates to material items that are not expected to recur, and which require to be disclosed separately.
- 8. Fees and charges:**  
Income received for services provided.
- 9. Government Grants:**  
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.
- 10. Infrastructure Assets:**  
Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.
- 11. Intangible Assets:**  
Intangible assets are non-financial assets that do not have physical substance but are identifiable and are controlled by the Partnership through custody or legal rights e.g. software licences.



- 12. Payments to Agencies and Others:**  
Includes grants to individuals and various organisations as well as payments to other organisations in return for providing a service on behalf of the Partnership.
- 13. Premises Costs:**  
Includes rent, rates, repairs and maintenance, heating and lighting costs as well as fuel duties, metered water charges, etc.
- 14. Revenue Expenditure:**  
This is expenditure incurred in providing services in the current year and which benefits that year only.
- 15. Staff Costs:**  
Includes wages, salaries, bonuses, overtime, employer's National Insurance and Superannuation contributions as well as staff training, travelling and subsistence expenses.
- 16. Supplies and Services:**  
Includes the cost of purchasing materials, spare parts, food and protective clothing as well as payments to contractors and others for the provision of services.

## **STATEMENT OF ASSURANCE**

The Strategic Development Planning Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, the Authority and senior officers are responsible for putting in place proper arrangements for the governance of the affairs of the Authority and the stewardship of the resources at its disposal.

Reliance has been placed on the standards and proper practices in place within both Aberdeen City and Aberdeenshire Councils. Officers appointed as advisers to the Authority are required to ensure that such arrangements were in place.

Aberdeenshire Council provided financial support and entered all financial transactions through its own ledger. Reliance was therefore placed on the internal controls and audit checks within the Council to ensure that all monies attributable to the Authority were properly accounted for.

The Authority does however need to develop its own policies in respect of corporate governance. In particular this will cover the key areas of risk management, community focus, service delivery, and structures and processes.

The Authority is to undertake a full risk analysis and develop an action plan to address weaknesses, if any. This will be reported to the SDPA in 2009. The Internal Audit section of Aberdeenshire Council has concluded that in general adequate arrangements are in place in relation to governance and financial matters to enable the Authority to effectively discharge its obligations.

The Authority is not aware of any material risks at present, but does recognise that financial support from the Aberdeen City and Aberdeenshire Councils is dependent on the delivery of key performance objectives. Any failure to deliver a range of approved projects could affect the level of financial resources available to the Authority.

Based on the above, reasonable assurance can be placed upon the adequacy and effectiveness of the control systems put in place by the Authority in the year to 31 March 2009, and any actions detailed above will address the need for improvements.

Councillor Scott Cassie  
Chair, Aberdeen City and Shire Strategic  
Development Planning Authority

David Jennings  
Strategic Development Plan Manager

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority 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 organisation, that officer is the Director of Finance of Aberdeenshire Council.
- 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 Statement of Accounts of the Authority. In terms of the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom ("the Code"), the Treasurer is required to **present fairly** the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2009.

In preparing the 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";
- kept proper accounting records; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities

The balance sheet has been signed by the Treasurer as a representation that the financial statements **present fairly** the financial position of the Partnership at the accounting date, and its income and expenditure for year ended 31 March 2009.

Charles Armstrong, BA, CPFA, FCCA  
Treasurer  
28 May 2009

## **Independent Auditor's Report**

## **Basis of audit opinion**