

TAYSIDE JOINT POLICE BOARD

AUDITED STATEMENT OF ACCOUNTS 2004/2005
(AS AT 31 MARCH 2005)

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TAYSIDE JOINT POLICE BOARD

MEMBERS AND OFFICIALS 2004/2005

CONVENER -

Councillor Colin H Young, Perth & Kinross Council

VICE CONVENER -

Councillor Ron Scrimgeour, Angus Council

VICE CONVENER -

Depute Provost Charles D P Farquhar OBE JP DL, Dundee City Council

ANGUS COUNCIL -

Appointed Members -

Councillor Ian Mackintosh JP
Councillor Robert G Myles JP
Depute Provost Stewart McGlynn
Councillor Jack C Gibb

DUNDEE CITY COUNCIL -

Appointed Members -

Lord Provost John R Letford JP
Baillie Neil I C Powrie JP
Councillor Christina Roberts JP
Councillor George Regan to 16.08.04
Councillor Helen Dick JP
Councillor James Barrie JP
Councillor Joe Morrow JP from 16.08.04

PERTH AND KINROSS COUNCIL -

Appointed Members -

Councillor Ian Miller from 17.08.04
Councillor Alistair Barr from 17.08.04
Councillor Lewis D D Simpson
Councillor David M Scott JP
Councillor Alexander J Stewart JP
Councillor Jack Coburn to 17.08.04
Councillor H Alan Jack to 17.08.04

OFFICIALS -

Chief Constable - John D Vine QPM BA MSc FCIPD
Clerk - Catherine A Coull, Angus Council
Treasurer - David S Sawers, FCCA, CPFA, Angus Council

TAYSIDE JOINT POLICE BOARD

TREASURER'S REPORT 2004/2005

INTRODUCTION

This report is intended to provide readers with comments on the Tayside Joint Police Board's financial position as presented within the Audited Statement of Accounts for the financial year 2004/2005.

ACCOUNTING POLICIES

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

THE FINANCIAL STATEMENTS

The Financial Statements presented within the Audited Statement of Accounts are as follows -

(i) **Revenue Account**

This sets out the budgeted and actual expenditure and income for the Board's activities.

(ii) **Balance Sheet**

This details the overall financial position of the Board as at 31 March 2005.

(iii) **Statement of Total Movements in Reserves**

Brings together all the recognised gains and losses of the Board during the period. The statement separates the movements between revenue and capital.

(iv) **Cash Flow Statement**

This summarises the inflows and outflows of cash arising from both revenue and capital transactions during the year.

(v) **Notes to the Revenue Account, Balance Sheet and Cash Flow Statement**

These notes are intended to give the reader additional information on the Financial Statements.

REVENUE ACCOUNT**REVENUE BUDGET PERFORMANCE**

There was a general underspend of £0.903 m in 2004/2005, of which £0.566m is earmarked and relates to amounts set aside to meet the costs of police pension entitlements. (In previous years prior to the full implementation of FRS 17 amounts set aside to meet police pensions were held as a provision). The principal reason, excluding pension entitlements, for the underspend relates to additional grant income from Scottish Executive. The underspend has been transferred to the general reserve where the non-earmarked portion is available for use by the Board in subsequent financial years.

REQUISITION TO CONSTITUENT AUTHORITIES

The Board at its meeting on 26 January 2004 set the 2004/2005 Revenue Budget at £73.700m including interest earned on revenue balances of £0.160m. After allowing for specific Government Grant of £37.344m it was agreed the net costs of the Force (£36.356m) inclusive of CCTV allocation and net interest earned on revenue balances be apportioned between the Constituent Authorities based on the amalgamation scheme agreement and CCTV determined allocation. The estimated requisition for 2004/2005 compared to the actual amount is as follows:

	Estimate	Actual	Variance
	£000	£000	£000
Angus Council	8,895	8,875	(20)
Dundee City Council	16,493	16,456	(37)
Perth and Kinross Council	<u>10,968</u>	<u>10,943</u>	<u>(25)</u>
	36,356	36,274	(82)
<u>Represented by:</u>			
Increase in Interest on Revenue Balances			(110)
Overspend in Finance Charges			<u>28</u>
			(82)

During 2004/2005 interest earned on revenue balances amounted to £0.27m and in line with the decision of the Board, at the time of setting the Revenue Budget, to return budgeted interest (£0.16m) to Constituent Authorities, the interest earned above the budgeted amount has also been returned.

However during 2004/2005 finance charges were overspent by £0.028m resulting in a net reduction in requisitions of £0.082m which has been returned to the Constituent Authorities.

After taking these into account the repayment of requisition to the constituent authorities amounts to £0.082m.

PENSIONS

Particular attention is drawn to the pensions accounting requirements under Financial Reporting Standard 17 (FRS 17). Under these requirements there is an obligation to recognise the Board's full pension obligations in the year which they are earned. The requirements lead to the creation in the Revenue Account of a charge of £26.022m to net operating expenditure offset by a corresponding appropriation of £26.022m in the appropriation account. It also leads to a Pension liability of £454.564m with a corresponding negative pension reserve of £454.564m. It is important to recognise that these liabilities are so substantial because the Police Pension scheme is unfunded and have been made for accounting purposes. They do not impact directly on the contributions from the constituent authorities.

GENERAL RESERVE

The General Reserve balance at the end of the year totalled £4.606m.

This is inclusive of an earmarked reserve for pensions has been established to set aside amounts to meet the cost of police pension entitlements accruing to those officers eligible to retire at 31 March 2005 but who have elected to remain in service. The earmarked reserve balance at the end of the year totalled £3.126m.

In previous years the Board has maintained a pension provision, however with the full implementation of FRS17 (Accounting for Pension Costs) the provision has been removed, and the balance has been transferred to the earmarked pension reserve.

It is the Board's policy to retain a general reserve of 1% of Grant Aided Expenditure, after deduction of the earmarked portion for pensions, to meet any significant unforeseen demands which may occur in any financial year. The non-earmarked general reserve balance at 31 March 2005 exceeds the 1% figure by £0.717m which the Board intends to use to enhance operational policing in 2005/2006.

CAPITAL EXPENDITURE

The Board incurred £2.723m of gross capital expenditure (including £0.011m financed from current revenue) in 2004/2005. Operational vehicles and equipment amounted to £0.473m, radio and communications equipment £1.625m and other equipment £0.527m. Other building costs amounted to £0.098m. Capital receipts for the year amounted to £0.035m.

BEST VALUE ACCOUNTING

In compliance with Best Value Accounting requirements costs associated with the Corporate and Democratic Core and Non Distributed Costs have been identified separately within the Revenue Account.

All overheads not defined as Corporate and Democratic Core or Non Distributed Costs have been fully recharged to the service expenditure headings.

ACKNOWLEDGEMENTS

This is the ninth set of Annual Accounts of the Tayside Joint Police Board and indicates that the difficult financial targets which had been set in financial year 2004/2005 have been achieved.

The key to the achievement of these targets has been the implementation of a robust budgetary control system which enabled a proactive virement strategy to be adopted to the benefit of the Board. Accordingly, I would wish to record my thanks to the finance staff in Tayside Police and Angus Council for their essential contribution to helping ensure that the financial targets were delivered.

I would also wish to take this opportunity to thank the Chief Constable and his staff, the elected members and the officers of the Board for their assistance, support and co-operation in the effective management of the Joint Board's finances.

Special thanks go to the Director of Corporate Services and Head of Finance, Tayside Police for their wholehearted commitment to ensuring that the financial targets of the Board have been met once again.

Finally, I would conclude the Treasurer's Report by thanking all staff who have contributed to the closure of Tayside Joint Police Board's 2004/2005 Statement of Accounts.

David S Sawers, FCCA, CPFA
Treasurer,
Tayside Joint Police Board,
June 2005

TAYSIDE JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES

3.1 General

The Statement of Accounts has been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 (LA(S)AAC). They also comply with CIPFA's Best Value Accounting Code of Practice for 2003 (Scotland). The Statement of Accounts is intended to present the financial position and transactions of the Board and has been prepared in accordance with the fundamental accounting principles of accruals, going concern, materiality and primacy of legislative requirements. The information has also been prepared taking cognisance of relevance, reliability, comparability and understandability.

The Statement of Accounts reflects the system of accounting designed to produce information about the value of the Board's assets and the real cost of using those assets. The Capital Charges element of the Revenue Account therefore reflects a charge for depreciation and notional interest (3.5%) reflecting the cost of the fixed assets used in the provision of service.

The statements also reflect the pension funding arrangements under Financial Reporting Standard 17 (FRS 17).

3.2 Fixed Assets

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

Due to the specialist nature of operational properties (eg Police Stations, Radio Stations) they have been included in the balance sheet at Depreciated Replacement Cost (DRC). All other assets have been included at the lower of net current replacement cost or net realisable value.

All assets other than non-depreciable land have an annual charge for depreciation. Assets are depreciated in the year of sale, but not in the year of purchase.

Depreciation is charged using the straight line method at rates calculated to write-off the cost or valuation less estimated residual value of each asset over their estimated useful lives, as follows:-

Operational	15-25 years
Radio Stations	15 years
Vehicles, Plant and Equipment	1-4 years

Acquisition and disposals during the year have been assumed to occur evenly throughout the year.

Capital expenditure incurred during the year, which has not resulted in an increase in an assets valuation, has not been capitalised in the accounts, such expenditure has been transferred to the Fixed Asset Restatement Account.

3.3 Basis of Funding and Charging for Capital

With effect from 1 April 2004 new arrangements were implemented regarding police board capital funding. The allocation of capital grants to boards replaced the existing funding basis where boards borrowed to finance capital expenditure. The Board was allocated capital grant during 2004/2005 of £2.676m.

The Board therefore has not borrowed to fund capital expenditure during 2004/2005, however existing debt continues to be managed through Angus Council's Consolidated Loans Fund (CLF). The Council's CLF will continue to make charges in respect of principal repayment, interest and debt management expenses for outstanding loans.

3.4 Fixed Assets – Capital Charge to Revenue Accounts

The capital charges made to the Revenue Account, equate to the sum of depreciation plus a notional interest charge based on the net amount at which the fixed assets are included in the Balance Sheet. The notional rate of interest used is 3.5%.

3.5 Receipts from the Sale of Capital Assets

Capital receipts arising from the sale of assets are applied to reduce capital expenditure during the year.

3.6 Revenue and Capital Debtors and Creditors

All specific and material sums payable to and due by the Board as at 31 March 2005 have been brought into account. All salaries and wages earned up to 31 March 2005 are included in the Audited Statement of Accounts for that year, irrespective of when actual payments were made. Sundry creditors and debtors include all specific accruals in respect of further material items.

3.7 Stores and Work in Progress

Stocks and stores are valued at the lower of cost and net realisable value.

3.8 Leasing

Rental payments on operating leases are charged to the revenue account on a straight line basis over the term of the lease, associated future liabilities are disclosed in the notes to the revenue account.

3.9 Pensions

The Board participates in two pension schemes which provide members with defined benefits related to pay and service.

The Board complies with FRS 17 (Accounting for Pension Costs) for both uniformed police officers and support staff.

During 2004/05 a change has been made to the rate to be used in discounting the pension liability. The basis for discounting the liability has been amended from the long-term real rate of return determined by the Government's Actuary Department to the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities. The increase in pension liabilities has been recognised in actuarial losses, for uniformed police officers this amounted to £67.4m and for other employees amounted to £7.026m.

3.10 Provision

Provision has been made for bad debts, the level of the provision is based on an assessment of the prospect of recovering the related debt.

3.11 Grants

Grants have been credited to the appropriate revenue accounts and accruals have been made for balances known to be receivable for the period to 31 March 2005.

3.12 Going Concern

The balance sheet at 31 March 2005 shows net liabilities of £425.55m. This net liability position reflects the inclusion of net pension liabilities of £454.564m falling due in future years and arising from the application of FRS 17. It is appropriate to adopt a going concern basis for preparation of the financial statements as the constituent authorities are required under the 1995 Tayside Combined Police Area Amalgamation Scheme Order to meet all liabilities as they fall due.

3.13 2003/2004 Revenue Account and Balance Sheet – Restatement

SECTION 3

The 2003/2004 Revenue and Balance Sheet figures included in the financial statements have been restated to reflect the removal of the Pension Provision as a result of full implementation of FRS17.

The net effect on the 2003/2004 Revenue Account is to increase the 2003/2004 surplus by £0.875m the amount earmarked for police pension costs. The effect on the Balance Sheet is to replace the pension provision with an earmarked reserve portion of the general fund for police pension costs and to restate the FRS17 Pension Liability and FRS17 Pension Reserve by the amount of the 2003/2004 Pension Provision.

TAYSIDE JOINT POLICE BOARDREVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2005

	2004/2005 Revised Budget	2004/2005 Gross Expenditure	2004/2005 Gross Income	2004/2005 Actual	2003/2004 Actual
	£000	£000	£000	£000	£000
Crime Management	45,112	56,667	(12,102)	44,565	41,415
Traffic Management	3,076	3,801	(769)	3,032	2,752
Public Order	1,025	1,267	(511)	756	840
Community Safety	6,151	7,601	(1,536)	6,065	5,604
Call Management	10,253	12,669	(2,568)	10,101	9,340
Police Pensions	10,776	13,793	-	13,793	9,925
Cost of Services	76,393	95,798	(17,486)	78,312	69,876
Common Police Services	651	698	-	698	1,355
Corporate and Democratic Core	-	167	-	167	169
Non Distributed Costs	-	-	-	-	175
Net Cost of Services	77,044	96,663	(17,486)	79,177	71,575
Transfer from Asset Management Revenue Account (Note 5)	(717)		(717)	(717)	(690)
Pension Interest Cost	-	24,816		24,816	21,431
Expected Return on Pension Assets	-		(1,707)	(1,707)	(1,326)
Interest on Revenue Balances	(160)		(270)	(270)	(192)
Net Operating Expenditure	76,167	121,479	(20,180)	101,299	90,798
Appropriation from Capital Financing Reserve:	(2,532)			(2,532)	(1,715)
Movement on Pension Reserve	-			(26,022)	(18,933)
Amount to be met from Specific Govt Grant & Constituent Authorities	73,635			72,745	70,150
Police Grant	37,279			37,374	35,790
Constituent Authority Requisitions (Net of IORB Repayment)					
Angus	8,895			8,875	8,677
Dundee	16,493			16,456	16,089
Perth	10,968			10,943	10,701
	73,635			73,648	71,257
Surplus for the Year – to General Reserve	-			903	1107
Balance Start of Year	-			3,703	2,596
Balance at End of Year	-			4,606	3,703

TAYSIDE JOINT POLICE BOARD**NOTES TO THE REVENUE ACCOUNT****1. ACCOUNTING FOR BEST VALUE**

To comply with the Best Value Accounting Code of Practice (2003) total cost must be identified within the Service Divisions as detailed within the Revenue Account for the year ended 31 March 2005.

Total cost includes all direct and reasonably attributable costs of a Service Division, including an allocation of support service costs, overheads and capital charges.

2. ANALYSIS OF REVENUE EXPENDITURE

Detailed below is an analysis of the Board's Net Operating Expenditure

	2004/2005 Revised Budget £000	2004/2005 Gross Expenditure £000	2004/2005 Gross Income £000	2004/2005 Actual £000	2003/2004 Actual £000
Staff Costs	70,775	77,395	(4,799)	72,596	65,442
Property Costs	2,566	2,771	(175)	2,596	2,439
Supplies & Services	5,726	8,130	(2,226)	5,904	5,199
Transport Costs	1,701	2,151	(433)	1,718	1,686
Third Party Payments	659	704	-	704	1,454
Support Services Costs	203	167	-	167	176
Capital Charges	5,120	5,178	-	5,178	4,119
Gross Expenditure	86,750	96,496	(7,633)	88,863	80,515
General Income	(9,706)	-	(9,853)	(9,853)	(9,284)
Cost of Services	77,044	96,496	(17,486)	79,010	71,231
Corporate and Democratic Core	-	167	-	167	169
Non Distributed Costs	-	-	-	-	175
Net Cost of Services	77,044	96,663	(17,486)	79,177	71,575
Transfer from Asset Management Revenue Account	(717)	-	(717)	(717)	(690)
Pension Interest Costs	-	24,816		24,816	21,431
Expected Return on Pension Assets			(1,707)	(1,707)	(1,326)
Interest on Revenue Balances	(160)	-	(270)	(270)	(192)
Net Operating Expenditure	76,167	121,479	(20,180)	101,299	90,798

3. G8 SUMMIT

Expenditure incurred on the G8 Summit is included within the Board's Net Operating Expenditure, however all expenditure incurred is matched by 100% grant funding.

4. PENSIONS

See also Note 11 to Balance Sheet

Uniformed Police Officers
Amount Charged to Operating Costs

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Service Cost	13,793	10,800
Past Service Cost	-	160
Total Operating Charge	13,793	10,960
Interest on Pension Scheme Liabilities	22,985	20,000
Net Revenue Account Cost	36,778	30,960

Other Employees
Analysis of amount charged to operating costs

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Amount charged to Operating Cost		
Service Cost	1,526	1,173
Past Service Cost	-	15
Total Operating Charge	1,526	1,188
Amount Credited to Other Finance Income		
Expected Return on Employer Assets	(1,707)	(1,326)
Interest on Pension Scheme Liabilities	1,831	1,431
Net Return	124	105
Net Revenue Account Cost	1,650	1,293

5. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

The transactions on the Asset Management Revenue Account are as follows:

	2004/2005 £000	2003/2004 £000
Income -		
Capital Charges	(5,178)	(4,119)
Amortisation of Govt. Grants	(117)	-
Expenditure -		
Provision for Depreciation	3,565	2,512
Angus Council Loans Fund Interest	1,013	917
Balance to Revenue Account	<u>(717)</u>	<u>(690)</u>

6. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

The Board is empowered by this Act to provide goods and services to other public bodies. Detailed below is the expenditure and income arising from work carried out under the Local Authority (Goods and Services) Act 1970 during the financial year 2004/2005.

Expenditure

	2004/2005	2003/2004
	£000	£000
Dundee City Council	291	282
Dundee Contract Services	19	22
Dundee Parks DSO	6	6
Angus Council	157	127
Perth & Kinross Council	<u>22</u>	<u>29</u>
Total Expenditure	<u>495</u>	<u>466</u>

Income

	2004/2005	2003/2004
	£000	£000
Forensic/DNA Laboratory Recharge		
Fife	275	167
Central	218	133
Other Forces	1,632	1,664
IB		
Fife	56	57
Central	2	1
Radio Workshops		
Tayside Fire Brigade	60	80
Tayside Contracts	100	42
NOSWA	-	31
Taxi Certificates		
Angus Council	27	26
Dundee City Council	35	35
Other		
Tay Road Bridge	11	11
Dundee City Council	171	31
Angus Council	79	5
Perth & Kinross	1	-
Other Forces	<u>1</u>	<u>-</u>
Total Income	<u>2,668</u>	<u>2,283</u>

7. OPERATING LEASES

Operating Lease Rental Payments

	2004/2005 £000	2003/2004 £000
Equipment	91	134
Vehicles	<u>102</u>	<u>105</u>
	<u>193</u>	<u>239</u>

8. PUBLICITY ACCOUNT

Section 5 of the Local Government Act 1986 requires a separate account to be kept of expenditure on publicity. The Board incurred the following publicity expenditure.

	2004/2005 £000	2003/2004 £000
Employment Advertising	43	41
General Advertising	15	11

9. REQUISITIONS ON CONSTITUENT AUTHORITIES

Authority	2004/2005		Balance due (to)from Authorities
	Original Estimate	Amount Requisitioned	
	£000	£000	£000
Angus	8,895	8,875	(20)
Dundee City	16,493	16,456	(37)
Perth & Kinross	<u>10,968</u>	<u>10,943</u>	<u>(25)</u>
	<u>36,356</u>	<u>36,274</u>	<u>(82)</u>
	2003/2004		
	£000	£000	£000
Angus	8,666	8,677	11
Dundee City	16,068	16,089	21
Perth & Kinross	<u>10,687</u>	<u>10,701</u>	<u>14</u>
	<u>35,421</u>	<u>35,467</u>	<u>46</u>

10. **OFFICER'S EMOLUMENTS**

The following table shows the number of employees whose whole taxable remuneration fell within the specified bandings:

Salary Banding	No of Employees	
	2004/2005	2003/2004
£40,000 - £49,999	93	80
£50,000 - £59,999	9	6
£60,000 - £69,999	8	7
£70,000 - £79,999	-	1
£80,000 - £89,999	-	1
£90,000 - £99,999	2	1
£100,000 - £109,999	-	-
£110,000 - £119,999	1	-

11. **RELATED PARTIES**

In 2004/2005 there have been no material transactions with any related party, which are not disclosed elsewhere in the Audited Statement of Accounts.

12. **EXTERNAL AUDIT FEES**

In 2004/05 the following fees were incurred relating to external audit.

	2004/2005 £000	2003/2004 £000
Fees payable in respect of external audit services carried out by the appointed auditor	38	35
Fees payable in respect of other services	-	<u>2</u>
	38	37

The charge for external audit services includes a fixed charge for the year of £7,200 (2003/2004 £9,300). The fees for additional services during 2003/2004 relate to work in respect of a HMIC follow up inspection.

13. **MEMBERS ALLOWANCES**

The allowances for members of the Police Board are paid by the relevant constituent authority.

14. **GENERAL RESERVE**

The following details the amounts transferred to the General Reserve.

SECTION 5

	2004/2005	2003/2004
	£000	£000
Balance at the start of the year	3,703	2,596
General transfer during the year	337	232
Earmarked transfer during the year	566	875
Balance at the end of the year	4,606	3,703

TAYSIDE JOINT POLICE BOARD**BALANCE SHEET AS AT 31 MARCH**

2003/2004			2004/2005	
£000	£000		£000	£000
40,633		FIXED ASSETS		
<u>4,259</u>		Operational Buildings/Land	38,724	
		Vehicles, Plant and Equipment	<u>5,197</u>	43,921
	44,892	TOTAL FIXED ASSETS		
		CURRENT ASSETS		
84		Stocks	63	
7,427		Debtors	12,234	
10		Advances Petty Outlays	13	
<u>1,905</u>	9,426	Cash and Bank	<u>2,282</u>	14,592
		CURRENT LIABILITIES		
(5,731)		Creditors	(9,993)	(9,993)
	<u>(5,731)</u>			
	3,695	TOTAL NET CURRENT ASSETS		<u>4,599</u>
	48,587	TOTAL ASSETS LESS CURRENT LIABILITIES		48,520
		LONG TERM LIABILITIES		
	(17,410)	Long Term Borrowing - Angus Council		(16,496)
	(450)	Govt Grant Deferred		(3,010)
	<u>(350,918)</u>	Liability related to defined benefit pension scheme		<u>(454,564)</u>
	<u>(320,191)</u>	TOTAL NET LIABILITIES		<u>(425,550)</u>
		RESERVES		
	3,703	Usable Reserves		
		General Reserve		4,606
		Unusable Reserves		
(350,918)		Pension Reserve	(454,564)	
34,785		Fixed Asset Restatement Account	34,656	
<u>(7,761)</u>	(323,894)	Capital Financing Account	<u>(10,248)</u>	(430,156)
	<u>(320,191)</u>	TOTAL RESERVES		<u>(425,550)</u>

David S Sawers, FCCA, CPFA
Treasurer
Tayside Joint Police Board
June 2005

TAYSIDE JOINT POLICE BOARD**NOTES TO THE BALANCE SHEET****1. FIXED ASSETS INFORMATION**

The Board's fixed assets are in respect of operational and non operational land and buildings, operational vehicles, computer, laboratory and other equipment, plant, radio and telecommunications equipment.

2. FIXED ASSET STATEMENT

	Operational Buildings/ Land	Operational Vehicles	Plant, Computer, Lab & Other Equipment	Radio & Telecom	Total
	£000	£000	£000	£000	£000
GBV @ 31.03.2004	40,633	3,053	7,264	2,830	53,780
Additions 2004/2005	98	473	527	1,625	2,723
Revaluation Adjustment	(98)				(98)
Disposals 2004/2005	-	(251)	-	-	(251)
GBV @ 31.03.2005	<u>40,633</u>	<u>3,275</u>	<u>7,791</u>	<u>4,455</u>	<u>56,154</u>
Depreciation @ 31.03.2004	-	1,665	5,466	1,757	8,888
Depreciation 2004/2005	1,909	532	655	469	3,565
Depreciation on Disposals	-	(220)	-	-	(220)
Depreciation @ 31.03.2005	<u>1,909</u>	<u>1,977</u>	<u>6,121</u>	<u>2,226</u>	<u>12,233</u>
NBV @ 31.03.2005	<u>38,724</u>	<u>1,298</u>	<u>1,670</u>	<u>2,229</u>	<u>43,921</u>
NBV @ 31.03.2004	<u>40,633</u>	<u>1,388</u>	<u>1,798</u>	<u>1,073</u>	<u>44,892</u>

3. VALUATION OF THE BOARD'S ASSETS

A full revaluation of the Board's properties was carried out during 2003/2004 by Lickley Proctor, Chartered Surveyors with an effective date of 31 March, 2004.

Operational properties of a specialist nature (eg Police Stations, Radio Stations) were valued on the basis of what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect age, wear and tear and obsolescence of the existing asset (DRC – Depreciated Replacement Cost). Operational properties of a non- specialised nature were valued by reference to the market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use.

Vehicles, plant and equipment have been included in the balance sheet at net current replacement cost.

4. GENERAL RESERVE

The General Reserve balance includes an earmarked reserve for pensions, setting aside amounts to meet the cost of police pension entitlements.

	2004/2005 £000	2003/2004 £000
Earmarked pension reserve	3,126	2,560

5. OPERATING LEASES

The Board was committed at 31 March 2005 to making the following payments under operating leases

	Equipment £000	Vehicles £000	Buildings £000
Leases expiring in 2005/06	-	15	-
Leases expiring between 2006/2007 and 2010/2011	109	142	-
Leases expiring after 2010/2011	-	-	111

6. CAPITAL EXPENDITURE IN THE YEAR

Capital expenditure of £2.723m incurred during the year.

	2004/05 £000	2003/04 £000
Operational Buildings and Land	98	1,065
Operational Vehicles	473	741
Radio & Telecom	1,625	444
Other Equipment	527	1,286
	<u>2,723</u>	<u>3,536</u>

Included within the £2.723m capital expenditure incurred for 2004/2005 is £0.098m of expenditure which did not add additional value to the Board's assets, this amount was therefore written to the Fixed Asset Restatement Account, leaving £2.625m to be capitalised in the Balance Sheet.

The capital expenditure was financed as follows :-

	2004/05 £000	2003/04 £000
External Loans	-	2,766
Capital Receipts	35	72
Revenue	11	248
Govt Grants	2,677	450
	<u>2,723</u>	<u>3,536</u>

7. ANALYSIS OF BORROWING

SECTION 7

The Board's debt is managed by Angus Council, the debt outstanding at 31 March 2005 is £16.496m (2003/2004 £17.410m) which is sourced by the Public Works Loans Board and Money Market (Mortgages) with a range of Interest rates from 3.2% - 15% with the following maturity profile:

	Balance as at 31 March 2005	Balance as at 31 March 2004
	£000	£000
Less than 1 year	-	-
Between 1 - 2 years	-	-
Between 2 - 5 years	-	-
Between 5 - 10 years	567	620
More than 10 years	<u>15,929</u>	<u>16,790</u>
	<u>16,496</u>	<u>17,410</u>

8. COMMITMENTS UNDER CAPITAL CONTRACTS

The Board has authorised for inclusion in its Financial Plan £2.887m (2003/2004 £2.703m) of capital expenditure to be incurred in 2005/2006. Of this expenditure £0.2m (2003/2004 £0.417m) is legally committed under contract.

9. CONSTITUENT AUTHORITIES

The following amounts are included in the Balance Sheet.

Authority	2004/2005		
	Debtors £000	Creditors £000	Net £000
Angus	95	(201)	(106)
Dundee City	528	(2,931)	(2,403)
Perth & Kinross	26	(52)	(26)
	<u>649</u>	<u>(3,184)</u>	<u>(2,535)</u>

Authority	2003/2004		
	Debtors £000	Creditors £000	Net £000
Angus	2,488	(817)	1,671
Dundee City	629	(2,656)	(2,027)
Perth & Kinross	14	-	14
	<u>3,131</u>	<u>(3,473)</u>	<u>(342)</u>

10. **EURO**

As at 31 March 2005 no commitments in respect of costs associated with the Euro were made and no exceptional expenditure had been incurred. An estimate of the potential cost to the Board of conversion to the Euro has yet to be determined.

11. **PENSIONS**

The accounting standard FRS17 is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years in the future.

Tayside Police Assets and Liabilities amount to:

2003/2004		2004/2005		
£000		£000 Police	£000 Other Employees	£000 Total
23,660	Share of Assets in T.S.F.*	-	28,256	28,256
(374,578)	Estimated Liabilities	(445,500)	(37,320)	(482,820)
(350,918)	Net Liabilities	(445,500)	(9,064)	(454,564)

* Tayside Superannuation Fund

Uniformed Police Officers**Valuation Assumptions**

The financial valuation assumptions used in the FRS 17 valuation as at 31 March 2005 are set out below.

Assumptions as at	31 March 2005 % per annum	31 March 2004 % per annum
Price increases	2.9%	2.9%
Salary increases	4.4%	4.4%
Pension increases	2.9%	2.9%
Discount rate	5.4%	6.5%

The Police Pension Scheme is a defined benefit statutory scheme. The scheme is administered by Dundee City Council in accordance with the Police Pensions Regulations 1987 and the Police Pensions Act 1976 as amended. There is no funded pension scheme for Police Officers.

SECTION 7

Net Pension Liability as at	31 March 2005	31 March 2004
	£000	£000
Present Value of Scheme Liabilities		
Officers	255,200	199,600
Deferred Pensioners	3,700	2,900
Pensioners	186,600	146,500
Total Value of Scheme Liabilities	445,500	349,000

Movement in Net Pension Deficit during the year

	Year to	Year to
	31 March 2005	31 March 2004
	£000	£000
Beginning of year deficit	(349,000)	(327,650)
Service cost	(13,793)	(10,800)
Employer contributions	10,753	10,100
Transfers in from other authorities	-	(170)
Transfers out to other authorities	-	9
Past service costs (injury benefits)	-	(160)
Interest cost on liabilities	(22,985)	(20,000)
Actuarial gains/(losses)	(70,475)	(329)
End of year deficit	(445,500)	(349,000)

History of Experience Gains and Losses

	Year to	Year to
	31 March 2005	31 March 2004
	£000	£000
Experience gains/(losses) on liabilities arising from pension and salary increases	12,425	(329)
Present value of liabilities	445,500	349,000
Percentage of the present value of liabilities	3%	(0.1%)
Actuarial gains/(losses) recognised	(70,475)	(329)
Present value of liabilities	445,500	349,000
Percentage of the present value of liabilities	(15%)	(0.1%)

Other Employees

Valuation Assumptions

The financial valuation assumptions used in the FRS 17 valuation as at 31 March 2005 are set out below.

Assumptions as at	31 March 2005 % per annum	31 March 2004 % per annum
Price Increases	2.9%	2.9%
Salary Increases	4.4%	4.4%
Pension Increases	2.9%	2.9%
Discount Rate	5.4%	6.5%

The Tayside Superannuation Fund, which is part of the Local Government Pension Scheme is a defined benefit statutory scheme. The fund is administered by Dundee City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

During 2004/2005 the Board's contribution was equivalent to 265% (2003/2004 250%) of employee contributions. The contribution rate is determined by an actuarial valuation of the Superannuation Fund's assets and liabilities. The relevant review being at 31 March 2002. This valuation determined the employer contribution rates to 2005/2006. Under Superannuation Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

The Tayside Superannuation Fund applies a single employers contribution rate to the fund as a whole, therefore individual members cannot utilise their actual surplus/deficit to separately adjust the employer's contribution rate.

Balance Sheet disclosure as at 31 March 2005

Assets (Employer)	31 March 2005		31 March 2004	
	Long Term Return % per annum	Assets £000	Long Term Return % per annum	Assets £000
Equities	7.5%	19,519	7.7%	16,640
Gilts	4.5%	3,367	-	-
Bonds	5.3%	1,748	5.1%	4,337
Property	7.0%	2,569	6.5%	2,072
Cash	4.3%	1,053	4.0%	611
TOTAL	6.8%	28,256	7.0%	23,660

SECTION 7

Net Pension Liability as at	31 March 2005	31 March 2004
	£000	£000
Estimated Employer Assets	28,256	23,660
Present Value of Scheme Liabilities	37,093	25,376
Present Value of Unfunded Liabilities	226	202
Total Value of Liabilities	37,320	25,578
Net Pension Liability	(9,064)	(1,918)

Movement in Surplus/(Deficit) during the year

	Year to	Year to
	31 March	31 March
	2005	2004
	£000	£000
Surplus/(deficit) at beginning of year	(1,919)	(4,749)
Current service cost	(1,526)	(1,173)
Employer contributions	1,653	1,416
Contributions in respect of Unfunded Benefits	-	15
Past service costs	-	(15)
Net return on assets	(124)	(105)
Actuarial gains/(losses)	(7,148)	2,692
Surplus/(deficit) at end of year	(9,064)	(1,919)

History of Experience Gains and Losses

	Year to	Year to
	31 March 2005	31 March 2004
	£000	£000
Difference between the expected and actual return on assets	1,362	2,716
Value of assets	28,256	23,660
Percentage of assets	5%	11.5%
Experience gains/(losses) on liabilities	-	(24)
Present value of liabilities	37,320	25,578
Percentage of the present value of liabilities	-	(0.1%)
Actuarial gains/(losses) recognised	(7,148)	2,692
Present value of liabilities	37,320	25,578
Percentage of present value of liabilities	(19.2%)	10.5%

TAYSIDE JOINT POLICE BOARD**STATEMENT OF TOTAL MOVEMENTS IN RESERVES**

The three capital reserves arising from the system of capital accounting are the Fixed Asset Restatement Account, the Capital Financing Account and the Usable Capital Receipts Reserve. The former of these represents the balance of surpluses and deficits arising from the revaluation of assets, the Capital Financing Account relates to amounts set aside from revenue and capital receipts applied to finance capital expenditure together with amounts repaid to the Angus Council Loans Fund. The Usable Capital Receipts reserve represents resources available for funding future capital expenditure.

As a result of the full adoption of FRS 17 'Retirement Benefits' a revenue Pension Reserve (FRS 17) is now required to represent the net pension liability. An earmarked reserve for pensions has been established to set aside amounts to meet the cost of police pension entitlements accruing to those officers eligible to retire but who have elected to remain in service.

2003/2004 Total	CAPITAL RESERVES	Fixed Asset Restatement Account	Capital Financing Account	Usable Capital Receipts Reserve	2004/2005 Total
£000		£000	£000	£000	£000
17,838	Balance at 1 April	34,785	(7,761)	-	27,024
10,870	Other Adjustments (including revaluations)	(98)	-	-	(98)
(51)	Disposals of Fixed Assets	(31)	-	-	(31)
82	Proceeds of Disposals	-	-	35	35
-	Usable Capital Receipts	-	35	(35)	-
24	Appropriation to Revenue Account	-	128	-	128
(1,739)	Difference between loan principal and depreciation	-	(2,650)	-	(2,650)
<u>27,024</u>	Balance at 31 March	<u>34,656</u>	<u>(10,248)</u>	<u>-</u>	<u>24,408</u>

REVENUE RESERVES

2003/2004 Total		FRS17 Pension Reserve	General Reserve	2004/2005 Total
£000		£000	£000	£000
(331,488)	Balance at 1 April	(350,918)	3,703	(347,215)
1,289	Net Actuarial (Gains)/Losses	(77,624)	-	(77,624)
(20,683)	Appropriation from Revenue	(26,022)	-	(26,022)
1,107	Transfers during the year	-	903	903
<u>(349,775)</u>	Balance at 31 March	<u>(454,564)</u>	<u>4,606</u>	<u>(449,958)</u>

SECTION 9

TAYSIDE JOINT POLICE BOARDCASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH

2003/2004			2004/2005	
£000	£000		£000	£000
		REVENUE ACTIVITIES		
		Cash Outflows:		
67,101		Cash paid to and on behalf of employees	75,791	
11,505		Other Operating Costs	10,752	
	78,606			86,543
		Cash Inflows:		
(9,231)		General	(11,990)	
(35,032)		Requisitions from Constituent Authorities	(36,402)	
(37,201)		Specific Grant	(38,238)	
(55)		Civil Defence Grant	(55)	
	(81,519)			(86,685)
	(2,913)	NET CASH (INFLOW) FROM REVENUE ACTIVITIES (Note 1)		(142)
		SERVICING OF FINANCE		
640		Cash Outflows: Interest Paid	1,429	
(139)		Cash Inflows: Interest on Revenue Balances	(192)	
	501			1,237
		CAPITAL ACTIVITIES		
3,310		Purchase of Fixed Assets(Non-Revenue)	2,371	
248		Purchase of Fixed Assets (Revenue)	11	
-		Purchase of Fixed Assets (External Funding)	249	
3,558			2,631	
(72)		Sale of Fixed Assets	(35)	
-		External Funding	(101)	
(450)		Capital Grants	(2,676)	
	3,036	CASH OUTFLOW BEFORE FINANCING		(181)
		FINANCING		
604		Cash Outflows: Repayment of Amounts Borrowed	1,183	
(226)		Cash Inflows: Loans Advanced	(2,477)	
	378			
		(INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS		(1,294)
	<u>1,002</u>			<u>(380)</u>

SECTION 10

TAYSIDE JOINT POLICE BOARD

NOTES TO THE CASH FLOW STATEMENT

1. RECONCILIATION OF REVENUE ACCOUNT BALANCE TO NET CASH FLOW FROM REVENUE ACTIVITIES

2003/2004		2004/2005	
£000		£000	£000
1,107	Surplus for the year		903
	Items on an Accruals Basis:		
(189)	Increase (Decrease) in Creditors	4,576	
-	(Increase) Decrease in Stocks	21	
249	(Increase) Decrease in Debtors	<u>(7,028)</u>	
<u>60</u>			(2,431)
917	Interest Paid	1,015	
773	Principal Repaid	<u>914</u>	
<u>1,690</u>			1,929
(192)	Interest Received		(270)
248	Capital from Current Revenue		11
<u>2,913</u>	Cash Inflow from Revenue Activities		<u>142</u>

2. RECONCILIATION TO NET DEBT

	2004/05 Movement £000	2003/04 Movement £000
Decrease/(Increase) in Cash in the Period	(380)	1002
Increase in Debt	<u>(914)</u>	1,992
Movement in Net Debt in Period	(1,294)	2,994
Net Debt at 1 April	<u>15,495</u>	<u>12,501</u>
Net Debt as at 31 March	<u>14,201</u>	<u>15,495</u>

Analysis of Net Debt	Balance at 31 March 2004	Cashflow	Non Cash Movements	Balance at 31 March 2005
	£000	£000	£000	£000
Cash in hand	(10)	(3)	-	(13)
Bank	(1,905)	(377)	-	(2,282)
Debt due after 1 year	<u>17,410</u>	<u>(858)</u>	<u>(56)</u>	<u>16,496</u>
TOTAL	<u><u>15,495</u></u>	<u><u>(1,238)</u></u>	<u><u>(56)</u></u>	<u><u>14,201</u></u>

3. ANALYSIS OF GOVERNMENT GRANTS

2003/2004		2004/2005	
£000		£000	
37,201	Police Specific Grant	38,238	
450	Capital Grants	2,676	
<u>55</u>	Civil Defence Grant	<u>55</u>	
<u><u>37,706</u></u>		<u><u>40,969</u></u>	

Police Specific Grant for 2004/2005 consists of the following:

	£000
51% Police Grant	36,460
CTSA	85
SDEA	751
Finance Analysts	10
Restorative Cautions	30
Ports Auth Policing	63
Airwave	195
Special Operations	91
Special Constables	93
FPN Project	205
SID	58
Forensic Equipment	20
Revenue Grant	161
Drugs Driving	16
TOTAL	<u><u>38,238</u></u>

TAYSIDE JOINT POLICE BOARD

STATEMENT ON THE SYSTEMS OF INTERNAL FINANCIAL CONTROL

1. This statement is given in respect of the 2004/05 statement of accounts for The Tayside Joint Police Board and acknowledges responsibility for ensuring that an effective system of internal financial control is maintained and operated within the Board.
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 financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Board, with the support of constituent authorities. In particular, the system includes:-
 - financial regulations and codes of financial practice;
 - comprehensive budgeting systems;
 - regular reviews of periodic and annual financial reports which indicate financial performance against the forecast;
 - setting targets to measure financial and other performance;
 - the preparation of regular financial reports which indicate actual expenditure against the forecasts;
 - clearly defined capital expenditure guidelines; and
 - as appropriate, formal project management disciplines.
4. An internal audit service is provided to the Board by the Internal Audit Section of Angus Council under a service level agreement. The service is provided in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom (2003). Audit needs are assessed using a robust risk model from which audit plans are developed and ratified by the Board's Audit Sub-Committee. The particular circumstances of the Board, where the financial systems are hosted and operated by Dundee City Council, mean that assurances in relation to these systems have been taken from the Depute Chief Executive (Finance) of that Authority.

5. In relation to reporting arrangements, the Chief Internal Auditor to the Board:-
- reports on a line management basis to the Board Treasurer
 - has open access to Board Members and the Chief Constable
 - reports in her own name and retains final edit rights over all audit reports
 - provides an annual Internal Financial Control assurance statement
6. My review of the effectiveness of the system of internal financial control is informed by:-
- The work of managers within the Board;
 - Assurances received from the Force Executive
 - The work of internal audit (and third party assurances regarding core financial systems) as described above; and
 - The external auditors in their annual audit letter and other reports

And, from the above, I am satisfied the Board has in place sound systems of internal financial control with no material weaknesses identified. I am also satisfied that mechanisms are in place which would identify, and address, any material areas of weakness on a timeous basis.

David S Sawers FCCA, CPFA
Treasurer
Tayside Joint Police Board

27 May, 2005

TAYSIDE JOINT POLICE 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/LA(S)AAC Code of Practice on Local Authority Accounting ('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 31 March 2004.

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

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
- provided a statement on the Systems of Internal Financial Control

Independent Auditor's Report

To the members of Tayside Joint Police Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements on pages 7 to 34 under the Local Government (Scotland) Act 1973. The financial statements have been prepared in accordance with the accounting policies set out on pages 7 to 10.

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 the Code of Audit Practice approved by the Accounts Commission and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Treasurer and Auditors

As described on page 34 the Treasurer of the Board is responsible for the preparation of the financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, a Statement of Recommended Practice ('the SORP'). My responsibilities, as independent auditor, are established by statute and the Code of Audit Practice approved by the Accounts Commission, and guided by the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements present fairly the financial position of the Board at 31 March 2005 and its income and expenditure for the year. I also report 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 Statement on the Systems of Internal Financial Control on pages 32 to 33 complies with the requirements of the SORP. I report if, in my opinion, the statement does not comply with the requirements or if it is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Board's corporate governance procedures or risk and control procedures.

I read the other information published with the financial statements and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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 present fairly the financial position of the Board as at 31 March 2005 and its income and expenditure for the year then ended.

Bruce Crosbie, FCCA
Senior Audit Manager
Audit Scotland – Audit Services
Osborne House, 1/5 Osborne Terrace
Edinburgh EH12 5HG

28 September 2005