

**2008/2009
STATEMENT
OF
ACCOUNTS**

**FOR THE PERIOD
25 JUNE 2008 TO 31 MARCH 2009**

INTRODUCTION

I have great pleasure in introducing the first set of accounts for the Aberdeen City and Shire Strategic Development Planning Authority (SDPA).

The SDPA has a key role in setting out a clear vision for the future development of the area which takes into account the economic, social and environmental challenges we face over the next 25 years.

Aberdeen City and Aberdeenshire Councils took early decisions to embrace the reform of the planning system and, in particular, the opportunities offered by the formation of the SDPA. Since its designation by Scottish Ministers in June 2008 the SDPA's work has focused on the preparation of a new structure plan for the area, one which seeks to respond to the Scottish Government's aspiration for strategic development plans under the 2006 Act. This has meant a lot of work at the cutting edge of planning reform - effort for which both Councils should be justifiably proud.

The SDPA had to put in place the organisational arrangements required of a statutory body at the same time as meet a challenging timetable for the submission of a structure plan to Scottish Ministers. Much work still requires to be done but I am happy with the start that has been made, setting a solid foundation for the future.

The one-off grant of £120,000 from the Scottish Government in recognition of the cost implications of implementing the new strategic planning system under the Planning etc. (Scotland) Act 2006 was particularly welcome. Although not anticipated at the start of the year, this was used in 2008/09 to fund initial set-up costs and will be used in the years ahead to contribute to the early work on the forthcoming strategic development plan.

I trust that you find this report of interest and commend it to you.

Councillor Scott Cassie
Chair of Strategic Development Planning Authority
28 May 2009

STATEMENT OF ACCOUNTS 2008/09

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EXPLANATORY FOREWORD BY THE TREASURER

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. The Board agreed the Minute of Agreement on 25 June 2008 and these Statements have been prepared from that date. This will also mean that there are therefore no prior year comparative figures to refer to and these have been omitted from the presentation of information this year.

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 the Movement on 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 Statement on Total Recognised Gains and Losses

The Statement on Total Recognised Gains and Losses is not presented in the financial statements since all gains and losses for the year will be shown in the Income and Expenditure Account. There are no changes in Net assets in the year arising from revaluations, changes in actuarial assumptions or other factors which would not otherwise be presented in the Income and Expenditure Account.

4. Balance Sheet

This Statement brings together all the assets and liabilities of the Authority, including balances and reserves and current assets employed in its operations.

5. Cash Flow Statement

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

6. Statement on the System of Internal Financial Control

This Statement acknowledges the responsibility for internal financial control and indicates the main features of the systems in use and the level of assurance that the system of internal financial control can provide.

FINANCIAL OUTTURN 2008/09

In 2008/09 the Authority budgeted to spend £255,000 on the provision of services and completion of works. This was later increased by a further grant of £120,000 from the Scottish Government to cover first year and start up costs. The Actual expenditure was lower than budget at £217,508

ACKNOWLEDGEMENTS

The production of the Statement of Accounts is very much a team effort involving many staff from 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 accounting convention. 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. 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.

3. Interest Charges

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

4. 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.

5. 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 and seconded to the SDPA which will reimburse the employing Council for all costs, including pension costs arising.

6. 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.

7. Corporate and Democratic Core

Costs relating to corporate management of the Authority have been charged to Corporate and Democratic Core in accordance with CIPFA's Best Value Accounting Code of Practice (BVACOP). There have been no costs identified in these statements associated with democratic representation including Members expenses.

8. Financial Assets & Liabilities

The SDPA relies on the Aberdeenshire Council bank account to process transactions and the balance of any cash held is invested in the Council's Loans Fund. The balance is payable on demand and is shown as an actual cash value in the Authority's Balance Sheet.

The loans and receivables (Debtors) and liabilities (Creditors) as shown in the Balance Sheet are all for less than 12 months and are measured at fair value and carried at amortised cost which equates to actual cash value at 31 March 2009.

INCOME AND EXPENDITURE ACCOUNT
For the period ended 31 March 2009

	Gross Expenditure £'000	Gross Income £'000	2008/09 Net Expenditure £'000
Employee Costs	147	0	147
Administration Costs	30	0	30
Transport Expenses	2	0	2
Other Supplies & Services	33	0	33
Corporate and Democratic Core Costs	5	0	5
	217	0	217
Net Cost of Service			217
Interest and investment income			0
Net Operating Expenditure			217
Funding from constituent Councils			(291)
Funding from Scottish Government			(120)
			(411)
Surplus for the period to March 2009			(194)

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

	2008/09 £'000
(Surplus)/Deficit for the period to March 2009 on the Income & Expenditure Account	(194)
	(194)
Increase in General Fund Balance for the year	(194)
General Fund Balance brought forward	0
General Fund Balance carried forward	(194)

BALANCE SHEET

	As at 31 March 2009 £'000
Current Assets	
Investment in Aberdeenshire Council (Note 7)	69
Loans Fund	
Debtors (Note 6)	146
	<u>215</u>
Current Liabilities	
Creditors (Note 6)	21
	<u>194</u>
Net Current Assets	<u>194</u>
Represented by General Fund	<u>194</u>

The unaudited accounts were issued on 28 May 2009 and the audited accounts were authorised for issue on 30 September 2009.

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

CASH FLOW STATEMENT

REVENUE ACTIVITIES	2008/2009 £'000	2008/2009 £'000
Cash Outflows		
Cash paid to and on behalf of employees	147	
Other operating cash payments	49	
	<hr/>	196
Cash Inflows		
Operating Costs Revenue Grant – Aberdeen City	(145)	
Operating Costs Revenue Grant –Scottish Government	(120)	
	<hr/>	(265)
Net Revenue Activities Cash Flow and (Increase/Decrease in Cash (Note 7)		<hr/> (69) <hr/>

NOTES TO THE CORE FINANCIAL STATEMENTS

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).

Note 1 **Related Party Transactions**

Each of the constituent partners of SDPA, Aberdeenshire Council, Aberdeen City Council, agreed to contribute towards the costs of the organisation on an equal basis. The Scottish Government provided a further grant of £120,000 for first year start up costs. The actual funding received refers to the proportion for the part year of the Authority's existence.

Core Funding	Budget (£'000's) 2008/09	Actual (£'000's) 2008/09
Aberdeenshire Council	146	146
Aberdeen City Council	145	145
Scottish Government	120	120
	411	411

Note 2 **Payments to Authority Members and Officers**

No payments to SDPA Members took place in 2008/09

No officers received emoluments in excess of £50,000 in 2008/09.

Note 3 **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 the SDPA spent £15,255 on expenditure of a publicity nature.

Note 4 **External Audit Fees**

Fees payable in respect of External Audit Services:	2008/09
	£
Agreed Audit fee	4,100
Notified fixed charge element for the year	400
Fees in respect of other works	0
	<hr/>
Total	<u>4,500</u>

Note 5 **Movements in Reserves**

General Fund	£'000
Balance at 25 June 2008	0
Movement for Year	(194)
Balance at 31 March 2009	<hr/> <u>(194)</u>

Note 6 **Analysis of Year End Debtors and Creditors**

	2008/09
	£'000
Debtors	
Aberdeenshire Council Contribution	146
	<hr/> <u>146</u>
Creditors	
Administration Costs	16
Corporate and Democratic Core Costs	5
	<hr/> <u>21</u>

Note 7 **Cash Flow Statements**

Note 7.1 **Increase/(Decrease) in Cash and Cash Equivalents**

The sums identified here are invested in Aberdeenshire Council's Loans Fund

	2008/09
	£'000
Cash	69
Total	<hr/> <u>69</u>

Note 7.2 **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 funds are payable on demand and are presently held in Aberdeenshire Councils Loans Fund.

Note 7.3 **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 Net Revenue Activities
Cash Flow

	2008/2009 £'000	2008/2009 £'000
(Surplus)/Deficit for period to 31 March 2009		(194)
Items on an Accruals Basis		
Increase/(Decrease) in Debtors	146	
(Increase)/Decrease in Creditors	<u>(21)</u>	125
Adjust for Interest Received included in Revenue		0
Net Cash Flow from Revenue Activities		<u>(69)</u>
Represented by Increase/(Decrease) in Cash		<u>69</u>

Analysis of Movement in Net Investment

	As at 25 th June 2008	Cash Flows	As at 31 st March 2009
	£'000	£'000	£'000
Net Investment at 31 March 2009	0	69	69
Total	<u>0</u>	<u>69</u>	<u>69</u>

Note 8 **Treasury Management**

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 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 held by Aberdeenshire Council on its behalf and lodged in its Loans Fund.

Note 9 **Financial Instruments**

The SDPA's financial instruments comprise investments, debtors and creditors. All of these are for less than 12 months and so are initially measured at fair value and carried at amortised cost which equates to the actual cash value at 31 March 2009.

There are no gains or losses recognised in the Income & Expenditure Account in relation to financial instruments.

Nature and Extent of Risks Arising from Financial Instruments:

The Authority has no material exposure to any of the following financial risks:

- 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 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.

Note 10 **FRS 17 - Pension Costs**

The staff of the Authority are on secondment from Aberdeenshire Council and as such 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 Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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 per the appropriate SORP as a defined contribution scheme.

In 2008/09, the Authority reimbursed Aberdeenshire Council with £21,166 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.

Note 11 Authorisation

The unaudited accounts were issued on 28 May 2009 and the audited accounts were authorised for issue on 30 September 2009 by Charles Armstrong BA, CPFA, FCCA, Treasurer, the proper officer of the Authority in accordance with Section 95 of the Local Government (Scotland) Act 1973.

Note 12 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. Consistency:**
The concept that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.
- 4. Fees and charges:**
Income received for services provided.
- 5. 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.
- 6. Premises Costs:**
Includes rent, rates, repairs and maintenance, heating and lighting costs as well as fuel duties, metered water charges, etc.
- 7. Revenue Expenditure:**
This is expenditure incurred in providing services in the current year and which benefits that year only.
- 8. Staff Costs:**
Includes wages, salaries, bonuses, overtime, employer's National Insurance and Superannuation contributions as well as staff training, travelling and subsistence expenses.
- 9. 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 ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the 2008/09 Financial Statements for The Aberdeen City and Shire Strategic Development Planning Authority (SDPA). I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources deployed by the SDPA.

The system of internal financial control can provide only reasonable assurance that assets and other resources 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.

The system of internal financial control is based on a framework of financial regulations, regular financial and other management information, appropriate administrative procedures and processes which include segregation of duties, an appropriate management structure and a system of supervision, delegation and accountability. Development and maintenance of the system is undertaken by managers within the SDPA and partner Councils who advise or otherwise assist in the management of the Authority.

The internal financial control system includes:

- comprehensive budgeting systems;
- production of regular financial statements which indicate financial performance against the budgets and appropriate forecasts;
- annual financial reports which indicate actual financial performance against budget;
- clearly defined standing orders.

The SDPA operates the corporate financial systems of Aberdeenshire Council. A Service Level Agreement for this arrangement will be considered for 2009/10. These systems are subject to review by both the Council's internal audit section and the Council's external auditor.

I am satisfied that the SDPA has a sound system of internal financial control in place and at this time there are no material weaknesses or failures identified that could have a material effect on the operations of the SDPA.

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

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 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 Statement of Accounts of the Authority in accordance with proper practices as set out in the terms of the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom ("the Code"),

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"

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 balance sheet has been signed by the Treasurer as a representation that the financial statements present a true and fair view of the financial position of the Authority at the accounting date, and its income and expenditure for period ended 31 March 2009.

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

Independent Auditor's Report

Independent auditor's report to the members of Aberdeen City and Shire Strategic Development Planning Authority and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Aberdeen City and Shire Strategic Development Planning Authority for the year ended 31 March 2009 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, 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 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 2008 - A Statement of Recommended Practice (the 2008 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.

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 2008 SORP, of the financial position of the Authority and its income and expenditure for the year, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

I also report to you if, in my opinion, the Authority 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 System of Internal Financial Control 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 Authority'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 only the Explanatory Foreword and Glossary of Terms. 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. My 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 Authority'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 2008 SORP, of the financial position of Aberdeen City and Shire Strategic Development Planning Authority as at 31 March 2009 and its income and expenditure for the period then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

*Maggie Bruce CA
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Audit Scotland – Audit Services
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Inverness, IV1 1LU*

30 September 2009

