

*joining up
journeys*

SPT

Strathclyde Concessionary Travel Scheme Joint Committee

Financial statements for the year ended
31 March 2007

Strathclyde Concessionary Travel Scheme Joint Committee

Financial statements for the year ended 31 March 2007

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Members of the Joint Committee

Members of the Strathclyde Concessionary Travel Scheme Joint Committee (as at 31 March 2007)

Member

Allan Macaskill
Eric Ross
John Morrison
Alan Lafferty
John Gray
Maxie Hill
Alan Munro
John Lafferty
Jim Harkins
Gibson McDonald
Eileen Logan
M Rooney
Alistair Watson

Representing

Argyll and Bute Council
East Ayrshire Council
East Dunbartonshire Council
East Renfrewshire Council
Glasgow City Council
Inverclyde Council
North Ayrshire Council
North Lanarkshire Council
Renfrewshire Council
South Ayrshire Council
South Lanarkshire Council
West Dunbartonshire Council
Strathclyde Partnership for Transport

Secretary

George Black
Chief Executive's Office
Glasgow City Council
City Chambers
Glasgow
G2 1DU

Address for correspondence

Valerie Davidson
Treasurer to Strathclyde Concessionary Travel Scheme
Strathclyde Partnership for Transport
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12 West George Street
Glasgow
G2 1HN

Report of the Joint Committee

Background

The Strathclyde Concessionary Travel Scheme Joint Committee (“SCTS” or “the Scheme”) is pleased to present the report and financial statements of the Scheme for the year ended 31 March 2007.

SCTS comprises the 12 councils within the designated Strathclyde Partnership for Transport area. The costs of the Scheme are met by the 12 councils and by the Scottish Executive via a section 70 grant. Strathclyde Partnership for Transport (“the Partnership”) administers the Scheme on behalf of the SCTS Joint Committee.

The joint committee was established on 22 October 1999.

Scope of the Scheme

Scottish National Scheme for Blind Persons

On 1 December 1999, a Scottish National Scheme for Blind Persons (“Scheme for Blind Persons”) was introduced at the request of the Scottish Executive. The introduction of this Scheme for Blind Persons entitles persons eligible for a blind persons travel card, under the conditions of every Scottish local authority concession travel scheme, to be issued with a Scottish National Blind Persons Travel Card. Cardholders are entitled to free travel throughout Scotland on all modes of transport. The Scheme for Blind Persons is voluntary, not backed by legislation, and the responsibility for funding this remains with each of the Scottish local authority concessionary travel schemes.

Changes to Concessionary Travel

The national minimum standard for concessionary travel was introduced on 30 September 2002.

The national minimum standard is free off peak bus travel within local scheme areas. As ferry services are considered lifeline services, SCTS Joint Committee decided to extend free travel to include them. In addition, at the request of the Scottish Executive, the Strathclyde scheme boundary was extended by 10 miles beyond the political boundary for ferry travel. No changes were made to conditions for rail and Subway travel in the Strathclyde Scheme area.

Following a change in legislation from 1 April 2003, men aged 60 to 64 became eligible for inclusion in the scheme.

On 22 December 2004 the Minister for Transport and Lifelong Learning announced in the Scottish Parliament that a National Concessionary Travel Scheme for Bus would be introduced from 1 April 2006. As a result, all bus concession travel became a matter for Transport Scotland with effect from 1 April 2006 with railway, Subway and ferry within the designated Strathclyde Partnership for Transport area remaining a matter for the Joint Committee. The financial year ended 31 March 2007 is the first full financial year with these amended responsibilities.

The cashflow statement on page 10 shows payment to operators of £20.196m. These payments are a combination of current year scheme costs and residual claims from bus operators for the old scheme. The residual claims for the bus operators were accrued in the 2005/06 financial statements and therefore have a nil effect in the current year income & expenditure account.

Report of the Joint Committee

Review of Performance

SCTS's income and expenditure account is shown on page 8 and details the income and expenditure for the financial year ended 31 March 2007.

The budget agreed by the Joint Committee for the year 2006/07 was £4.037 million. Funding contributions from the 12 participating councils were agreed at £3.949 million with the deficit being funded from reserves.

The final outturn is £4.496 million which is £0.459 million greater than the original 2006/07 budget. The variance in outturn against budget reflects the level of estimation previously required to determine the impact of the creation of a national bus concessionary scheme with local scheme costs remaining higher than originally expected.

Funding received and due is £3.414 million which is £0.535 million less than the original 2006/07 budget. The variance in funding received against budget reflects finalisation of outstanding prior year funding arrangements with the Scottish Executive.

It should be noted that the Joint Committee has no influence over either the number of journeys made by cardholders or the commercial fare levels set by operators. This means that the actual cost of running the Scheme can vary substantially from the budgeted figure because of changes in the market place over which no control can be exercised.

Balance Sheet

SCTS's balance sheet is shown on page 9 and provides details of SCTS's assets and liabilities as at 31 March 2007.

Cash Flow Statement

The Cash Flow Statement and the accompanying notes on page 10 summarises the inflows and outflows of cash arising from transactions with third parties for revenue purposes during the year.

Total Movement in Reserves

The note on Movement in Reserves as shown on page 16 shows the general reserves held by the SCTS as at 31 March 2007. With the exclusion of bus from the scheme and the first full financial year of the amended local scheme now complete a review of the level of balances held will be conducted.

Membership of the Joint Committee

Details of representation on the Joint Committee during the year are shown on page 2.

Approved on behalf of Strathclyde Concessionary Travel Scheme Joint Committee and signed on their behalf



Valerie Davidson
Treasurer
28 September 2007

Statement of Responsibilities

The Joint Committee's Responsibilities

The Joint Committee is required:

- To make arrangements for the proper administration of the Scheme and its financial affairs. The responsibility for the administration of the scheme on a day to day basis has been delegated to Strathclyde Partnership for Transport.
- 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 Scheme's statement of accounts in accordance with proper practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Treasurer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance Statement

Corporate Governance

Corporate governance is the system by which organisations direct and control their functions and relate to their communities. The fundamental principles of corporate governance are openness, inclusively, integrity, accountability and effectiveness.

Although SCTS is a separate legal entity, due to the administrative relationship between SCTS and Strathclyde Partnership for Transport (SPT), there are a number of shared systems between the two bodies. The financial control framework that governs the SCTS is also that of SPT.

Best Practice

Strathclyde Partnership for Transport (SPT) has formally adopted a local corporate governance framework covering the work of the Partnership. This local framework is based upon the best practice framework developed for the public sector jointly by the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA). It is built around the five interlocking dimensions of corporate governance:

- Community focus;
- Service delivery arrangements;
- Structures and processes;
- Risk management and internal control;
- Standards of conduct.

Performance during 2006/07

SPT was created on 1 April 2006. During 2006/07, the corporate governance arrangements have been reviewed and action taken to strengthen these arrangements.

The following improvements to systems of corporate governance were achieved:

- An Audit and Standards Committee was established;
- A Risk Management Group was created;
- The local framework updated and adopted by the Partnership;
- Performance information was improved;
- The community planning function strengthened.

Based upon a review of the local framework including best practice compliance indicators, SPT is satisfied that corporate governance arrangements, apart from the items listed below, are satisfactory and operating effectively. Areas of the local framework where development is required are:

- The introduction of a communication strategy;
- The development of business continuity plans;
- Updating the scheme of delegation and financial regulation following the current organisational review;
- The extension of staff development and performance appraisal schemes.

Over the coming year SPT will continue to further enhance corporate governance arrangements.

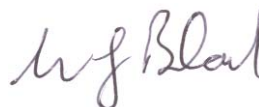
Corporate Governance Statement

Conclusion

SPT has developed and adopted a local framework for corporate governance. The organisation's corporate governance arrangements are satisfactory. SPT will continue to identify necessary improvements and respond to changing initiatives.



Valerie Davidson
Treasurer
28 September 2007



George Black
Secretary
28 September 2007

Income and Expenditure Account

for the year ended 31 March 2007

	Note	2006/07 £000	2005/06 £000
Expenditure			
Payments to operators		4,323	72,531
Administration costs	1,2	514	1,247
		<hr/>	<hr/>
Net cost of service		4,837	73,778
Interest received	3	(341)	(589)
		<hr/>	<hr/>
Net operating expenditure		4,496	73,189
		<hr/>	<hr/>
Amounts to be met from external sources		4,496	73,189
		<hr/>	<hr/>
Financed by:			
Funding received - Local Authorities	4	(3,949)	(48,972)
Funding received - Scottish Executive	4	535	(27,647)
		<hr/>	<hr/>
Net (surplus)/deficit for the year transferred to general reserves		1,082	(3,430)
Surplus brought forward		(11,070)	(7,640)
		<hr/>	<hr/>
Surplus carried forward to general reserves		(9,988)	(11,070)
		<hr/> <hr/>	<hr/> <hr/>

The results for both years reflect trading from continuing activities. There are no recognised gains or losses in either year other than the results for the financial year. Accordingly no statement of total recognised gains and losses is given.

Balance Sheet

as at 31 March 2007

	Note	2006/07 £000	2005/06 £000
Current Assets			
Short term investments	5	6,734	3,955
Cash at Bank		3	0
Debtors	6	8,158	27,476
		<hr/>	<hr/>
		14,895	31,431
		<hr/>	<hr/>
Current Liabilities			
Amounts due to operators	7	(3,998)	(19,073)
Creditors	8	(894)	(1,280)
Bank overdraft		(0)	(8)
		<hr/>	<hr/>
		(4,892)	(20,361)
		<hr/>	<hr/>
Net Current Assets		10,003	11,070
Provision for Liabilities and Charges	9	(15)	0
		<hr/>	<hr/>
Total Assets less Current Liabilities/plus Current Assets		9,988	11,070
		<hr/> <hr/>	<hr/> <hr/>
Reserves			
General reserves	10	9,988	11,070
		<hr/>	<hr/>
		9,988	11,070
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Strathclyde Concessionary Travel Scheme Joint Committee on 28 September 2007.

Signed on behalf of the Joint Committee:



Cash Flow Statement

for year ended 31 March 2007

	2006/07 £000	2005/06 £000
Revenue Activities		
Cash Outflows		
Cash paid to and on behalf of employees	(140)	(201)
Other operating cash payments	(20,196)	(54,650)
	<u>(20,336)</u>	<u>(54,851)</u>
Cash inflows		
Other operating cash receipts	22,785	53,972
	<u>2,449</u>	<u>(879)</u>
Net cash inflow / (outflow) from revenue activities – Note A		
Returns on investments and servicing of finance		
Cash inflows		
Interest received	341	589
	<u>341</u>	<u>589</u>
Net cash inflow from servicing of finance		
Management of liquid resources – Note C		
Net (increase) / decrease in short term deposits	(2,779)	4,164
	<u>(11)</u>	<u>3,874</u>

Notes to the Cashflow Statement

Note A

Reconciliation of net cash inflow/(outflow) from revenue activities to operating surplus

	2006/07 £000	2005/06 £000
Operating surplus	(1,082)	3,430
Deduct interest received	(341)	(589)
	<u>(1,423)</u>	<u>2,841</u>
(Increase) / decrease in Debtors	19,318	(3,356)
Increase / (decrease) in Creditors	(15,461)	(364)
Increase in Provisions	15	0
	<u>2,449</u>	<u>(879)</u>

Note B

Analysis of movement in cash

	At 1 April 2006 £000	Cashflows £000	At 31 March 2007 £000
Cash at bank	(8)	11	3

Note C

Analysis of movement in liquid resources

	At 1 April 2006 £000	Cashflows £000	At 31 March 2007 £000
Short term investments	3,955	2,779	6,734

Accounting Policies

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and are in respect of the year to 31 March 2007. The Accounts have been prepared in accordance with the historical cost convention.

1. Amounts due to operators

Amounts due to operators are based on actual claims processed. Where claims have not been received the liability is estimated based on the historic level of payments and known passenger trends. Outstanding additional costs claims have been included at the cost shown in the operators claims or if under negotiation at the latest negotiated figure. The operators claim includes compensation to operators for lost fares, administration costs and additional costs claims as permitted under the current Strathclyde Concessionary Travel Scheme.

2. Stock

The SCTS held no stock as at 31 March 2007.

3. Administration costs

Strathclyde Partnership for Transport provides the administrative support to the Scheme and also meets certain costs attributable solely to the administration of the Scheme. The recharge includes:

- employees who are involved full time in administering the scheme, including employer on-costs such as National Insurance and employer superannuation contributions.
- general support staff who are charged on the basis of estimated time spent on the Scheme's activities, including employer on-costs.
- an allowance for the Executive's overheads. These overheads are allocated based on staff numbers and include property costs (which include rates, service charges and rent) printing and stationery, supplies and services and audit costs charged to the Executive.

4. FRS 17 – Retirement benefits

In accordance with Financial Reporting Standard 17, SCTS is required to disclose certain information concerning assets, liabilities, income and expenditure relating to pension schemes for its employees.

As SCTS does not have any direct employees, the standard does not apply and accounting requirements are contained with the financial statements of Strathclyde Partnership for Transport.

5. Investments

Temporary surplus cash balances are invested with a Bank of Scotland Corporate Bonus Account. An investment return is earned on these investments and is shown in the revenue account as Interest Received.

6. Bank balances

Bank balances are included in the balance sheet at the closing balance in the SCTS ledger.

7. Capital expenditure

No capital expenditure was undertaken by SCTS during 2006/07.

Notes to the Accounts

1. Administration costs

The administration costs are analysed below:

	2006/07 £000	2005/06 £000
Staff costs	140	201
Auditor's remuneration	5	18
Members allowances and expenses	10	10
Consultancy fees	0	28
Other costs	211	865
Provision for Liabilities and Charges	15	0
Payments to the Post Office	133	125
	<hr/>	<hr/>
	514	1,247
	<hr/> <hr/>	<hr/> <hr/>

The average number of full time staff dealing with the administration of the Scheme was 8 (2005/06: 20.5).

The 2006/07 fee in respect of External Audit Services undertaken in accordance with the Code of Audit Practice will be approximately £0.005 million. The fee is payable to Audit Scotland and to KPMG LLP SPT's appointed auditors.

2. Members allowances and expenses

The total amount paid in respect of Members Allowances and Expenses incurred by the SCTS in respect of the Chair and Vice Chair of the Joint Committee was:

	2006/07 £000	2005/06 £000
Members' Allowances	10	10
Expenses	0	0
	<hr/>	<hr/>
	10	10
	<hr/> <hr/>	<hr/> <hr/>

3. Interest received

This interest relates to interest received from the Bank of Scotland in respect of the SCTS's temporary surplus funds that are invested with the Bank of Scotland during the year.

Notes to the Accounts

4. Funding received

The Scheme is funded by contributions received from the local authorities within the area served by the Scheme and by the Scottish Executive via payment of section 70 grant funding. The funding is set as part of the budget process and takes account of expected participation, changes in fares and the level of reserves.

The funding received or due is set out in the table below:

	2006/07	2005/06
	£000	£000
Argyll & Bute Council	199	2,029
East Ayrshire Council	224	2,787
East Dunbartonshire Council	204	2,518
East Renfrewshire Council	165	2,043
Glasgow City Council	946	12,095
Inverclyde Council	157	1,969
North Ayrshire Council	263	3,253
North Lanarkshire Council	532	6,608
Renfrewshire Council	308	3,834
South Ayrshire Council	244	3,041
South Lanarkshire Council	543	6,743
West Dunbartonshire Council	164	2,052
	<hr/>	<hr/>
	3,949	48,972
Scottish Executive section 70 grant	(535)	27,647
	<hr/>	<hr/>
	3,414	76,619
	<hr/> <hr/>	<hr/> <hr/>

5. Short term investments

This figure represents the total amount of surplus funds invested with the Bank of Scotland as at 31 March 2007.

6. Debtors

	2006/07	2005/06
	£000	£000
Funding due to SCTS – Scottish Executive	7,815	27,244
VAT recoverable from HM Customs & Excise	0	6
Prepayments	264	222
Others	79	4
	<hr/>	<hr/>
	8,158	27,476
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts

7. Amounts due to operators

	2006/07 £000	2005/06 £000
Outstanding Operator Payments	3,998	19,073
	<hr/>	<hr/>
	3,998	19,073
	<hr/> <hr/>	<hr/> <hr/>

Operator Payments are based on actual claims processed. Where claims have not been received the liability is estimated based on the historic level of payments and known passenger trends.

8. Creditors

	2006/07 £000	2005/06 £000
Other creditors	15	512
Amounts due to SPT	879	243
Amounts due to SPTA	0	525
	<hr/>	<hr/>
	894	1,280
	<hr/> <hr/>	<hr/> <hr/>

9. Provision for liabilities and charges

The Scheme makes provision for outstanding debts. These debts are pursued by the SPT Finance Department on behalf of the scheme and provision is made on an individual basis having regard to the specific facts of the case. The total provision in 2006/07 is £0.015 million (2005/06: £0).

10. General reserves

See Statement of Total Movement in Reserves on page 16 for a breakdown of the movement on the reserve balances.

Notes to the Accounts

11. Related party transactions

FRS 8 requires disclosures to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them. During the year, transactions with related parties arose as follows:

Related Party	2006/07 Income £000	2006/07 Expenditure £000	Transaction
Strathclyde Partnership for Transport		177	Administration costs and overhead
Unitary Authorities	3,949		Revenue funding to SCTS
Scottish Executive	(535)		Section 70 grant payment

Strathclyde Partnership for Transport

SPT provides the administrative support to the Scheme and also meets certain costs attributable solely to the administration of the Scheme.

Unitary Authorities

The cost of the SCTS is partly met by the 12 unitary authorities, who provide the funding of the scheme.

Scottish Executive

The Scottish Executive pays section 70 grant to the SCTS relating to the introduction of the national minimum standard and inclusion of men 60 to 64 to the scheme.

No amounts are due to related parties at the year-end.

12. Financial reporting and the Euro

At present UK participation in the European Monetary Union has not yet been confirmed. Consequently there are no immediate costs to the SCTS.

Prior to any entry into the Euro, significant review of all systems will be undertaken.

Notes to the Accounts

13. Total Movement in Reserves

	General Reserve £000
Balance as at 1 April 2006	11,070
Net Deficit for year	(1,082)
	<hr/>
Balance as at 31 March 2007	9,988
	<hr/> <hr/>

Statement of System of Internal Financial Controls

Section 95 of the local Government (Scotland) Act 1973 places responsibility for the proper administration of Strathclyde Concessionary Travel Scheme's (SCTS) financial affairs upon the proper officer. In SCTS the Treasurer is the responsible officer.

This statement applies to the 2006/07 accounts for SCTS. We acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated in connection with the resources concerned.

Although SCTS is a separate legal entity, due to the administrative relationship between SCTS and Strathclyde Partnership for Transport (SPT), there are a number of shared systems between the two bodies. The financial control framework that governs the SCTS is also that of SPT.

The system of internal financial control is based on a framework of guidance and regular management information, financial regulations, administrative and authorisation procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers of SPT. Key elements include:

- comprehensive revenue and capital budgeting systems integrated with service planning;
- a regime for regular reporting to the Partnership of periodic and annual financial reports which highlight financial performance against forecast;
- setting targets to measure financial and other performance;
- performance management information;
- project management disciplines;
- guidance relating to financial processes, procedures and regulations.

Internal audit is an independent appraisal function established by the SPT Executive Team and approved by the Partnership for the review of the internal control systems as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The internal audit team operates 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. The team undertakes an annual programme of work approved by the Partnership based on a three-year strategic audit plan. The plan is based on a formal audit needs assessment which is revised on an ongoing basis to reflect evolving risks and changes within the organisation.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. Reports are subsequently monitored by the Executive Team, Management Team, Secretary and the Audit & Standards Committee, as well as other officers.

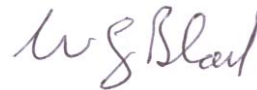
The effectiveness of internal financial controls is informed by officers throughout SPT, the joint committee and by the work of internal and external audit. It is SCTS's view that the systems for internal control were effective during 2006/07, with no identified material weaknesses, and will be improved through implementation of the recommended actions from internal and external audit reports, best value improvement plans and continuous corporate business planning.

Statement of System of Internal Financial Controls

It should be noted that the system of internal financial control can provide only reasonable and not absolute assurance that all transactions are properly assessed or that errors have been prevented, and as such SCTS is continually seeking to improve the effectiveness of its system of internal financial control.



Valerie Davidson
Treasurer
28 September 2007



George Black
Secretary
28 September 2007

Independent auditors' report

Independent auditors' report to the members of Strathclyde Concessionary Travel Scheme Joint Committee and the Accounts Commission for Scotland.

We certify that we have audited the financial statements of Strathclyde Concessionary Travel Scheme Joint Committee for the year ended 31 March 2007 under Part VII of the Local Government (Scotland) Act 1973. These comprise the Income and Expenditure Account, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the Statement of Accounting Policies set out within them.

This report is made solely to the members of Strathclyde Concessionary Travel Scheme Joint Committee ("the Committee") and to the Accounts Commission for Scotland, in accordance with Part VII of the Local Government (Scotland) Act 1973. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Accounts Commission for Scotland, for our audit work, for this report, or the opinions we have formed.

Respective Responsibilities of the Treasurer and Auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with the applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2006 – A Statement of Recommended Practice (the 2006 SORP) are set out in the Statement of Responsibilities.

Our 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.

We report our opinion as to whether the financial statements present fairly the financial position of the Committee in accordance with applicable laws and regulations and the 2006 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. We also report if, in our opinion, the Report of the Joint Committee is not consistent with the financial statements, if the Committee has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the Statement of System of Internal Financial Control reflects the Committee's compliance with the SORP. We report if, in our opinion, if it does not comply with the SORP or if it is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statements cover all risks and controls. Neither are we required to form an opinion on the effectiveness of the Committee's corporate governance procedures or its risk and control procedures.

We read the information published within the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Joint Committee and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent auditors report

Basis of audit opinion

We conducted our audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Accounting Practices Board as required by the Code of Audit Practice approved by the Accounts Commission.

An audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also included 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 Committee's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements present fairly, in accordance with applicable laws and regulations and the 2006 SORP, the financial position of the Committee as at 31 March 2007 and its income and expenditure for the year then ended; and
- the financial statements have been prepared in accordance with the Local Government (Scotland) Act 1973.



KPMG LLP
Chartered Accountants
Registered Auditor

191 West George Street
Glasgow
G2 2LJ

28 September 2007