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**WEST OF SCOTLAND ARCHAEOLOGY SERVICE**

**Annual Accounts**

**For the Year Ended 31 March 2014**

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# WEST OF SCOTLAND ARCHAEOLOGY SERVICE

## Financial Statements for the Year ended 31 March 2014

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<b>Contents</b>	<b>Page</b>
• Foreword	3
• Statement of Responsibilities for the Statement of Accounts	5
• Movement in Reserves Statement	6
• Comprehensive Income and Expenditure Statement	7
• Balance Sheet	8
• Cash Flow Statement	9
• Notes to the Accounts	10
• Statement on the System of Internal Financial Control	15
• Independent Auditor's Report	17

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## Foreword

The West of Scotland Archaeology Service (WOSAS) was set up in 1997 as a Joint Committee of 12 Local Authorities in the region. However, North Lanarkshire Council left the Joint Committee on 31 March 2009, as did Inverclyde Council on 31 March 2013, in both cases after service of the requisite two year notice period.

The primary purpose of the Archaeology Service is to provide planning related archaeological advice to its remaining member councils to allow them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process.

Since 2003, an archaeological advice service has also been provided to the Loch Lomond and Trossachs National Park Authority (originally in conjunction with Perth & Kinross Heritage Trust and with the Stirling Council archaeologist, but as sole service provider since 1 July 2012), and since 2004 to West Lothian Council. At various stages the service has also provided advice to the Forestry Commission and to the Scottish Rural Development Programme and has done specific archaeological advice contract work for a number of other public sector clients. It has also received grant aid from Historic Scotland for specific projects.

The service covers a large geographically diverse region stretching from the Southern Uplands to Argyll and its islands. This varied territory includes the Clydeside conurbation and the City of Glasgow with its strong industrial archaeological heritage, many important towns with medieval cores, and a large rural area containing many significant archaeological sites. The service plays a key role in identifying for its member councils and other clients archaeological issues arising from development within this diverse area. It curates for this purpose a detailed Historic Environment Record which contains the most up to date archaeological knowledge. The Historic and Environment Record is a key tool for the Service in its own work while selected data from the Record has also recently been made available to the Scottish Ministers' Pastmap web site. The Record is also available online to the public through both the Geographical Information Service and in database formats.

Not all archaeological sites are currently known – many remain to be discovered at a sub-surface level, particularly in the rich agricultural lands in Ayrshire where all traces have been ploughed down over the centuries. Over the past fifteen years the service has identified and handled more than 17,000 planning applications and as a result a number of significant archaeological sites have been discovered and have been excavated with developer funding, as advised in the Scottish Government policy.

All archaeological fieldwork arising from the planning process is undertaken by private sector commercial archaeologists on behalf of developers. The service undertakes no fieldwork itself but oversees the implementation of archaeological conditions attached to planning consent for development.

The substantial growth in the number of private sector commercial archaeological organisations in Scotland after 1990 created a significant number of archaeological jobs, although the recent economic recession and the subsequent downturn in construction projects has impacted on jobs in this field.

In the coming period, the service will continue to monitor, identify, and handle archaeological issues arising through the planning process on behalf of its member councils and clients and will continue to make its Historic and Environment Record information available to the public.

Lynn Brown  
Executive Director of Financial Services and Deputy Chief Executive  
19th September 2014

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## Statement of Responsibilities for the Statement of Accounts

### 1. The lead authority's responsibilities

The lead authority is required:

- To make arrangements for the proper administration of the Service's financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Glasgow City Council, that officer is the Executive Director of Financial Services and Deputy Chief Executive.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.

### 2. The Executive Director of Financial Services and Deputy Chief Executive's responsibilities

The Executive Director of Financial Services and Deputy Chief Executive is responsible for the preparation of the Service's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), is required to present a true and fair view of the financial position of the Service at the accounting date and its income and expenditure for the year ended 31 March 2014.

In preparing this statement of accounts, the Executive Director of Financial Services and Deputy Chief Executive has:

- Selected suitable accounting policies and then applied them consistently
- Made judgments and estimates that were reasonable and prudent
- Complied with the Code

The Executive Director of Financial Services and Deputy Chief Executive has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the accounts give a 'true and fair view' of the financial position of West of Scotland Archaeology Service as at 31 March 2014 and the income and expenditure for the year then ended.

Lynn Brown MA (Hons) CPFA  
Executive Director of Financial Services and Deputy Chief Executive  
19<sup>th</sup> September 2014

## Movement in Reserves Statement for the Year ended 31 March 2014

The Code requires reserves to be summarised as usable and unusable. The balance in WOSAS is the sole useable reserve and represents the accumulated surplus of the organisation.

The balance on the fund stands at £122,640 as at 31 March 2014, an increase of £800 from last year, due to the surplus on the provision of services in the year.

	<b>Total Reserves £</b>
<b>Balance at 1 April 2012</b>	<b>110,914</b>
<b>Movement in reserves during 2012/13:</b>	
Surplus or (Deficit) on the Provision of Services	10,926
Other Comprehensive Income and (Expenditure)	0
<b>Increase or (Decrease) in the year</b>	<b>10,926</b>
<b>Balance at 31 March 2013</b>	<b>121,840</b>
<b>Movement in reserves during 2013/14:</b>	
Surplus or (Deficit) on the Provision of Services	800
Other Comprehensive Income and (Expenditure)	0
<b>Increase or (Decrease) in the year</b>	<b>800</b>
<b>Balance at 31 March 2014</b>	<b>122,640</b>

## Comprehensive Income and Expenditure Statement for the Year ended 31 March 2014

2012/13 Net Exp. £	Service Note	2013/14 Net Expenditure £
156,752	Gross expenditure	161,005
(166,288)	Gross income	(160,918)
<b>(9,536)</b>	<b>Cost of Services</b>	<b>87</b>
(1,390)	Interest and investment income	(887)
<b>(1,390)</b>	<b>Financing and Investment Income and Expenditure</b>	<b>(887)</b>
<b>(10,926)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(800)</b>
<b>0</b>	<b>Other Comprehensive (Income) and Expenditure</b>	<b>0</b>
<b>(10,926)</b>	<b>Total Comprehensive (Income) and Expenditure</b>	<b>(800)</b>

**Comprehensive Income and Expenditure Statement** – shows income and expenditure incurred in the year relating to the provision of WOSAS and other unrealised gains and losses. In total, this reflects the movement in the overall WOSAS reserves shown in the Balance Sheet.



**Balance Sheet as at 31 March 2014**

31 March 13 £		Note	31 March 14 £
133,800	Net short-term debtors	7	123,900
<b>133,800</b>	<b>Current Assets</b>		<b>123,900</b>
(11,960)	Short-term creditors	8	(1,260)
<b>(11,960)</b>	<b>Current Liabilities</b>		<b>(1,260)</b>
<b>121,840</b>	<b>Net Assets / (Liabilities)</b>		<b>122,640</b>
121,840	Usable Reserves		122,640
0	Unusable Reserves		0
<b>121,840</b>	<b>Total Reserves</b>		<b>122,640</b>

**Balance Sheet** – represents the value of the assets and liabilities of WOSAS as at 31 March 2014. The net assets (assets less liabilities) are matched by the total Usable and Unusable Reserves.

The audited accounts were issued on  
19 September 2014

Lynn Brown, MA (Hons) CPFA  
Executive Director of Financial Services and Chief Deputy Executive  
19 September 2014

## Cash Flow Statement for the Year ended 31 March 2014

2012/13 £	Revenue Activities	2013/14 £
10,926	Surplus/ (deficit) on the provision of service	800
	Adjustments for non-cash items:-	
(21,566)	(Increase) / decrease in debtors	9,900
10,640	Increase / (decrease) in creditors	(10,700)
(10,926)		(800)
<b>0</b>	<b>Net cash inflow / (outflow) from activities</b>	<b>0</b>

**Cash Flow Statement** – details the changes in cash and a cash equivalent of the service.

## ❖ Notes to the accounts

The main objective of these notes is to provide further explanation for certain aspects of the core Financial Statements.

### 1. Statement of accounting policies

- 1.1 The financial statements for the year ended 31 March 2014 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code). The Code is based on International Financial Reporting Standards (IFRS) with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the Service.
- 1.2 The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the Service will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict the latter shall apply.
- 1.3 The accounting convention adopted is historical cost modified by the revaluation of certain categories of long-term assets and the fair value of investments and pensions.
- 1.4 Suppliers' invoices received up to 31 March 2014 have been included in the accounts. In addition, various items of expenditure have been accrued in accordance with the Code where the goods or services were received prior to 31 March 2014. Salaries and wages earned to 31 March 2014 are included in the accounts for 2013/14 irrespective of when the actual payments were made.
- 1.5 Income includes all sums due in respect of subscriptions from member authorities and other organisations and interest earned on fund balances for the year ended 31 March 2014.
- 1.6 There were no complex transactions or potential future uncertainties requiring critical judgments or estimations of uncertainty in preparing the 2013/14 accounts.

## 2. New standards issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2014/15 Code:

- IAS 32 Financial Instruments: Presentation (as amended in December 2011)
- Annual Improvements to IFRS 2009-2011 Cycle

The Code requires implementation from 1 April 2014 and there is therefore no impact on the 2013/14 financial statements.

IAS 32 outlines disclosure requirements in respect of offsetting financial assets and liabilities. IFRS improvements are generally minor, principally providing clarification. Overall, these new or amended standards are not expected to have a significant impact on the financial statements.

## 3. Income and expenditure statement

The table below provides a detailed breakdown of income and expenditure of the Service during 2013/14.

2012/13 Net Exp. £		Note	2013/14 Net Expenditure £
<b>Income</b>			
(140,703)	Contributions from participating local authorities	4	(132,467)
(25,585)	Fees and charges		(28,451)
(1,390)	Interest on balances	6	(887)
<b>(167,678)</b>	<b>Total income</b>		<b>(161,805)</b>
<b>Expenditure</b>			
136,333	Employee costs		140,469
	Administration costs:		
130	Fees and subscriptions		0
4,281	Travel and subsistence		4,627
10,700	Rents		10,700
91	Printing and stationery		192
2,988	Equipment purchase and maintenance		2,900
458	Catering		142
0	Postage		0
0	Purchase of services - Miscellaneous		85
1,771	Audit fee	11	1,890
<b>156,752</b>	<b>Total expenditure</b>		<b>161,005</b>
(10,926)	(Surplus) or deficit for year		800
(110,914)	(Surplus) brought forward		121,840
<b>(121,840)</b>	<b>Accumulated (surplus) or deficit</b>		<b>122,640</b>

#### 4. Local authority subscriptions

The majority of income received by WOSAS is derived from contributions received from the local authorities who are members of the Service.

A detailed breakdown of each member's contribution to the Service is shown in the table below:-

Annual Subscription 2012/13 £	Local Authority	Annual Subscription 2013/14 £
(22,971)	Argyll and Bute Council	(22,971)
(8,647)	Glasgow City Council	(8,647)
(12,691)	East Ayrshire Council	(12,691)
(7,619)	East Renfrewshire Council	(7,619)
(8,236)	Inverclyde Council	0
(12,691)	North Ayrshire Council	(12,691)
(12,691)	Renfrewshire Council	(12,691)
(12,691)	South Ayrshire Council	(12,691)
(17,784)	South Lanarkshire Council	(17,784)
(11,991)	West Dunbartonshire Council	(11,991)
(12,691)	West Lothian Council	(12,691)
<b>(140,703)</b>	<b>Total</b>	<b>(132,467)</b>

**Note:** - The contribution received from Glasgow City Council is net of an agreed lead authority administrative charge of £5,000

#### 5. Employee benefits

The staff members of the Service are Glasgow City Council employees and the Council is an admitted body of the Strathclyde Pension Fund.

In accordance with International Accounting Standard 19 (IAS 19) – Employee Benefits, the Council is required to disclose certain information concerning assets, liabilities, income and expenditure, of the pension scheme. The Service's staff pension costs are reflected in the figures disclosed in Glasgow City Council's financial statements.

The Code requires that employee benefits are recognised in the accounts when they are earned rather than when they are paid. As a result, there is a requirement to consider notional entitlements to annual leave earned but not taken as at 31 March. The employee working on the Service's activities is contracted to Glasgow City Council and therefore any notional liability has been included within the accounts of Glasgow City Council who holds the contract of employment.

## 6. Interest

Interest is calculated on an annual basis at 31 March using an average of the Base Rate interest over the year, the rate Glasgow City Council have paid to borrow monies throughout the year and the rate Glasgow City Council have received when lending throughout the year.

## 7. Short-term debtors

The net short-term debtors figure for 2013/14 of £123,900 (2012/13 £133,800) comprises the following:-

31 March 2013 £	Short-term debtors	31 March 2014 £
118,204	Balance held by Glasgow City Council on behalf of WOSAS	105,669
5,204	Outstanding payment from Historic Scotland	7,964
10,140	Outstanding payments from Loch Lomond and Trossachs	5,000
0	Argyll and Bute Council	4,471
252	Other outstanding payments	796
<b>133,800</b>	<b>Total sundry debtors</b>	<b>123,900</b>

## 8. Short-term creditors

The short-term creditors figure for 2013/14 of £1,260 (2012/13 £11,960) comprises the following:-

31 March 2013 £	Short-term creditors	31 March 2014 £
1,260	Accrued audit fees	1,260
10,700	Rent for office accommodation (related company expenditure)	0
<b>11,960</b>	<b>Total sundry creditors</b>	<b>1,260</b>

## 9. Remuneration Report

West of Scotland Archaeology Service is a Joint Committee comprised of several local authorities. Given that Glasgow City Council (GCC) is the lead authority, the senior management are deemed to be from GCC. Details of remuneration paid to senior management at GCC are available in the remuneration report included within GCC's financial statements. None of the employees working on the project earn more than £50,000. No remuneration was paid to the members of the Joint Committee.

## 10. Related Parties

Glasgow City Council is the administering body responsible for WOSAS. The related party transactions between WOSAS and Glasgow City Council are shown in the table below:-

2012/13 Net Exp/(Inc) £	Debtor/(Creditor) at 31 March 2013 £	Related Party transactions and balances	2013/14 Exp £	2013/14 Inc £	Debtor/(Creditor) at 31 March 2014 £
		<b>Related bodies</b>			
2,053	118,204	Glasgow City Council	10,700	8,647	105,669

## 11. Auditor remuneration

WOSAS incurred fees of £1,890 for the statutory inspection of the financial statements by Audit Scotland. The comparable figure for 2012/13 was £1,890. Fees payable in respect of other services provided by the appointed auditor were £nil (2012/13 £nil).

## 12. Events after the balance sheet date

There were no material events between 31 March 2014 and the date of signing that require to be reflected in the Financial Statements.

## 13. Accounts issued for authorisation

The audited accounts were issued on 19<sup>th</sup> September 2014.

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## ❖ Statement on the system of internal financial control

This Statement is given in respect of the Statement of Accounts for the West of Scotland Archaeology Service. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

With Glasgow City Council being the lead authority, all financial transactions of the Service are processed through the financial systems of the Council, and are subject to the same controls and scrutiny as those of Glasgow City Council. This includes regular reviews by the Head of Audit and Inspection of Glasgow City Council.

The system of internal financial control is based on a framework of financial regulations, regular management information, administration procedures (including segregation of duties), management supervision and a system of delegation and accountability.

Financial control is exercised by the lead authority by means of:

1. The setting of an annual budget.
2. The review and approval of regular monitoring reports on income and expenditure.
3. The approval of annual accounts and report.

The effectiveness of internal financial control is also informed by the work of Internal Audit, to the extent that the internal control systems of Glasgow City Council are reviewed as part of the annual audit.

My review of the effectiveness of the system of internal financial control is informed by:

1. The work of managers within the council
2. The work of the internal auditors as described above, and
3. The external auditors in their annual audit letter and other reports.

No system of control can ever give an absolute assurance that all transactions are properly processed, or that all errors have been prevented. However, the Service benefits from the continual review carried out by Glasgow City Council to improve the effectiveness of its system of internal financial control.

WOSAS's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) by virtue of the adoption by Glasgow City Council of a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government.



I am satisfied that reasonable assurance can be placed upon the adequacy and effectiveness of WOSAS's internal control system.

Lynn Brown MA (Hons) CPFA  
Executive Director of Financial Services and Deputy Chief Executive  
19<sup>th</sup> September 2014

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## ❖ Independent Auditor's Report

I certify that I have audited the financial statements of the West of Scotland Archaeology Service for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the 2013/14 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 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 Executive Director of Financial Services and the Deputy Chief Executive and auditor**

As explained more fully in the Statement of Responsibilities, the Executive Director of Financial Services and the Deputy Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Financial Services and Deputy Chief Executive; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts document to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the body as at 31 March 2014 and of the income and expenditure of the body for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 Code
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

### **Opinion on other prescribed matters**

In my opinion:

- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept
- the financial statements are not in agreement with the accounting records
- I have not received all the information and explanations I require for my audit
- the Statement on the System of Internal Financial Control does not comply with the 2013/14 Code
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Elaine Barrowman CPFA  
Senior Audit Manager  
4th Floor The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

19 September 2014