

## Introduction to the Group Accounts

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The Council has an interest in a number of Subsidiary and Associate entities.

For the purposes of combination and incorporation within the Group Accounts, recognition has been made of the Council's controlling interest in five subsidiary entities and four associate entities.

### Subsidiaries

The Entities which have been combined as subsidiaries are :

| <b>Subsidiary</b>                   | <b>Group Interest Percentage</b> |
|-------------------------------------|----------------------------------|
| Donald Manson Edinkillie Trust Fund | 67%                              |
| Donald Manson Forres Trust Fund     | 67%                              |
| Banffshire Educational Trust        | 50%                              |
| Other Trust Funds                   | 100%                             |
| Common Good Funds                   | 100%                             |

The Council inherited its interests in the Trust Funds and Common Good Funds following reorganisation of local government in 1996. It is considered that the combination was on an acquisition basis. However, as no financial consideration was given for this interest, there is no goodwill involved in these instances.

The accounting period and policies for these entities are the same as The Moray Council. The Council acts as joint trustee with other parties for three trust funds which have a combined net asset balance of £0.8M. The Council acts as sole trustees for various other trust funds which have a net asset balance of £3.8M.

The Council is responsible for the administration of Common Goods Funds which were bequests made to former Town Councils within the Moray area. Council Members have responsibility for decisions on distribution of these funds. The Common Good Funds have a net asset balance of £13.5M.

The individual accounts for these entities are shown separately on pages 119 to 127 of these accounts.

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### Associates

The Entities that have been combined as Associates are:

| <b>Name of Associate</b>             | <b>Moray Council's Share of Voting Control</b> | <b>Moray Council's Share of Requisition</b> |
|--------------------------------------|--|---|
| Grampian Joint Fire and Rescue Board | 20%  | 17%   |
| Grampian Joint Police Board          | 20%  | 16%   |
| Grampian Valuation Joint Board       | 20%  | 17%   |
| Moray Leisure Limited                | 43%  | n/a   |

The Joint Boards' Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2009 (the SORP), published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). Subsequently there are no material differences in policies between the Group and the Joint Boards.

Moray Leisure Limited provides leisure activities for the whole of the Moray area. The Council's interest in Moray Leisure Limited bestows no obligation to contribute to any deficit incurred by the company.

The only material difference in the accounting policies of the Council and Moray Leisure Limited is that buildings in the Council's accounts are valued at market value and buildings belonging to Moray Leisure have been valued at historic cost. The net book value of buildings is shown as £0.3M in the company's balance sheet.

Inclusion of Associate entities has reduced reserves and net assets by £135M due mainly to the liability of the Police and Fire Pension Schemes.

Copies of Accounts for Associates are available at the following addresses:

| <b>Name of Associate</b>             | <b>Address where Accounts are Available</b>   |
|--------------------------------------|---|
| Grampian Fire and Rescue Joint Board | North Anderson Drive , Aberdeen AB15 6TP      |
| Grampian Police Joint Board          | Queen Street , Aberdeen AB21 9AS              |
| Grampian Valuation Joint Board       | Council Building, High Street, Elgin IV30 1BX |
| Moray Leisure Limited                | Borough Briggs Road, Elgin IV30 1AP           |

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### Other Entities in which the Council has an Interest

During the year the council had an interest in Grampian Venture Capital Fund Limited. The company has been excluded from the Group Accounts on the basis that the Council does not depend on the company for the provision of its statutory services. The Council has no exposure to commercial risk from the company and the Council has not passed on control of any of its assets to the company. The financial transactions of the company would also have no material effect on the Council's accounts.

The Council's share holding in the company is as follows:

| Name of Entity                        | Shareholding |          |
|---------------------------------------|--------------|----------|
|                                       | 31/03/10     | 31/03/09 |
| Grampian Venture Capital Fund Limited | 20%          | 20%      |