



National Archives of Scotland
Accounts
For the year ended 31 March 2009

SG/2009/248

THE NATIONAL ARCHIVES OF SCOTLAND

ACCOUNTS

For the year ended 31 March 2009

These accounts reflect the assets and liabilities and the results of the National Archives of Scotland Only.

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THE NATIONAL ARCHIVES OF SCOTLAND

FOREWORD TO THE ACCOUNTS

For the year ended 31 March 2009

Basis of Accounts

1. These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) and the accounts direction issued under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

Brief History

2. The National Archives of Scotland (NAS) (formerly the Scottish Record Office) was established on 1 April 1993 as an Executive Agency. The sponsoring Directorate of the Scottish Government is Economy, Europe, External Affairs and Culture Group. The NAS is headed by the Keeper of the Records of Scotland who is responsible to the Minister for Europe, External Affairs and Culture for its management, performance and future development, within the terms of the Framework Document which defines the terms and relationships within which NAS operates.

3. NAS is responsible for the selection, preservation and making available the national archives of Scotland to the highest standards; promoting the growth and maintenance of proper archive provision throughout the country; and leading the development of archival practice in Scotland.

4. Since 1982, The National Archives of Scotland has had common arrangements with The Scottish Office and subsequently The Scottish Government for the provision of human resource and finance functions. The National Archives of Scotland is part of Scottish Government main bargaining unit for pay and conditions of service.

Departmental Accounting Boundary

5. There are no associated bodies that require to be included within the departmental boundary.

Principal Activities and Key Aims

6. The mission of the NAS is:

To preserve, protect and promote the nation's records; to provide the best possible inclusive and accessible archive that educates, informs and engages the people of Scotland and the world.

Our functions, based on the mission, are:

- to select public records worthy of permanent preservation; acquire other historical records of national importance, and make suitable arrangements for the disposal of other material including transfer to another appropriate repository;
- to preserve to archival standards all records selected for permanent preservation in the NAS;
- to increase sustainable public access to the records;
- to provide advice to custodians of records outwith the NAS, and facilitate access to such records;
- to take the lead in the development of archival and records management practice in Scotland; and
- to deploy the resources available to the NAS in the most effective and efficient manner.

Review of results

7. The results for the year are reported in the attached accounts. They record an Outturn of £10.465m compared to the Resource Budget of £10.575m. The underspend of £0.11m was largely attributable to increased income. The Capital Outturn of £2.295m exceeded the Capital Budget of £2.150m. This small overspend consisted primarily of digital camera equipment which was received on 31 March 2009 (£58k) and the creation of a provision (£73k) for retention for the final payment for the major refurbishment project. Overall, The National Archives of Scotland therefore breached the Parliamentary Approved Provision, by £0.035m (0.27% of budget). This position has been discussed with the appointed auditors, and will require a qualified opinion on the regularity of transactions undertaken during the year.

Movements in Fixed assets

8. Fixed asset additions in the financial year were £2.295m including £1m relating to the major digitisation project and £0.6m relating to the completion of the major building refurbishment.

Departmental Report

9. The Scottish Government published a Departmental Report that includes a section on The National Archives of Scotland. This contains information that is additional to that shown in these accounts. The Departmental Report sets out the performance for the last complete financial year and the plans for the next three years. NAS worked during the year to support the government's purpose and in particular:

- opened the new ScotlandsPeople Centre for family history at Register House in partnership with the General Register Office for Scotland;
- worked with the Scottish Catholic Archives to add two million new records to the ScotlandsPeople website;
- implemented the Scottish Register of Tartans Act on behalf of Scottish Government and launched the new electronic register;
- opened Famous Scots, a series of 6 exhibitions featuring the family history of a Scottish celebrity to mark Homecoming;
- worked with Registers of Scotland to digitise paper records and provide a more efficient service to the legal profession and property market;
- completed testing the Digital Data Archive to preserve future electronic records of Scottish Government and public bodies;
- pioneered the use of video conferencing to deliver learning resources to schools;
- provided direct access to historical records to over 12,000 visitors, answered 4,000 inquiries by email and phone and reached over 1 million people through its historical websites.

Pensions and Early Departure costs

10. Details about the National Archives of Scotland's Pensions and Early Departure Costs policies are included in the notes to these accounts.

Ministers and Senior Officers

11. The Scottish Government Minister responsible for the National Archives of Scotland is:

Minister for Europe, External Affairs and Culture Mike Russell MSP

12. The composition of The National Archives of Scotland Management Group during the year was as follows:

Mr George MacKenzie	Keeper of the Records of Scotland
Mr David Brownlee	Deputy Keeper of the Records of Scotland (Corporate)
Dr Peter Anderson	Deputy Keeper of the Records of Scotland (Records) (Retired 30/1/2009 Post currently vacant)

Remuneration Report

13. The Keeper of the Records of Scotland holds a statutory office and as such the relationship between Scottish Ministers and NAS differs from that of other Executive Agencies. The Minister for Europe, External Affairs and Culture answers to Parliament for the functions of NAS but receives no specific remuneration in that regard.

14. The Keeper of the Records of Scotland's remuneration is set by Scottish Ministers.

15. For other senior officials remuneration was determined by pay arrangements covering other staff in The Scottish Government and Associated Departments. Paragraphs 7.1.12-7.1.14 and Annex A to paragraph 7.1 of the Civil Service Management Code provided the details.

16. The salary and pension entitlements of the National Archives of Scotland Management Group were as follows:

	Salary Including Performance pay	Real Increase in pension at age 60	Total Accrued pension at 60 as at 31/3/09 and related lump sum	CETV at 31 March 2009	CETV at 31 March 2008	Real increase in CETV after adjustment for inflation and changes in market investment factors	Benefits in Kind
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
G.P. McKenzie Keeper of the Records of Scotland	60-65	0-2.5	25-30 80-85	578	629	3	0
P.D.Anderson Deputy Keeper of the Records of Scotland (Records) Retired 30/01/09	50-55	0-2.5	25-30 80-85	589	653	0	0
D.B.L.Brownle Deputy Keeper of the Records of Scotland (Corporate)	60-65	0-2.5	25-30 85-90	621	627	0	0

Salary

17. 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Pension

18. Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account).

19. Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

20. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

21. Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

22. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangements to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04, the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in their scheme at their own cost. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

23. This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market factors for the start and end of the period.

Benefits in kind

24. The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Employment of People with Disabilities

25. The National Archives of Scotland follows the Civil Service Code of Practice on the Employment of people with disabilities. This aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement with the Scottish Government is based solely on ability, qualifications and suitability for the work.

Staff Relations and Equal Opportunities

26. The National Archives of Scotland is an equal opportunities employer. Policies are in place to guard against discrimination and aim to ensure that there are no unfair or illegal discriminatory barriers to employment or advancement in the National Archives of Scotland and the wider Scottish Government.

27. The National Archives of Scotland gives a high priority to the development of all its staff. Training, development and learning in the Scottish Government is quality assured through its commitment to the Investor in People (IiP) Scheme of which NAS is a part. The latest review of its IiP status was in August 2007.

28. The Cabinet Office is responsible for developing, formulating and promulgating equal opportunities for the civil service as a whole, but operational responsibility rests with individual departments. The Scottish Government has an Equal Opportunities Officer who is responsible for developing and promulgating equal opportunities policies and acting as an inter-departmental liaison officer with the Cabinet Office.

29. The National Archives of Scotland recognises that success of any organisation depends largely on the effective performance and full attendance of all its employees. People are a valued resource, as well as an expensive one. NAS adheres to the Scottish Government's Attendance Management procedures which are designed to maintain a happy, well-motivated and healthy workforce. The procedures are aimed to:

- be supportive and positive;
- promote fair and consistent treatment for everyone;
- encourage, assist and make it easy for people to return to and stay in work; and
- explain employees' entitlements and the roles and responsibilities of HR.

30. In 2008-09 an average of 10.6 working days (2007-08: 11.4) were lost per staff year for the National Archives of Scotland.

31. The Scottish Government Equal Opportunities policy, to which NAS adheres, states that all staff should be treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disablement or religion. Employment and promotion are solely on merit. Staff who have alternative working patterns are assessed on exactly the same basis as those working full time.

32. The Scottish Government adopted a Diversity Strategy, which was launched by the then Permanent Secretary, in November 2000. The strategy commits the Scottish Government to increasing the diversity of staff within the organisation, to develop them regardless of irrelevant differences and to valuing the contribution of each individual.

Payments of Suppliers

33. In line with Scottish Government policy, the National Archives of Scotland require that all suppliers' invoices not in dispute are paid within 30 days or less of acceptance of the relevant goods and services, or the receipt of a legitimate invoice if later. The Scottish Government initiative to speed up payments was to aspire to a 10 day turnaround. During the year ended 31 March 2009 the National Archives of Scotland paid 98.17% (2008 99.8%) within the 30 days target and 83.64% (2008 not applicable) within 10 days target of all invoices within the terms of its payment policy.

Environmental Reporting

34. The National Archives of Scotland publishes an annual report on its environmental performance. This report summarises the actions taken within its own buildings to reduce environmental impact and contribute to sustainable development. It also outlines some of the challenges to be faced over the coming years in improving environmental performance.

35. The aim of the report is to outline the environmental issues affecting the National Archives of Scotland, the policies for managing them and provide a review of environmental performance. In order to reduce the amount of paper consumed, this report is published in electronic form only and the latest report is available on the website at www.nas.gov.uk.

Related Parties

36. The Scottish Government is regarded as a related party with which the National Archives of Scotland has had various material transactions during the year.

Auditors

37. The accounts of The National Archives of Scotland are audited by auditors appointed by the Auditor General for Scotland.

Disclosure of Information to Auditors

38. As Accountable Officer, I am unaware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also made aware of this information.

David Brownlee
Accountable Officer
13 November 2009

STATEMENT OF KEEPER OF RECORDS OF SCOTLAND'S AND ACCOUNTABLE OFFICER'S RESPONSIBILITIES

In accordance with an accounts direction issued under article 19(4) of The Public Finance and Accountability (Scotland) Act 2000 the National Archives of Scotland is required to prepare resource accounts for each financial year in the form and on the basis set out in the FReM, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Archives of Scotland, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the NAS was required to comply with the FReM and in particular to:

- observe the accounts direction including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis; and
- make available all the information and explanations required by our appointed external auditors for their audit.

Section 70 of the Scotland Act 1998 requires Scottish legislation to provide for members of staff of the Scottish Administration to be designated as answerable to the Scottish Parliament in respect of expenditure and receipts. Such members of staff are called Accountable Officers. The Keeper of the Records of Scotland is a statutory office-holder who is a member of the Scottish Administration and not part of the staff of the Scottish Administration. A consequence of Section 70 is that the Keeper cannot be designated as Accountable Officer. The Deputy Keeper has been appointed by the Principal Accountable Officer as Accountable Officer.

The Keeper, as statutory office-holder, remains accountable to the Parliament for the performance of his duties, including that of preparing accounts. The Accountable Officer has a separate, and independent, duty to ensure certain standards and to take action if these are not met.

The responsibilities of the Accountable Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records and for safeguarding the Department's assets, are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer.

STATEMENT ON SYSTEM OF INTERNAL CONTROL

Scope of Responsibility

As Accountable Officer for the National Archives of Scotland, I have the responsibility for maintaining a sound system of internal control that supports the achievement of our Department's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible.

The Keeper of the Records of Scotland is a statutory office-holder within the Scottish Administration and, as such, cannot be the Accountable Officer for our Department. As Deputy Keeper (Corporate Services) I have this role, and I am personally answerable to the Scottish Parliament in accordance with Section 15 of the Public Finance and Accountability (Scotland) Act 2000.

I must ensure that our Department operates in accordance with the Scottish Public Finance Manual (SPFM) which is issued by the Scottish Ministers to provide guidance to the Scottish Executive and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements; to promote value for money and high standards of propriety; to secure effective accountability; and to deliver a good system of internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of our policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. This process is integral to our business planning and progress monitoring regime; it accords with the SPFM; and it has been in place for the year ended 31 March 2009, and up to the date of approval of the annual accounts. The supervision of the regime is undertaken by the executive managers of business areas within our Department.

Control and Risk Framework

The NAS Corporate Plan is the key document used in our Department for setting objectives and monitoring progress throughout the year. The Plan forms the basis for all subordinate planning and objective setting, and is available to all staff on our Intranet. Our business planning and review is based on:-

- identifying outcomes and setting objectives and targets at appropriate levels to deliver these outcomes;
- identifying and managing risks, including information risks;
- agreeing an annual budget with our Management Board and regularly reviewing income and expenditure with business area managers;
- regularly reviewing progress, performance, risk and financial status at Management Board; and
- where appropriate, using formal project management disciplines, including risk management, to manage capital investments and other major activities.

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM. Risk management is a fundamental part of our office-wide programme management regime and is also applied in key stand-alone projects. Each major project has its own risk register.

Our Audit Committee meets at least three times each year and considers reports from Internal Audit and External Audit. The Audit Committee also reviews key risks selected from our corporate risk register. The membership of our Audit Committee changed in 2009 as we recruited an external member to serve alongside our two non-executive directors. The Keeper of the Records, Accountable Officer and NAS Finance Manager attend all meetings, as do representatives from SG Finance, Internal and External Audit.

Our Department is committed to a process of continuous development and improvement, revising systems in response to any relevant reviews and advances in best practice in this area. For example, we introduced new procedures for developing IT systems and improved the infrastructure supporting our IT systems; we also obtained Energy Efficiency accreditation from the Carbon Trust.

Review of Effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. Our Department is relatively small and I have direct involvement in many of our business areas. For example, I was a member of the Programme Board which oversaw the flagship Scottish Family History Service programme; I also chair the Project Boards of two other key projects, the Registers Archive Conversion project (a joint venture with Registers of Scotland) and the Digital Data Access project, which is implementing a system to deal with long-term preservation of electronic records. Frequent and direct exposure to the control processes in these business areas gives me the confidence that the Department's system of internal control is sound. My review is also informed in a more formal way by:-

- the executive managers within our Department who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to me, and our Department's Audit Committee, regular reports on the adequacy and effectiveness of our Department's system of internal control, together with recommendations for improvement;
- the comments made by the external auditors in their management letters and other reports;
- the results of Gateway Reviews on our main programme of work; and
- others specific reviews that are commissioned from time to time.

I was aware from the start of the financial year that expenditure would run very close to budget and this has proved to be the case. Once final audit adjustments have been processed the final outturn figure marginally exceeds our expenditure limit. The unexpected loss of a key member of our small finance team on long term sick leave just after year-end caused us difficulties, but I am aware that in such a tight financial climate we must pay even closer attention to our budgeting and monitoring procedures. Appropriate actions will be taken to address any weaknesses that have been identified.

I am satisfied that during the year the system of internal control was effective in helping us meet our Department's policies, aims and objectives.

David Brownlee
Accountable Officer
13 November 2009

INDEPENDENT AUDITOR'S REPORT TO THE SCOTTISH PARLIAMENT AND THE AUDITOR GENERAL FOR SCOTLAND

We have audited the financial statements of the National Archives of Scotland for the year ended 31 March 2009 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members, in their individual capacities, or to third parties.

Respective responsibilities of the National Archives of Scotland, the Keeper of the Records of Scotland, Accountable Officer and auditor

The National Archives of Scotland, the Keeper of the Records of Scotland, and the Accountable Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Keeper of the Records of Scotland, and the Accountable Officer are also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of the Keeper of the Records of Scotland's and the Accountable Officer's Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We report to you whether, in our opinion, the information which comprises the Foreword included in the Annual Accounts, is consistent with the financial statements. We also report whether in all material respects:

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

In addition, we report to you if, in our opinion, the National Archives of Scotland has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on System of Internal Control reflects the National Archive of Scotland's compliance with Scottish Government guidance and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the National Archive of Scotland's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Accounts and consider whether it is consistent with the audited financial statements. This other information comprises only the Foreword. 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.

Basis of audit opinion

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 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 Auditor General for Scotland. Our audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the National Archives of Scotland, the Keeper of the Records of Scotland and the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the National Archives of Scotland's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Financial statements

In our opinion

- the financial statements give a true and fair view, in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the directions made thereunder by the Scottish Ministers, of the state of affairs of the National Archives of Scotland as at 31 March 2009 and the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- information which comprises the Foreword included with the Annual Accounts is consistent with the financial statements.

Qualified opinion on regularity arising from expenditure in excess of amounts authorised

As explained more fully in the Foreword to the accounts, the Scottish Parliament authorised a request for resources for the National Archives of Scotland in the Budget (Scotland) Act covering the financial year. Net resources of £12,725,000 were authorised and against this authorised limit, the National Archives of Scotland incurred net resource expenditure of £12,760,198 and have thus exceeded the authorised limit. Except for net resource expenditure of £35,198 in excess of the amount authorised, in all material respects the expenditure and income have been incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and section 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000.

Grant Thornton UK LLP
1-4 Atholl Crescent
Edinburgh
EH3 8LQ

13 November 2009

The National Archives of Scotland
Operating Cost Statement for the Year Ended 31 March 2009

2007-08		2008-09		
Outturn £000s	PROGRAMME	Outturn £000s	Budget £000s	Variance £000s
	Departmental Expenditure Limit (DEL)			
	Staff Costs (note 2)			
3,373	Directly Employed Staff	3,308	3,250	58
166	Casual Staff Costs	276	250	26
1,164	Other Staff Costs	915	1,000	-85
	Administration Expenditure			
1,788	Accommodation	1,443	1,343	100
28	Travel	25	30	-5
3	Transport	3	4	-1
1,007	Supplies & Services	1,217	1,200	17
31	Training	18	30	-12
6	Hospitality	35	10	25
718	Depreciation	884	800	84
0	Release from Donated Asset Reserve	-64	-32	-32
442	Cost of Capital Charges	496	500	-4
59	Auditors Remuneration	72	65	7
0	Impairment of Fixed Assets	2,904	2,900	4
2	Other Office	9	0	9
27	Grants	25	25	0
	Administration Income			
-35	Accommodation Charges	-73	-80	7
-977	Fees & Charges	-1,028	-720	-308
0	Miscellaneous Income	0	0	0
7,802	Total DEL	10,465	10,575	-110
7,802	Total Expenditure	10,465	10,575	-110

The National Archives of Scotland
Statement of Recognised Gains and Losses for the Year Ended 31 March 2009

	Note	2008-09 £000s	2007-08 £000s
Unrealised Gain on Revaluation of Fixed Assets	14	14	1,907
Impairment of Fixed Assets charged to Revaluation Reserve	14	-679	0
Total Recognised Gains and Losses for the financial year		<u>-665</u>	<u>1,907</u>

The National Archives of Scotland
Balance Sheet
As at 31 March 2009

2007-08		Note	2008-09
£000's			£000's
	Fixed Assets		
15,441	Tangible Assets	7	13,403
170	Intangible Assets	7	50
15,611			13,453
	Current Assets		
0	Stocks	9	0
437	Debtors	10	491
6	Cash at bank and in hand	11	6
443			497
784	Creditors (due within one year)	12	410
-341	Net Current Assets/(Liabilities)		87
15,270	Total Assets less Current Liabilities		13,540
240	Provisions for Liabilities and Charges	13	105
<u>15,030</u>	Total Net Assets		<u>13,435</u>
	Taxpayers' Equity		
10,598	General Fund	19	9,944
3,497	Revaluation Reserve	14	2,620
935	Donated Assets Reserve	14	871
<u>15,030</u>			<u>13,435</u>

David Brownlee
Accountable Officer
13 November 2009

The National Archives of Scotland
Cash Flow Statement
For the year ended 31 March 2009

2007-08		Note	2008-09
£000's			£000's
-6,309	Net cash outflow from operating activities	(A)	-6736
-3,011	Capital expenditure and financial investment	(B)	-2,295
0	Payments to the SCF	4	0
9,321	Financing	(C)	9,031
1	Increase in cash		0
	(A) Reconciliation of operating costs to operating cash flows		
-7,802	Net operating cost per Outturn Statement		-10,465
1,219	Adjust for non-cash transactions	3	4,356
0	Release From Donated Reserve		-64
34	Adjust for movements in working capital other than cash	8	-428
240	Movement in Provisions		-135
-6,309	Net cash outflow from operating activities		-6,736
	(B) Analysis of capital expenditure and financial investment		
-3,594	Purchase of fixed assets-tangible	7	-2,295
-123	Purchase of fixed assets-intangible	7	0
800	Donation of Fixed Assets	14	0
-94	Acquisition of Assets via previously donated funds		0
-3,011	Net cash outflow from investing activities		-2,295
	(C) Analysis of financing & reconciliation to the net cash requirement		
9,321	From SCF	19	9,031
0	Inter Entity		0
0	Share of Non-Core General Fund		0
9,321	Net financing		9,031
1	Increase in cash		0

Note: The exact sum of parliamentary funding drawn during 2008/09 was £9,031,075.42.

The National Archives of Scotland
Statement of Resources by Departmental Aims and Objectives
For the year ended 31 March 2009

	2007-08 Net Expenditure £000's	Gross Expenditure £000's	2008-09 Income £000's	Net Expenditure £000's
To select records for permanent preservation	1,357	1,787	0	1,787
To preserve records to archival standards	1,177	1,551	0	1,551
To promote and provide public access to records	4,211	6,834	1,063	5,771
To provide advice and support to record holders	564	789	38	751
To lead development of archival practice	459	605	0	605
	7,768	11,566	1,101	10,465

In addition to direct expenditure the figures disclosed within the Statement of Resources by Departmental Aim and Objectives include a share of administration overheads and notional costs that are apportioned on a per capita basis.

NATIONAL ARCHIVES OF SCOTLAND

NOTES TO THE ACCOUNTS

For the year ended 31 March 2009

1. Statement of Accounting Policies

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM). The particular accounting policies adopted by The National Archives of Scotland are described below. Where a choice of accounting policy is permitted by the FReM the accounting policy that has been judged to be the most appropriate to the particular circumstances has been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets associated with land and buildings, at their value to the business by reference to their current costs. Other asset classes are carried at depreciated historical cost.

1.2 Basis of Accounting

These accounts reflect the assets and liabilities and the results for the year of The National Archives of Scotland.

1.3 Tangible Fixed Assets

Title to the freehold land and buildings shown in the accounts is held as follows:

- i) property on the departmental estate, title to which is held by Scottish Ministers (Thomas Thomson House);
- ii) property, not being part of the departmental estate, held by the National Archives of Scotland in the name of the Scottish Ministers (General Register House);

The accounts also reflect property held on a long term lease from the City of Edinburgh Council (West Register House).

Freehold land and buildings would normally have been revalued using professional valuations every 5 years and appropriate indices in intervening years. Due to the completion of an extensive refurbishment, General Register House was subject to a full revaluation during the 2008-09 financial year. Due to prevailing property market conditions it was also decided to subject Thomas Thomson House and West Register House to full revaluations during the 2008-09 financial year. Where appropriate, salary costs relating to capital projects are capitalised and depreciated in line with the asset created. Major digitisation projects are capitalised on the basis that they will provide future revenue streams and written down over 60 years. Other tangible assets, excluding IT systems were previously stated at current cost using appropriate indices, however, this practice ceased at the beginning of the 2007-08 financial year and they are now carried at historic cost. Generally, the minimum level for capitalisation of a tangible fixed asset is £1,000.

The National Archives of Scotland hold a number of items such as portraits, furniture and shelving. These assets are regarded as non-operational heritage assets as they relate directly to the cultural and historical development of the National Archives of Scotland from the 18th century to the present day. These assets have not been capitalised as it is not practicable to obtain a reliable valuation.

1.4 Depreciation

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives. Asset lives are normally in the ranges:

Freehold buildings	30 to 50 years
Equipment and computers	3 to 10 years
Fixtures & Fittings	10 to 15 years
Furniture	10 years
Vehicles	5 to 10 years
Digitised Images	60 years

1.5 Donated assets

Donated tangible fixed assets are capitalised at their valuation on receipt, and this value is credited to the donated assets reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Departmental Outturn Statement.

1.6 Intangible Assets

Purchased software is valued on a historic cost basis. Amortisation is applied at rates calculated to write off the valuation of purchased software by equal instalments over its estimated useful life.

Purchased Software	3 to 10 years
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1.7 Third Party Assets

The National Archives for Scotland holds as custodian or trustee certain assets belonging to third parties. These are not recognised in the accounts since neither the National Archives nor government more generally has a direct beneficial interest in them.

1.8 Research and Development

Expenditure on research and development has been treated as an operating cost in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated research project or according to the asset category if the asset is to be used for subsequent production work.

1.9 Operating Income

Operating income is income that relates directly to the operating activities of The National Archives of Scotland. It includes fees and charges for services provided, on a full cost basis, to external customers.

1.10 VAT

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.11 Grants

Grants payable or paid are recorded as expenditure in the period in which the recipient carries out the activity which creates the entitlement. Where necessary obligations in respect of grant schemes are recognised as liabilities.

1.12 Capital Charge

In accordance with the Financial Reporting Manual, a charge, reflecting the cost of capital utilised by The National Archives of Scotland, is included in outturn expenditure. The charge for each item in the balance sheet is calculated on the basis of the average net book value of that item over the year. The charge is calculated at the Government's standard rate of 3.5% in real terms on all assets less liabilities, except for:

- fixed assets which are investments in a public sector body outside the departmental boundary, the amount of the charge represents the appropriate rate, as determined by the Treasury, applied to the underlying net assets of the body in question.
- donated assets, assets financed by grants, and cash balances with the Office of HM Paymaster General, where the charge will be at a nil rate; and
- liabilities for amounts to be surrendered to the Consolidated Fund, where the credit will be at a nil rate.

1.13 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used.

1.14 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. National Archives of Scotland recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

1.15 Provisions

Early Departure Costs

During the 2007-08 financial year, a provision of £240k was taken in respect of early retirement costs. During the 2008-09 financial year, expenditure of £135k was incurred in this respect, leaving a balance of £105k

2. Staff Numbers

The average number of whole-time equivalent persons employed (including senior management) during the year, analysed across departmental objectives, was as follows:

	Temporary w.t.e	2008-09 Permanent w.t.e	Total w.t.e	2007-08 Total w.t.e
To select records for permanent preservation	0	23	23	23
To preserve records to archival standards	0	23	23	21
To promote and provide public access to records	12	85	97	99
To provide advice and support to record holders	0		10	10
To lead the development of archival practice	0	8	8	7
TOTAL	12	149	161	160

The aggregate payroll costs of these persons were as follows:

	Officials	Ministers	Special	Total	Total
	£000	£000	Advisers	2008-09	2007-08
			£000	£000	£000
Wages and salaries	3,670	0	0	3,670	3,589
Social Security costs	238	0	0	238	245
Pension & Other costs	591	0	0	591	869
TOTAL PAYROLL COSTS	4,499	0	0	4,499	4,703

For 2008-09 contributions of £590,906.73 were paid to the PCSPS at rates determined by the Government Actuary and advised by the Treasury. These rates were in the range 12-20% of pensionable pay. Where appropriate, salary costs relating to capital projects are capitalised and depreciated in line with the asset created. Major digitisation projects are capitalised.

MINISTERIAL RESPONSIBILITIES

The Minister for Europe, External Affairs and Culture exercised these responsibilities, in the light of appropriate advice, by:

- allocating resources;
- approving the Framework Document and any revisions to it;
- approving the Corporate Plan; and
- setting targets and monitoring NAS's performance.

The Minister for Europe, External Affairs and Culture received no specific remuneration for the exercising of his responsibilities in relation to the National Archives of Scotland.

3. Operating Expenditure

3a) Analysis of Programme Expenditure

	2008-09	2007-08
	£000	£000
Business Archive Grants	25	25
Conservation Grants	0	2
Total Programme Outturn	25	27

3b) Administration Expenditure includes the following items:

	2008-09	2007-08
	£'000	£'000
Depreciation	884	718
Cost of capital	496	442
Loss on revaluation charged to outturn	2,904	0
Loss on Disposals	0	0
Audit fee	72	59
Total	4,356	1,219

4. Operating Income

Income not applied (i.e. transferred to the Consolidated Fund) is analysed for resource budget purposes between that included in public expenditure and that which is not (Note 6).

4a) Operating income analysed by classification and activity, is as follows:

	Total Income £'000	Income Not Applied £'000	2008-09 Income Applied £'000	2007-08 Income Applied £'000
Administration income:				
Allowable within cost limit	0	0	0	0
Other:				
Fees and charges to external customers	1,101	0	1,101	999
Fees and charges to other departments	0	0	0	0
Total Administration Income	1,101	0	1,101	999

There is no interest receivable falling to be reported within the accounts.

4b) Operating Income received from external and public sector customers analysed by services provided is as follows:

	Income Received £'000	Full Cost £'000	Surplus/ (Deficit) £'000
To select, preserve and make available the national archives of Scotland.	490	509	(19)

This reporting of income received on a segmental basis complies with the requirements of HM Treasury's "Fees and Charges Guide". Such disclosure is not made to comply with the requirements of SSAP 25: Segmental Reporting which does not apply.

5. Reconciliation of Net Operating Cost to control total and Net Resource Outturn.

	2008-09 £'000	2007-08 £'000
Net Operating Cost	10,465	7,802
<i>Less:</i> Non-Supply expenditure/ income including income scored as Consolidated Fund Extra Receipts (CFER's)	0	0
Prior Period Adjustments	0	0
Net Resource Outturn	10,465	7,802
Of Which:		
Departmental Expenditure in DEL	10,465	7,802
Main Departmental Programmes in AME		

Net operating cost is the total of expenditure and income appearing in the Departmental Outturn Statement. Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Budget Document. The outturn against Budget is shown in the departmental outturn statement.

6. Analysis of Capital Expenditure, Financial Investment and associated income

	Capital Expenditure £'000	Donated Assets £'000	Capital Income £'000	2008-09 Net £'000	2007-08 Net £'000
National Archives of Scotland	2,295	0	0	2,295	3,717

7. Tangible Fixed Assets

	Non Residential Buildings £'000	Other Structures £'000	Office Equipment £'000	Vehicles £'000	Equipment £'000	ICT Systems £'000	Fixtures & Fittings £'000	Heritage Assets	Assets Under Construction	Total £'000
Cost or valuation										
At 1 April 2008	7,440	29	574	17	151	1,049	2,313	1,606	5,117	18,296
Additions	125	0	2	0	87	1,511	0	0	570	2,295
Transfer	5,687	0	0	0	0	56	0	0	-5,687	56
Impairments	-3,801	0	0	0	0	0	0	0	0	-3,801
Revaluations	15	0	0	0	0	0	0	0	0	15
At 31 March 2009	9,466	29	576	17	238	2,616	2,313	1,606	0	16,861
Depreciation										
At 1 April 2008	194	0	403	10	78	735	1,403	32	0	2,855
Charged in year	366	3	81	3	11	158	166	33	0	821
Transfers	0	0	0	0	0	0	0	0	0	0
Impairments	-219	0	0	0	0	0	0	0	0	-219
Revaluation	1	0	0	0	0	0	0	0	0	1
At 31 March 2009	342	3	484	13	89	893	1,569	65	0	3,458
Net book value current year	9,124	26	92	4	149	1,723	744	1,541	0	13,403
Net book value prior year	7,246	29	171	7	73	314	910	1,574	5,117	15,441

Basis of Valuation

All freehold land and buildings were valued independently as at 31 March 2009 by GVA Grimley, International Property Advisers, on the basis of existing use value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. This revaluation gave rise to net impairment of property assets amounting to £3,582k. Non-residential buildings include West Register House. This property is held on a long-term lease against which a nominal sum is charged by the lessor.

7. (Cont'd)

Intangible Assets

	Computer Software £'000	Total £'000
Cost or Valuation		
At 1 April 2008	232	232
Additions	0	0
Transfers	-56	-56
Disposals	0	0
At 31 March 2009	176	176
Amortisation		
At 1 April 2008	62	62
Charged in year	64	64
Disposals	0	0
At 31 March 2009	126	126
Net book value current year	50	50

8. Movements in Working Capital other than Cash

	2008-09 £'000	2007-08 £'000
Increase/(decrease) in stocks/WIP	0	0
(Decrease)/Increase in debtors (excluding NLF & SCF)	54	25
(Increase)/decrease in creditors (excluding NLF & SCF)	374	-59
Total	428	-34

9. Stocks and Work-in-Progress

There were no stocks or work in progress at 31 March 2009. (31 March 2008 nil)

10. Debtors

	2008-09	2007-08
	£'000	£'000
Trade debtors	39	54
VAT	48	185
Prepayments and accrued income	44	14
Other debtors	317	141
Debtor with SG relating to donation	43	43
Total	491	437

There were no amounts falling due after more than one year.

11. Cash at Bank and in Hand

	2008-09	2007-08
	£'000	£'000
At 1 April 2008	6	5
Movement	0	1
At 31 March 2009	6	6

The following balances at 31 March are held at:

Commercial banks and cash in hand	6	6
At 31 March 2009	6	6

12. Creditors: amounts falling due within one year

	2008-09	2007-08
	£'000	£'000
Trade creditors	40	527
Accruals and deferred income	370	257
Total	410	784

There are no creditor amounts falling due after more than one year. (31 March 2008 nil)

13. Provisions for liabilities and charges

During the 2007-08 financial year, a provision of £240k was taken in respect of early retirement costs. During the 2008-09 financial year, expenditure of £135k was incurred in this respect, leaving a balance of £105k.

14. Reserves

a) Revaluation Reserve

	£'000
Balance at 1 April 2008	3,497
Arising on revaluation (net) during the year	14
Impairments Arising on Revaluation of Property	-679
Transferred to the general fund (realised element)	-212
Balance at 31 March 2009	2,620

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

b) Donated Assets Reserve

	£'000
Balance at 1 April 2008	935
Release to offset Depreciation of Donated Assets	-64
Balance at 31 March 2009	871

15. Capital Commitments

	2008-09	2007-08
	£'000	£'000
Contracted capital commitments for which no provision has been made	0	0
Authorised but not contracted capital commitments for which no provision has been made	2,700	3,900
Total	2,700	3,900

Provision has been made by the Scottish Parliament within the approved budget for 2009-10 for expenditure of £2.7 million on major digitisation projects and acquisition of ICT and office equipment.

16. Commitments under Operating Leases

There are no commitments under operating leases.

17. Other Commitments

There are no other commitments.

18. Contingent Liabilities

At 31 March 2009 there were a number of unquantifiable contingent liabilities. These relate to long term indemnity cover on various collections held on deposit by the National Archives of Scotland. Such collections are held for an unspecified time and remain under the ownership of the depositor. No new indemnities have been entered into during 2008-09. In addition to this NAS is currently involved in ongoing negotiations with the receiver of the Peter Walker Group regarding the level of payment due for work undertaken prior to the company's insolvency. At this point in time it is not possible to quantify the sums, if any, that will be payable.

19. Reconciliation of Total Outturn to changes in General Fund

	2008-09	2007-08
	Net	Net
	£'000	£'000
Net resource outturn	-10,465	-7,802
Net Parliamentary funding	9,031	9,321
Undrawn Grant Less Surplus	0	0
Cost of capital	496	442
Auditors remuneration	72	59
Acquisition of Donated Assets	0	-94
Transferred realised element of revaluation reserve	212	99
Net increase/(decrease) in general fund	-654	2,025
General fund at 1 April 2008	10,598	8,573
General fund at 31 March 2009	9,944	10,598

20. Analysis of Total Outturn

This analyses funding by The National Archives of Scotland to the relevant spending body.

	2008-09	2007-08
	£'000	£'000
Departmental Expenditure Limit		
Core Department	10,440	7,741
Grants to Individuals	25	27
Total	10,465	7,768

21. Related party transactions

The National Archives of Scotland (formerly the Scottish Record Office) was established in 1 April 1993 as an Executive Agency. The sponsoring directorate of the Scottish Government is Economy, Europe, External Affairs and Culture Group.

The Scottish Government is regarded as a related party with which The National Archives of Scotland has had various material transactions during the year.

In addition, the National Archives of Scotland has had a small number of transactions with other government departments and other central government bodies.

The National Archives of Scotland, in the furtherance of its aims, was instrumental in setting up the Scottish Archive Network (SCAN) Ltd. SCAN Ltd is a company limited by guarantee which is undertaking the digitisation of archival records. This project is being undertaken with the support of the National Lottery Heritage Fund and involves a number of organisations within the archival community. SCAN Ltd is regarded as a related party with which The National Archives of Scotland has had various material transactions during the year.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with The Scottish Government during the year.

22. Notes to statement on Resources by Departmental Aims

The resources of The National Archives of Scotland, as represented by the Total Outturn as disclosed in the Operating Cost Statement, have been attributed to the aims and objectives of The National Archives of Scotland. The main aims correspond to the functional responsibilities of the Department.

The aims and objectives disclosed, and the proportion of the total outcome attributed to them, are consistent with those contained in the National Archives of Scotland's most recent spending review assessment.

23. Financial instruments

As the cash requirements of the National Archives of Scotland are met through the Scottish Parliament budget process, financial instruments play a more limited role in creating risk than would apply to a non public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with expected purchase and usage requirements and the National Archives of Scotland is therefore exposed to little credit, liquidity or market risk.



NATIONAL ARCHIVES OF SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 15 July 2002 is hereby revoked.

A handwritten signature in blue ink, appearing to read 'Alison Stelfox'.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

Glossary

Departmental Expenditure Limit (DEL)	Public Expenditure within departmental programmes which form departments' multi-year budget plan against which departments manage their spending. Departmental Expenditure Limits will identify separate elements for capital and current spending.
Annually Managed Expenditure (AME)	Public Expenditure within departmental programmes but outside the Departmental Expenditure Limit and managed annually because it cannot reasonably be subject to firm multi-year limits, or should be subject to special handling.
Other Expenditure Outwith the Departmental Expenditure Limit (Other)	Expenditure that is provided for in the budget but is not included in the total budget for Scotland for control purposes. For instance, the budget includes receipts from the European Community, expenditure on NHS and Teachers' superannuation and receipts from the National Insurance Fund towards the costs of the NHS in Scotland.
Capital charges	An annual charge reflecting the consumption of fixed assets (depreciation) and the opportunity cost of tying up such assets (cost of capital), to ensure that the full cost of departmental activities is measured.
Cost of capital	The opportunity cost of capital invested. Opportunity cost is the cost of a resource in its best alternative use.
Resource accounting	The application of accruals accounting for reporting the expenditure of central government and a framework for analysing expenditure by departmental objectives, relating these to outputs where possible.
Resource budgeting	Planning and controlling public expenditure on a resource accounting basis.
Supply estimate	A Statement presented to the Scottish Parliament of the estimated expenditure of a department which asks for the necessary funds to be voted.
Departmental outturn statement	A statement showing the resources consumed during the year in support of the department's programme expenditure or administration expenditure, net of income applied.