

**Commissioner for Public
Appointments in Scotland**

Annual Accounts

Year Ended 31st March 2005

**Commissioner for Public Appointments in Scotland
Accounts For The Year Ended 31 March 2005**

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FOREWORD

The accounts for the financial year ended 31st March 2005 are presented in accordance with paragraph 13(1) of Schedule 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003, and prepared in accordance with an Accounts Direction given by Scottish Ministers.

Background Information

1. The Commissioner for Public Appointments in Scotland (the Commissioner) was constituted under Section 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003 which was passed by Parliament on 5 February 2003 and received Royal Assent on 11 March 2003.

Statutory Powers and Responsibilities

2. The statutory functions of the Commissioner for Public Appointments in Scotland are to:

- prepare and publish a code of practice in respect of the making by the Scottish Ministers of any appointment or recommendation for appointment of a person to an office or as a member of a body specified in schedule 2 of the Act
- examine the methods and practices employed by the Scottish Ministers in the making of appointments and recommendation for appointment to the specified authorities
- investigate complaints arising from the making by the Scottish Ministers of any appointment, or recommendation for appointment to the specified authorities
- report to the Parliament material non-compliance with the code of practice and if the appointment or recommendation for appointment in question has not been made, direct Scottish Ministers to delay making the appointment or recommendation until the Parliament has considered the case
- ensure that appointments and recommendations for appointment to the specified authorities are made fairly and openly and that as far as reasonably practicable all categories of person are afforded an opportunity to be considered for appointment
- prepare and publish a strategy for ensuring that appointments and recommendations for appointment to the specified authorities are made by the Scottish Ministers in a way which encourages equal opportunities

Financial Position

3. The Commissioner's expenditure on operating activities for the year ended 31 March 2005 totalled £205,000. This was on staffing costs £82,000, other operating expenditure £121,000, and depreciation £2,000. Other operating expenditure includes property (21%), marketing and public relations (18%), legal and financial advice (13%), independent assessors (10%), general administration costs (8%), contribution to the MORI report (8%), recruitment (6%), audit fee (5%), website creation (5%), other sundry costs (5%) and notional cost of capital (1%).

4. A further £12,000 was spent on the purchase of tangible fixed assets during the financial year as detailed in note 7 to the Accounts. Total expenditure for the year was £217,000.

5. The Commissioner earned income of £1,000, resulting in net expenditure on operating activities for the year of £204,000. This will be charged to the general fund and the fund balance carried forward to 2005-06.

6. The Scottish Parliament awarded the Commissioner a budget of £400,000 for financial year 2004-05 with a further £50,000 towards start-up costs. The Commissioner's actual net expenditure, at £213,000 excluding notional costs of depreciation (£2,000) and cost of capital (£1,000) was significantly under budget. Details of expenditure against budget are shown in note 2 to the accounts.

Financial Administration

7. During the period financial administration was provided by the SPCB. The SPCB received no remuneration for this support. The SPCB was established under Section 21 of the Scotland Act 1998 and is located at The Scottish Parliament, Edinburgh EH99 1SP. On 1 April 2005 the Office of the Commissioner for Public Appointments in Scotland (OCPAS) took over responsibility for its own financial administration.

Payment of Creditors

8. Invoices were processed by the SPCB. The SPCB is committed to the CBI Prompt Payment Code for the payment of bills for goods and services received. Payments are normally made as specified in the agreed contract conditions. Where there is no contractual position or other understanding, they are due to be paid within 30 days of either receipt of the goods or services. SPCB payment performance for 2004-05 was 66.5%.

Review of 2004/05

9. The Commissioner for Public Appointments in Scotland took up her appointment on 1st June 2004. As this is a new position, the immediate priorities were to: -

- establish the Commissioner's office
- write the business plan and budget and establish financial management procedures
- adopt an interim Code of Practice
- develop the new Code of Practice for Scotland
- establish procedures for dealing with requests from the Scottish Executive for extensions and exemptions to the Code of Practice
- take over from the Scottish Executive responsibility for Independent Assessors of the public appointments process
- establish an allocation procedure for their participation in appointment rounds
- tender for and appoint professional advisors
- establish audit arrangements for the public appointments process
- establish public perceptions of the ministerial public appointments process in Scotland
- agree with the Scottish Parliament the mechanism for statutory consultation and the laying of reports.

Future Development

10. Priorities in the coming year for the Commissioner are to:

- finalise and publish the Code of Practice for Ministerial Appointments to Public Bodies in Scotland
- launch work on the Equality and Diversity Strategy
- publish the Commissioner's first annual report
- finalise OCPAS staffing structure
- establish a Service Level Agreement for appointment rounds between the Commissioner's office and the Scottish Executive

- establish a Service Level Agreement for appointment rounds between the Commissioner's office and the Independent Assessors
- raise awareness of the existence and rigour of the regulated process for public appointments in Scotland

The Commissioner for Public Appointments in Scotland

11. ***The Commissioner is:*** Karen Carlton
Appointed: 1st June 2004

The Commissioner's appointment is for a period of up to 5 years

Equal Opportunities

12. The Commissioner supports the principle of equal opportunities in carrying out her operational functions and employment practices. This means she is committed to pursuing positive action in her organisation's policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, sexual or marital status or disability.

Provision of Information to Employees

13. The Office of the Commissioner has adopted the principles of openness and participation in its organisation and places a high level of importance on both informing and consulting staff. It does so by providing access to management papers, through oral and written briefings, by staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

Audit

14. The accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 13 (2) of Schedule 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003.



Karen Carlton
 Commissioner for Public Appointments in Scotland

Date: 30/11/05

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The SPCB designated the Commissioner as the Accountable Officer for the Office of the Commissioner for Public Appointments in Scotland. The relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Executive and published in the Scottish Public Finance Manual.

Under paragraph 13(1) of Schedule 1 to the Public Appointments and Public Bodies etc. (Scotland) Act 2003 the Commissioner is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Commissioner's affairs at the year end and of the financial activities of her office during the year.

In preparing the accounts, the Commissioner is required to:

- (i) Observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- (ii) Make judgements and estimates on a reasonable basis.
- (iii) State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements.
- (iv) Prepare the financial statements on a "going concern" basis, unless it is inappropriate to presume that the Commissioner will continue in operation.

As explained in the Foreword, financial administration, including the keeping of proper records, was provided by the SPCB during the year ended 31st March 2005.

STATEMENT ON INTERNAL CONTROL

As Accountable Officer, I am responsible for ensuring that appropriate and adequate internal controls are in place to safeguard the public funds under my control and to support my Office in successfully accomplishing its objectives.

The Public Appointments and Public Bodies etc. (Scotland) Act 2003 (the Act) provides for a Commissioner for Public Appointments in Scotland (the Commissioner) to regulate, monitor, report and advise on the way in which Ministers make appointments to the boards of public bodies within the Commissioner's remit and to ensure that appointments are made in a way which is open, transparent and merit based. The Act provides that the Commissioner is an independent Officeholder in the exercise of his/her functions and is not subject to the control or direction of the Scottish Parliament, including the Scottish Parliamentary Corporate Body (SPCB) or Scottish Executive unless where otherwise indicated in the Act (see paragraph below).

The Act provides that the Scottish Parliamentary Corporate Body shall pay the salaries and allowances of the Commissioner and any expenses incurred by the Commissioner in the exercise of his/her functions. It also provides that the terms and conditions of staff and the arrangements for pensions, allowances and gratuities all require the approval of the Scottish Parliamentary Corporate Body. During 2004-05 the SPCB was responsible for financial administration, preparation of the annual accounts and maintenance of accounting records for OCPAS.

A system of internal control is an ongoing process designed to identify the principal risks to achieving our objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system comprises a network of operating procedures intended to provide reasonable assurance that objectives will be achieved and funds properly managed. It is designed to manage these risks not eliminate them and must be regularly reviewed and amended.

My Office was instituted on 1 June 2004. During this first year we established our operating procedures which include:

- the development of a business plan detailing OCPAS's objectives. This plan was developed in conjunction with staff and their personal objectives flow from it including training requirements.
- job descriptions for all staff members based on OCPAS's overall aims and objectives
- a scheme of delegation
- a Financial Memorandum between my Office and the Scottish Parliamentary Corporate Body drawn up and approved, clearly delineating responsibilities
- the Scottish Parliament's procurement procedures adopted

- a full electronic accounting system introduced along with written guidelines for financial procedures
- a detailed annual budget prepared
- an electronic system for the fair and equitable allocation of Independent Assessors introduced

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control. The following arrangements have been established:

- (i) Both individual and organisational objectives are regularly reviewed. These reviews track the progress of our objectives and highlight any obstacles. This is a key element in managing risk
- (ii) The detailed annual budget is reviewed on a monthly basis
- (iii) The Commissioner formally complies with the principles of the Scottish Public Finance Manual

We have identified a number of areas which will be addressed in the coming year:

- establishing an Audit Committee
- developing a formal strategy to identify risk

These measures will be reviewed regularly to take into account changing legislation, the advice of my staff and advisors and the results of our external audit.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. OCPAS will continue to be guided by the Scottish Public Finance Manual in reviewing its systems.



Karen Carlton
Commissioner for Public Appointments in Scotland

Date: 30/11/05

Independent Auditor's report

To the Scottish Parliament and the Auditor General for Scotland

I have audited the financial statements on pages 10 to 18 under the Public Appointments and Public Bodies etc. (Scotland) Act 2003. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the accounting policies set out on pages 13 to 14.

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 the Code of Audit Practice approved by the Auditor General for Scotland and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Commissioner for Public Appointments in Scotland and Auditor

As described on page 5 the Commissioner for Public Appointments in Scotland (the Commissioner) is responsible for the preparation of the financial statements and for ensuring the regularity of expenditure and receipts. The Commissioner is also responsible for the preparation of the Foreword and the statement on internal control. My responsibilities, as independent auditor, are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General for Scotland, and guided by the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Public Appointments and Public Bodies etc. (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commissioner has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 6 and 7 complies with Scottish Executive guidance on the statement on the system of internal control. I report if, in my opinion, it does not comply with the guidance, or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Commissioner's corporate governance procedures or its risk and control procedures.

Basis of audit opinions

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts shown in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commissioner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commissioner's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Financial statements

In my opinion the financial statements give a true and fair view of the state of affairs of the Commissioner for Public Appointments in Scotland as at 31 March 2005 and of the net expenditure for the year, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Public Appointments and Public Bodies etc. (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers.

Regularity

In my opinion, 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.



Arwel Roberts
Director, Central Government
Audit Scotland
18 George Street
Edinburgh
EH2 2QU

Date: 30/11/05

Income and Expenditure Account for the year ended 31st March 2005

	<u>Notes</u>	<u>2005</u> £'000
<u>Income</u>		
Income from all Sources	3	(1)
		<hr style="width: 100%; border: 1px solid black;"/>
		(1)
<u>Expenditure</u>		
Staff Costs	4,5	82
Other Operating Costs	6	121
Depreciation	7	2
		<hr style="width: 100%; border: 1px solid black;"/>
<u>Total Expenditure</u>		205
		<hr style="width: 100%; border: 1px solid black;"/>
<u>Net Expenditure for the Year</u>		204
		<hr style="width: 100%; border: 3px double black;"/>

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Income & Expenditure Account.

The accompanying notes on pages 13 to 18 form an integral part of these accounts.

Balance Sheet as at 31st March 2005

	<u>Notes</u>	<u>2005</u> <u>£'000</u>
<u>Fixed Assets</u>		
Tangible Assets	7	10
Total Fixed Assets		<u>10</u>
<u>Current Assets</u>		
Debtors	8	5
Cash at bank and in hand	9	5
		<u>10</u>
Creditors - amounts falling due within one year	10	(23)
Net Current Liabilities		<u>(13)</u>
Total Net Liabilities		<u><u>(3)</u></u>
<u>Financed by:</u>		
Capital and Reserves		
General Fund	11	(3)
		<u>(3)</u>

The accompanying notes on pages 13 to 18 form an integral part of these accounts.

Karen Carlton

Karen Carlton
Commissioner for Public Appointments in Scotland

Date: 30/11/05

Cash Flow Statement for Year Ended 31st March 2005

		<u>2005</u>
		£'000
<u>Operating Activities</u>		
Net Cash Outflow from Operating Activities	(i)	(183)
<u>Capital Expenditure</u>		
Purchase of Tangible Fixed Assets		(12)
		<u>(195)</u>
<u>Financing from the SPCB</u>		
From the SPCB		200
Increase in Cash	(ii)	<u><u>5</u></u>

(i) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	<u>2005</u>
	£'000
Net Expenditure for the Year	(204)
Increase in Debtors	(5)
Increase in Creditors	23
Depreciation	2
Notional costs	1
Net Cash Outflow from Operating Activities	<u><u>(183)</u></u>

(ii) Analysis of Changes in Cash & Bank

	At 1st April 2004 £'000	Cash Flow £'000	At 31st March 2005 £'000
Cash at Bank and in Hand	<u>0</u>	<u>5</u>	<u>5</u>

NOTES TO THE ACCOUNTS

1 Accounting Policies

1.1 Basis of Accounting

These accounts cover the year to 31 March 2005 and are the Office of the Commissioner for Public Appointments in Scotland's (OCPAS) first set of accounts. The financial statements have been prepared under the historical cost convention, and in accordance with the Accounts Direction issued by Scottish Ministers. They meet the requirements of the Companies Act 1985, and of the Statements of Standard Accounting Practice / Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as these requirements are appropriate.

1.2 Fixed Assets

1.2.1 *Capitalisation*

Capital purchases for a value exceeding £500 inclusive of irrecoverable VAT are treated as capital. However, the threshold for land and buildings is set at £10,000 and the IT equipment threshold is where the group value exceeds £500.

1.2.2 *Valuation*

As appropriate, assets are reflected at their value to the organisation by reference to current cost.

1.2.3 *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Furniture and equipment	5 years
Fixtures & Fittings	5 years
IT Equipment	3 years

1.3 Funding Receivable

Funding received through the SPCB is credited directly to the general fund in the period to which it relates.

1.4 Leases

The Commissioner holds no material finance or operating leases.

1.5 Notional Costs

In line with HM Treasury's Fees and Charges Guide and DAO letter 8/96, The Commissioner includes notional costs for cost of capital at the rate approved by HM Treasury of 3.5% in real terms on all assets and liabilities.

1.6 Pension Costs

The Commissioner

The Commissioner is paid through the Scottish Parliamentary Corporate Body's payroll. The Commissioner is a member of the Principal Civil Service Pension Scheme (PCSPS).

Employees

The staff of OCPAS are also members of the PCSPS. This is an unfunded multi-employer defined benefit scheme, but the OCPAS is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet office: Civil Superannuation (www.civilservice-pensions.gov.uk)

1.7 Value Added Tax

The OCPAS is required to pay VAT on the provision of goods and services. All VAT is charged to the income and expenditure account.

2 Performance Against Budget

For Financial year 2004-05 the Commissioner's budget was set at £400,000 with a further £50,000 towards start-up costs. Net expenditure, at £213,000 was considerably lower than the budget due to the fact that the first year of operation was a part year. Budget and expenditure exclude non cash costs of £3,000.

	2005 Budget £'000	2005 Expenditure £'000	Variance £'000	Variance %
Income	0	(1)	1	0%
Expenditure				
Staff Costs	200	82	118	59%
Accommodation and Office Costs	100	68	32	32%
Publications and Publicity	50	31	19	38%
Audit	30	6	24	80%
Travel and Subsistence	20	2	18	90%
Start Up Costs	50	25	25	50%
	450	214	236	52%
Net Expenditure for the Year	450	213	237	53%

3 Income

Funding from all Sources

Other Income

2005
£'000

1
<u>1</u>
<u><u>1</u></u>

4 Staff Numbers and Costs

4.1 *Average Staff Employed (Full Time Equivalent)*

The average number of full time equivalent (FTE) persons employed by OCPAS during the period was as follows:

	<u>2005</u> FTE
Commissioner	0.6
Staff (including seconded staff)	1.4
	<u>2.0</u>
	<u><u>2.0</u></u>

4.2 *Breakdown of Staff Costs*

	<u>Total</u> <u>2005</u> £'000	<u>Commissioner</u> <u>2005</u> £'000	<u>Staff</u> <u>2005</u> £'000
Salaries / wages	71	35	36
Social security costs	4	4	0
Pension costs	7	6	1
	<u>82</u>	<u>45</u>	<u>37</u>
	<u><u>82</u></u>	<u><u>45</u></u>	<u><u>37</u></u>

4.3 *Commissioner*

The salary and pension entitlements and personal details of the Commissioner during the period 1 April 2004 to 31 March 2005 were as follows:

	Salary (as defined below) £'000	Real increase in pension and related lump sum at age 60 £'000	Total accrued pension at age 60 as at 31 March 2005 and related lump sum £'000	CETV at 31 March 2004 £'000	CETV at 31 March 2005 £'000	Value of CETV increase over year £'000
Commissioner						
Karen Carlton	35-40	0 -2.5 plus lump sum of 0 - 2.5	0 - 5 plus lump sum of 0 - 5	0	8	5

Salaries include basic salaries, and where appropriate performance bonuses payable, reserved rights, recruitment and retention allowances. They do not include employer National Insurance or Superannuation contributions.

5 Pension Costs

For 2004-05 employers contributions of £7,098 were payable to the PCSPS at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2005-06, the salary bands will be revised and the rates will be in a range between 16.2% and 24.6%.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

There were no outstanding or prepaid scheme contributions at 31 March 2005.

On death, pensions are payable to the surviving spouse at the rate of half of the member's pension. On death in service, the scheme pays a lump sum benefit of at least twice pensionable pay, depending on scheme joined within PCSPS, and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

6 Analysis of Operating Expenditure

	<u>2005</u> <u>£'000</u>
Property Costs	25
Marketing and Public Relations	21
Legal and Financial Advice	16
Independent Assessors' Costs	12
General Office Running Costs	9
Contribution to MORI Report	9
Recruitment	7
Other Professional Fees	6
Website Creation	6
Stationery and Printing	5
Travel and Expenses and Hospitality	2
Telephones and Postage	1
Publications	1
Notional Cost of Capital	1
	<hr/> 121 <hr/> <hr/>

The above total includes £6,100 for external auditor's remuneration. External audit received no fees in relation to non audit work.

OCPAS has a small permanent staff. The Commissioner uses independent assessors who provide her with advice on public appointments.

7 Fixed Assets

	Fixtures & Fittings and Equipment <u>£'000</u>	IT Systems <u>£'000</u>	Total <u>£'000</u>
<u>Cost</u>			
At 1 st April 2004	0	0	0
Additions	1	11	12
Disposals	0	0	0
At 31 st March 2005	<u>1</u>	<u>11</u>	<u>12</u>
<u>Depreciation</u>			
At 1 st April 2004	0	0	0
Charge for Year	0	2	2
Disposals	0	0	0
At 31 st March 2005	<u>0</u>	<u>2</u>	<u>2</u>
<u>Net Book Value at 31st March 2005</u>	<u>1</u>	<u>9</u>	<u>10</u>
<u>Net Book Value at 31st March 2004</u>	<u>0</u>	<u>0</u>	<u>0</u>

8 Debtors

	<u>2005</u>
	<u>£'000</u>
Prepayments	<u>5</u>
	<u>5</u>

The prepayments figure relates to deposits paid in respect of the offices occupied by OCPAS. The rental agreements have been extended beyond March 2006 and the deposits are not therefore recoverable within one year.

9	<u>Cash at Bank and in Hand</u>	<u>2005</u> £'000
	Cash Held at Commercial Banks	5
		<u>5</u>
		<u><u>5</u></u>
10	<u>Creditors: amounts falling due within one year</u>	<u>2005</u> £'000
	Trade Creditors	1
	Accruals	22
		<u>23</u>
		<u><u>23</u></u>
11	<u>General Fund</u>	<u>2005</u> £'000
	Balance at 1 st April 2004	0
	Net Expenditure for the Year	(204)
	Funding from the SPCB	200
	Notional Cost of Capital	1
	At 31 st March 2005	<u>(3)</u>
		<u><u>(3)</u></u>

There is nothing to indicate that OCPAS will not continue to be funded through the SPCB. The accounts are therefore prepared on a going concern basis.

12 Capital Commitments

There were no contracted capital commitments as at 31st March 2005.

13 Contingent Liabilities

There were no contingent liabilities as at 31st March 2005.

14 Related Party Transactions

The Office of the Commissioner for Public Appointments in Scotland was constituted by the Scottish Parliament which provides funding. During 2004/05 the SPCB also provided financial administration and support. The SPCB is regarded as a related body.

Neither the Commissioner, other staff or related parties has undertaken material transactions with OCPAS during the year.

COMMISSIONER FOR PUBLIC APPOINTMENTS IN SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of Schedule 1, paragraph 13 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003, hereby give the following direction.
2. The statement of accounts which it is the duty of the Commissioner for Public Appointments in Scotland to prepare in respect of the period ended 31 March 2005 and in respect of any subsequent financial year, shall comprise:
 - 2.1. a foreword;
 - 2.2. an income and expenditure account;
 - 2.3. a balance sheet;
 - 2.4. a cash flow statement;
 - 2.5. a statement of total recognised gains and losses;
 - 2.6. a statement of accountable officer's responsibilities; and
 - 2.7. a statement of internal control;

including such notes as may be necessary for the purposes referred to in the following paragraphs.

3. The statement of accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year. Subject to this requirement, the accounts shall be prepared in accordance with:
 - 3.1. the accounting and disclosure requirements of the Companies Act for the time being in force; and
 - 3.2. generally accepted accounting practice in the UK, including accounting standards issued or adopted by the Accounting Standards Board; and
 - 3.3. guidance which Scottish Ministers may issue from time to time in respect of accounts which are prepared to give a true and fair view;

insofar as these are appropriate to the Commissioner for Public Appointments in Scotland and are in force for the financial year for which the statement of accounts is prepared.

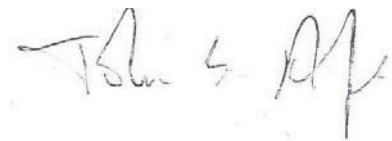
4. Clarification of the application of the accounting disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.

5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:

5.1. fixed assets at their value to the organisation by reference to current costs.

6. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers



Dated

1st December 2004

SCHEDULE 1

APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES ACT AND ACCOUNTING STANDARDS

Companies Act

1. The disclosure exemptions permitted by the Companies Act shall not apply.
2. The Companies Act requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate, the equivalent information relating to the Commissioner for Public Appointments in Scotland shall be contained in the foreword.
3. When preparing its income and expenditure account the Commissioner for Public Appointments in Scotland shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies Act.
4. When preparing its balance sheet the Commissioner for Public Appointments in Scotland shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies Act.
5. The Commissioner for Public Appointments in Scotland is not required to provide the additional information required by paragraph 33(3) of Schedule 4 of the Companies Act.
6. The foreword and balance sheet shall be signed and dated by the Commissioner for Public Appointments in Scotland's Accountable Officer.

Accounting Standards

7. The Commissioner for Public Appointments in Scotland is not required to include a note showing historical cost profits and losses as described in FRS 3.
8. The Commissioner for Public Appointments in Scotland shall not adopt the Financial Reporting Standard for Smaller Entities.

SCHEDULE 2

ADDITIONAL DISCLOSURE REQUIREMENTS

1. The foreword shall, *inter alia*:
 - 1.1. state that the statement of accounts have been prepared in a form directed by Scottish Ministers in accordance with the Public Appointments and Public Bodies etc. (Scotland) Act 2003.
 - 1.2. include a brief history of the Commissioner for Public Appointments in Scotland and its statutory background.
2. The notes to the accounts shall include:
 - 2.1. details of any key corporate financial targets in the Commissioner for Public Appointments in Scotland corporate plan together with an indication of the performance achieved; and
 - 2.2. details of the pension arrangements operated by the Commissioner for Public Appointments in Scotland and confirmation that the scheme accords with the instruction contained in paragraph 7 of Schedule 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003; and
 - 2.3. detailed analysis of funding received from the Scottish Parliamentary Corporate Body.