

From: Laura Petrie
Date: 15 June 2007

HSB

Copy to: Kathleen Gibb, Chief Accountant

**HISTORIC SCOTLAND AUDIT COMMITTEE
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

Purpose

1. To invite the Board to review the annual accounts for 2006-07. The annual accounts are attached at Appendix A.

Background

2. This year we have changed the format of the accounts to more accurately reflect the activities of the agency. As well as giving the reader of the accounts a clearer picture of how resources are used in Historic Scotland it is hoped that this will provide greater read-across to the corporate plan. The figures for 2005-06 have been restated in line with this change. The detailed figures for employment costs are shown in Note 5 and no longer appear on the face of the income and expenditure account. In addition to this change I would draw your attention specifically to the following items:
3. Audit Scotland has given an unqualified opinion on the accounts.
4. The statement on the system of internal control is on page . Last year this noted the introduction of the revised risk management system. Clearly this system has operated throughout 2006-07 although we continue to develop and embed the process throughout the Agency.
5. I have provided an analysis of major increases / decreases on last year for the income and expenditure and balance sheet at Appendix B. I will of course attempt to answer any other questions which you may have at the meeting on 25 June 2007.
6. I also attach the draft letter of representation for your information at Appendix C.

Conclusion

7. The Board is invited to note the annual accounts.

**LAURA PETRIE
Director of Finance**

15 June 2007