

Dorchester
Town
Council

Statement
of Accounts
2006-07

CONTENTS

	Page
Contents.....	2
Introduction.....	3
Audit Opinion.....	4-7
Foreword to the Accounts.....	8-10
Statement of Responsibilities.....	11
Statement of Accounting Policies.....	12-18
Statement on the System of Internal Control.....	19-24
Income and Expenditure Account.....	25
Statement of Movement on the General Fund Balance.....	25
Statement of Total Recognised Gains and Losses.....	27
Balance Sheet.....	28
Cash Flow Statement.....	29
Notes to the Income and Expenditure Account.....	30-34
Notes to the Balance Sheet.....	35-38
Notes to the Cash Flow Statement.....	39
Movements in Reserves.....	40-41
Group Income and Expenditure.....	42
Group Statement of Total Recognised Gains and Losses.....	43
Group Balance Sheet.....	44
Group Cashflow Statement.....	45
Notes to the Group Cashflow Statement.....	46
Group Statement of Total Movement in Reserves.....	47
Glossary of Terms.....	48-49

INTRODUCTION

The purpose of this publication is to provide the statutory financial statements for Dorchester Town Council during the period from 1 April 2006 to 31 March 2007.

AUDIT OPINION

Opinion on the financial Statements

I have audited the financial statements of Dorchester Town Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Dorchester Town Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council'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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Council as at 31 March 2007 and its income and expenditure for the year then ended.

Martin Robinson
2nd Floor Suite, 50 South Street, Dorchester, DT1 1DQ
September 2007

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Council's Responsibilities

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Council is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Qualified Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Dorchester Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007 except for arrangements to monitor the quality of its published performance information, and to report the results to Members.

Best Value Performance Plan

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 in November 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Martin Robinson
2nd Floor Suite, 50 South Street, Dorchester, DT1 1DQ
September 2007

FOREWORD TO THE ACCOUNTS

REVIEW OF THE FINANCIAL YEAR 2006-07

The Council's accounts for the year ended 31st March 2007 are set out on the following pages:

The Council prepare their accounts on the basis of the Code of Practice on Local Authority Accounting in Great Britain issued by the Chartered Institute of Public Finance and Accountancy and the Best Value Accounting Code of Practice. This is on the same basis as the District Council.

They consist of:-

Statement of Internal Control

This looks at the controls in place to ensure the Council meets, monitors and complies with its obligations.

Income and Expenditure Account and Notes

This summarises the revenue income and expenditure of the Council.

Statement of Total Recognised Gains and Losses

This records in one place all the recognised gains and losses of the Council's activities during the year.

Balance Sheet and Notes

This sets out the financial position of the Council at 31st March 2007, showing details of the Council's assets and liabilities.

Cash Flow Statement and Notes

This summarises inflow and outflow of cash arising from revenue and capital transactions with third parties.

Group Income and Expenditure

This summarises the revenue income and expenditure of the Council and its group entities.

Group Statement of Total Recognised Gains and Losses

This records all the recognised gains and losses of the Group's activities during the year.

Group Balance Sheet

This sets out the financial position of the Council and its group entities at 31st March 2007, showing details of the Group assets and liabilities.

Group Cash Flow Statement

This summarises group inflow and outflow of cash arising from revenue and capital transactions with third parties.

The foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

FOREWORD TO THE ACCOUNTS

The following table shows a comparison of the budget and outturn figures in 2006-07 analysed by committees responsible for the expenditure.

	Budget £	Actual £	Difference
Net Expenditure:			
Allotments	10,909	10,212	697
Parks, Gardens & Open Spaces	470,924	405,788	65,136
Buildings & Cultural Activities	268,002	234,176	33,826
Twinning	6,436	3,736	2,700
Corporate Management	170,817	17,661	153,156
Democratic Rep & Management	(176,142)	85,035	(261,177)
Non Rechargeable Administration	110,420	0	110,420
Planning & Environment	18,995	20,400	(1,405)
s.137 Expenditure	0	19,980	(19,980)
Dorchester Joint Burial Committee	0	62,000	(62,000)
Net Cost of services	880,361	858,988	21,373
Interest Payable	0	38,253	(38,253)
Interest Receivable	0	(37,644)	37,644
Net operating expenditure	880,361	859,597	20,764
Statutory Amount (see I&E)	0	(32,386)	32,386
Amount to be met by Precept	880,361	827,211	53,150
Precept	900,000	900,000	0
Surplus/(Deficit) for the year	19,639	72,789	53,150

During the year the council continued to provide allotments for the benefit of town residents, and to maintain for the benefit of the public many of the parks, gardens and open spaces in Dorchester. It also maintained the municipal buildings which are hired out for public use. Net expenditure on these three activities increased by £92,111 in the year, to £650,176.

The council also incurred expenditure on twinning activities (to foster closer relationships with towns in Europe twinned with Dorchester), and on planning and environment activities. Both types of expenditure increased in the year, from a total of £21,620 (2005/06) to £24,136 (2006/07).

s.137 expenditure (for the benefit of people in the Dorchester area) increased from £4,024 (2005/06) to £19,980 (2006/07), due mainly to the catch-up distribution of monies raised from the Sunday car boot fairs held at the Fairfield market site, and net expenditure on the Dorchester Joint Burial Committee increased from £46,750 (2005/06) to £62,000 (2006/07).

The council's expenditure on employee pensions decreased from £62,268 (2005/06) to £59,527 (2006/07). This contribution rate was set by the fund's actuary in order to ensure pension liabilities are 100% funded. Please see note 1.6 to the Income and Expenditure account for more detail.

FOREWORD TO THE ACCOUNTS

The council incurred capital expenditure of £1,130,533 relating to the refurbishment of the Borough Gardens and £314,289 relating to the construction of a new depot at Louds Mill. The Borough Gardens refurbishment has been financed by a mixture of grant funding (£950,000 provided by the Heritage Lottery Fund) and borrowing; the construction of the depot has been funded by borrowing. The majority of the work on both assets has now been carried out, with completion due in the year ended 31 March 2008. Please see notes 2.1 and 2.2 to the Balance Sheet for more detail.

During the year the Council's operational land and buildings were valued by the District Valuer as part of a five-year cycle of revaluation. The latest valuation increased the value of these assets in the accounts by £1,349,780. For more details, please see note 2.1 to the Balance Sheet.

A surplus of £40,403 was generated by the council's revenue activities in the year. After adjusting for transfers to and from reserves, and the removal of depreciation, a total of £72,789 was transferred to general reserves on the balance sheet. This increased the level of general reserves, which are available for general expenditure, to £536,977.

These accounts have yet to be audited by the Audit Commission and this opinion will follow. I confirm that the Statement of Accounts presents fairly the position of the Town Council as at 31st March 2007 and its income and expenditure for that year.

Dennis Holmes, Town Clerk

Date:

I confirm that these accounts were approved by the Policy Committee at the meeting held on 27th June 2007.

Signed on behalf of Dorchester Town Council

Councillor Trevor Jones, Chairman of Policy Committee

Date:

STATEMENT OF RESPONSIBILITIES

The following statement describes the respective responsibilities of the Council and the Finance Officer for the accounts.

The Council is responsible for:-

- a) securing appropriate arrangements for the proper administration of its financial affairs and ensuring that the nominated officer, namely the Town Clerk, has overall responsibility for them; day-to-day responsibility is delegated to the Finance Officer;
- b) managing its affairs so as to ensure the economic, effective and efficient use of resources and the safeguarding of assets;
- c) approving the statement of accounts.

The Responsible Finance Officer is responsible for:-

- a) the preparation of the Council's statement of accounts, so as to present fairly the financial position at the accounting date and its income and expenditure for the year;
- b) selecting suitable accounting policies and applying them consistently;
- c) making reasonable and prudent judgements and estimates;
- d) complying in all material aspects with the Codes of Practice on Local Authority Accounting in the United Kingdom and Best Value Accounting;
- e) keeping proper, up to date, accounting records, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the council's transactions for the 2006/07 financial year and its position at the year-end of 31 March 2007. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice 2006* (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Estimation techniques have been determined that most closely reflect the economic reality of the transactions or other events to which the accounting policy refers.

Minor modifications have been made wherever necessary to secure better compliance with the CIPFA Statement of Recommended Practice (SORP).

2. ACCRUALS OF INCOME AND EXPENDITURE

The revenue accounts of the authority reflect the day-to-day transactions such as salaries and wages, supplies and services, customer and client receipts, interest payable on external borrowing and interest receivable on temporary investments.

These transactions are recorded in the accounts on an accruals basis, which means that income and expenditure due in the financial year is charged to the year, even if the cash has not actually been received or paid. This is achieved by the use of debtors (for income receivable) and creditors (for payments due).

3. CONTINGENT LIABILITIES

Contingent Liabilities are not charged to the revenue account. Details of any such liabilities are disclosed in the Balance Sheet Notes.

The council has no contingent liabilities.

4. DEFERRED CHARGES

Where capital expenditure does not result in the acquisition, or an increase in the valuation of a fixed asset, the expenditure is treated as a deferred charge and written out in the year of account.

5. FIXED ASSETS

i) Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the Accounts. Expenditure on fixed assets is capitalised provided that the fixed asset yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to the service revenue accounts.

STATEMENT OF ACCOUNTING POLICIES

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

The Code of Practice on Local Authority Accounting requires local authorities to maintain asset registers to record information on their capital assets. These assets are valued and revalued periodically by professional valuers for inclusion in the balance sheet in accordance with FRS11.

ii) Measurement

Fixed assets are classified into groupings required by the Code of Practice on Local Authority Accounting:

- Land, operational properties and other operational assets are included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use.
- Vehicles, plant and other equipment are included in the Balance Sheet at net depreciated value.
- Community assets are included in the Balance Sheet at a combination of current value and historic cost, a review of these assets has commenced as the SORP recommendation is that such assets should be shown at historic cost. The classification of some of these assets as community rather than land and buildings is under review.

iii) Impairment

In accordance with FRS 11, instances of impairment of assets are reviewed if there is an indication that impairment has occurred. During the year there was only one indication of impairment, relating to the council offices which were revalued by the District Valuer at less than their historic cost. No other incidences of impairment were noted and no further impairment charges were made.

iv) Disposals

Capital receipts from the disposal of property and other assets owned by the Council, less the cost of sale, are used to finance new capital expenditure.

v) Depreciation

Depreciation is charged on fixed assets with a finite useful life, which is determined at the time of acquisition or revaluation, including buildings in accordance with the requirements of FRS 15. The depreciation charge is based on equal annual instalments over the expected life of the asset with no allowance for residual value. No depreciation charge is made for land.

vi) Charges to Revenue

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service;
- amortisation of intangible fixed assets attributable to the service.

STATEMENT OF ACCOUNTING POLICIES

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contributed towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Financing Account for the difference between the two.

6. FOREIGN CURRENCY TRANSLATION

Income and expenditure arising from a transaction in a foreign currency is translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred.

7. GOVERNMENT GRANTS

Government grants in relation to revenue expenditure are shown in the accounts in the year in which the related expenditure is charged. Government grants are accounted for on an accruals basis.

8. INTEREST

External interest receivable on temporary investments is credited to the revenue account in the period to which it relates. Interest payable on external borrowing is fully accrued in order that the period bears the full cost of interest related to its actual borrowing.

9. INVESTMENTS

The Council holds no investments in companies or marketable securities. Short-term cash surpluses are invested with the Council's bankers.

10. LONG TERM CONTRACTS

The Council had two capital schemes in progress at the year end, both of which are due to be completed in the year ended 31 March 2008. The first project is the regeneration of the Borough Gardens, for which the Council has received a £950,000 grant from the Heritage Lottery Fund. The second project is the construction of a new depot at Louds Mill. The majority of work in relation to both schemes was carried out in the year ended 31 March 2007.

11. OVERHEADS

Support Services are corporate activities of a professional, technical and administrative nature carried out in support of the direct service provision of the authority. The Best Value Accounting Code of Practice requires authorities to adopt consistent policies when allocating the costs of these services to users. These activities are fully allocated over all services on the basis of use.

12. PENSIONS

The Council has one pension scheme, the Local Government Pension Scheme (LGPS) which is administered by Dorset County Council and employer contribution levels are set by the fund administrator taking into account government regulations.

STATEMENT OF ACCOUNTING POLICIES

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

13. POST BALANCE SHEET EVENTS

Where a material event occurs after the end of the financial year, concerning conditions which did not exist at the balance sheet date, details of the nature of the event and an estimate of the financial effect are disclosed in the notes to the balance sheet.

14. PROVISIONS

The Council maintains provisions to meet liabilities that will arise in future years, this is reviewed annually under the requirements of FRS 12.

15. BORROWING

The long term borrowing consists of three loans from the Public Works Loan Board. The first was for £500,000 at a fixed interest rate of 7.125% taken out in August 1997 the principal being repaid in equal instalments over 25 years. The second loan of £350,000 was taken out in 2003-04 to fund the regeneration of the Borough Gardens at a fixed rate of 4.625% repayable over 25 years. The third loan of £200,000 was taken out in 2006-07 to fund the construction of a depot at Louds Mill; this loan is at a fixed rate of 5.05%, and will be repaid in 2016.

16. RESERVES

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in the year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against the council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits. These reserves do not represent useable resources for the council, and are explained in further detail below. The following reserves are those which represent useable resources:

- General Fund Balance - this represents the cumulative surplus on the council's Income and Expenditure account as adjusted by the Statement of Movement on the General Fund Balance.
- Specific Revenue Reserves - sums set aside and earmarked to meet the cost of specific future expenditure relating to capital purposes and equipment replacement.
- Capital Financing Account - this account records those receipts which have previously been required by Government to be set aside to repay debt, including receipts from Government to reimburse the cost of Social Housing Grant. Implicit in this Reserve is the Provision for Credit Liabilities, which comprises amounts set aside from revenue and capital receipts to repay loans as required by the Local Government and Housing Act 1989.
- The Fixed Asset Restatement Account, which represents principally the balance of the surpluses or deficits on the periodic revaluation of fixed assets.

STATEMENT OF ACCOUNTING POLICIES

17. STOCKS AND WORK IN PROGRESS

The Council had no stocks or work in progress during the year.

18. VALUE ADDED TAX

VAT is only included in the accounts to the extent that it is irrecoverable.

19. FORMAT OF CONSOLIDATED REVENUE ACCOUNT

The CIPFA Best Value Accounting Code of Practice (BVACOP) prescribes the format of the analysis of service expenditure in the Consolidated Revenue Account (CRA). The Council has chosen not to analyse its expenditure in accordance with this guidance, as it feels that the analysis actually used is more relevant for the type of services it provides.

20. GROUP ACCOUNTS

In accordance with the Statement of Recommended Practice (SoRP) the Council is presenting additional statements this year which show the consolidated position of the Council and its group

The group consists of the Town Council and two Joint Committees. The accounts have been consolidated using the acquisition method.

Dorchester Joint Burial Committee is a joint committee with Winterbourne Herringston parish council, which has responsibilities for burial services in Dorchester. This committee has been consolidated as a full subsidiary of the Town Council as the contribution made by Winterbourne Herringston is less than one per cent of the precept demanded by this committee in the year. This means that one hundred per cent of the income and expenditure, assets and liabilities of the committee, less those transactions and balances relating to the Town Council, have been shown in the Group statements.

Dorchester Markets Joint Committee is a joint committee with West Dorset District Council, which has responsibility for the running of the Wednesday and Sunday markets at the Fairfield site in Dorchester. This committee has been accounted for as an associate, as the Town Council holds a participating interest in the committee and exercises significant influence, due to the fact that the Town Council appoints six of the fourteen committee members.

The committee distributes sixty-five per cent of the surplus income to West Dorset District Council, and thirty-five per cent to Dorchester Town Council. In order to recognise the Town Council's share of this associate, thirty-five per cent share of income and expenditure, and assets and liabilities of the committee have been brought into the Group statements.

21. RESTATEMENT OF COMPARATIVES

It is usual practice that minor changes are made to the prior year comparative figures to re-state them in order to reflect changes in accounting practices and estimation techniques, improved presentation or to correct errors that have subsequently been identified. Most changes are presentational or trivial in nature. Any material restatements of prior year comparative figures are identified and disclosed separately where appropriate.

STATEMENT OF ACCOUNTING POLICIES

Due to the changes made to the format of the statement of accounts this year (see note 23 below), the council has restated the comparative figures on the Income and Expenditure Account, Statement of Movement on General Fund Balance, and Statement of Total Recognised Gains and Losses.

22. GOODWILL

No goodwill has arisen in respect of either group entity as the reporting authority set up the committees and received an interest in the committees equal to the fair value of assets transferred to them upon formation.

23. CHANGES TO THE FORMAT OF THE ACCOUNTS

The SORP has prescribed significant changes to the format of the Statement of Accounts for 2006/07, primarily in order to bring Local Authority accounts more in-line with UK GAAP (Generally Accepted Accounting Practice) and International Financial Reporting Standards (IFRSs). These changes are explained below in order to assist the understanding of the user of the accounts:

Change from Consolidated Revenue Account to Income and Expenditure Account

Under the previous regulations, the council's income and expenditure for the year was shown in the Consolidated Revenue Account (CRA). This account included all revenue transactions, along with a notional interest charge on assets used by services. This interest charge was calculated using a rate set by Government, and was designed to reflect the cost to the service of the money tied up in the asset being used.

Because this notional interest charge, the charge made for the depreciation (or wearing-out) of an asset and the unwinding of any related government grants were not allowed to be charged to council taxpayers, these capital charges and government grants deferred were reversed out of the CRA via the Asset Management Revenue Account.

This treatment is not consistent with UK GAAP nor with International Financial Reporting Standards. In order to bring Local Authority accounting in line with accounting conventions, this year the SORP has dispensed with the requirement to charge notional interest to service revenue accounts, and has required the authority to include within its surplus or deficit for the year the depreciation charged against its assets. In addition the council is now required to state the gain or loss made on the disposal of fixed assets. These changes are reflected in the new Income and Expenditure account (I&E).

Also, as noted in the policy on retirement benefits (note 12), the council is now required to charge the amounts payable to the pension fund to the Income and Expenditure Account (I&E). It must also include deferred charges in the I&E account.

STATEMENT OF ACCOUNTING POLICIES

New Statement - Statement of Movement on General Fund Balance

The change to the I&E statement means that the surplus or deficit created in the year contains costs and income that the council is not allowed by statute to charge to the council taxpayer. The Statement of Movement on the General Fund Balance (SMGFB) reconciles the surplus or deficit on the I&E to the amount charged to council taxpayers, by taking the surplus or deficit for the year and:

- excluding depreciation and impairment of fixed assets
- excluding amortisation of government grants deferred
- excluding amounts treated as revenue by the SORP but capital by statute (e.g. deferred charges)
- excluding net gains or losses on the sale of fixed assets
- excluding FRS17 amounts (pensions payable in the year)
- including the statutory provision for MRP
- including capital expenditure financed from revenue
- including actual contributions to the pension fund, in addition to any payments made directly to pensioners.

The I&E statement, taken together with the SMGFB, provides the user of the accounts with equivalent information to that provided by the CRA which was included in prior year accounts.

Change from the Statement of Total Movement on Reserves to Statement of Total Recognised Gains and Losses

FRS3 (Reporting Financial Performance) requires all gains and losses to be included on a Statement of Total Recognised Gains and Losses (STRGL), and for this statement to be given the same prominence as the I&E statement and the Balance Sheet.

The STRGL measures the increase in the balance sheet net worth of the authority, and includes all recognised gains and losses from the I&E, in addition to unrecognised gains and losses, such as gains made when revaluing fixed assets.

A separate note to the accounts summarises the movements on reserves.

24. LEASES

Finance leases

Finance leases are leases where substantially all the risks and rewards relating to the leased property transfer to the council. The council has no such leases.

Operating leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

STATEMENT ON INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Dorchester Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

2. 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 the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to assess the impact should they be realised, and to manage them efficiently, effectively and economically. The Council's system of internal control was in place for the year ended 31 March 2007 but continues to be refined and improved.

3. THE INTERNAL CONTROL ENVIRONMENT

The key elements of the Council's internal control environment are described below:

Establishing and monitoring the achievement of the Authority's objectives

The Performance and Policy Plan is produced on an annual basis in accordance with Best Value requirements. The plan sets out the Council's objectives, the services provided by the Council in order to achieve them, costs associated with these services, the progress made so far on Best Value Reviews and the long term objectives for a variety of major issues.

Targets and measures have been agreed by elected members and senior managers to enable progress to be monitored against each of the corporate aims. These are published and monitored annually within the Performance and Policy Plan and are also monitored in January of each year at approximately the halfway point of the life of the Performance and Policy Plan. Further work is in progress to improve the extent and quality of the Council's monitoring arrangements.

STATEMENT ON INTERNAL CONTROL

The facilitation of policy and decision-making

The Council has a written published scheme of delegation, agreed in September 2004 and operational from May 2005. The scheme of delegation was reviewed in May 2006 and sets out the responsibilities of the full Council, delegations to committees and officers in accordance with the law, the Council's Standing Orders and Financial Regulations and its approved policy framework.

The Council's Standing Orders include detailed procedures for running business meetings.

The full Council meets in public every other month with the possibility of extra meetings on an ad-hoc basis if required. This, together with an appropriate level of delegation, enables speedy and effective decision making.

The Policy Committee is responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Authority.

Ensuring compliance with established policies, procedures, laws and regulations

The Council adopted a Local Code of Corporate Governance in March 2006 which sets out the full range of policies and procedures which the Council has adopted to ensure its decisions are taken in accordance with the law and proper practice.

The West Dorset District Council's Standards Committee has jurisdiction over certain aspects of the conduct of Council Members within the framework established by the Standards Board for England; the Council adopted a revised Code of Conduct for Members in May 2007 following the recommendations of the Standards Board for England. The Council is arranging a training session on the revised Code of Conduct which will take place in the Autumn of 2007.

Each agenda for a business meeting contains a note reminding members attending the meeting of the requirement to declare interests before an agenda item is discussed.

Members are encouraged to undertake training relevant to the area of decision making in which they are involved. New members joining the Council receive a detailed induction folder and induction training is available; five new members joined the Council at the 2007 elections and four of them have undergone training arranged by the Dorset Association of Parish and Town Councils.

Advice to members on the law, regulations and internal procedures is provided by engaging legal advisers and other specialists as required.

Internal and external audit reports are submitted to the Policy Committee or the Resources Panel and arrangements were introduced during 2006/07 for progress on the implementation on the recommendations contained in them to be monitored.

STATEMENT ON INTERNAL CONTROL

The Council appoints suitably qualified and experienced employees, selected against accurate and specific job descriptions and person specifications; an induction process is applied to all new employees and appropriate training is offered to employees where necessary.

Identifying, assessing and managing risks to the Authority's objectives

Financial and service risks are considered as part of normal day to day business of the Council. A high-level Risk Management Strategy has been prepared and work is proceeding on populating the Risk Register with existing and new risks. The Council has adopted a Local Code of Corporate Governance which embeds risk management as does the Performance Management framework adopted by the Council in March 2006.

Responsibility for risk management is ultimately held by members but responsibility for risks on a day to day basis is delegated to managers.

There are current working practices in place for risk assessments of play areas and other facilities run by the Council.

Ensuring the economical, effective and efficient use of resources

As a Best Value Authority, Dorchester Town Council is required to comply with the Government's Best Value regime, including the requirement to consult with local people, review all the major services and assess performance; these matters are dealt with in the annual Performance and Policy Plan and the periodic monitoring mechanisms already described.

The Performance and Policy Plan is designed to show how each of the service areas will contribute to the achievement of the Council's objectives within a culture of continuous improvement.

The Council has arrangements in place to respond to and implement the findings of Best Value reviews and internal and external audit reports.

The financial management of the Authority and the reporting of financial management

The Council has adopted Financial Regulations.

The system of internal financial control is based on a framework of regular management information, financial regulations, administration procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by officers within the Council, with appropriate reports to, and approvals where required from, elected members. In particular the system includes:

- Annual budgeting and forecasting systems
- Setting Best Value targets to measure financial and other performance
- The preparation of financial reports to members to compare actual and budget expenditure
- Regular reports detailing the cash position when new projects are undertaken.

STATEMENT ON INTERNAL CONTROL

During 2006/07 the Council purchased an internal audit service from an external provider. Internal audit reviews all the activities of the Council and the preparation of an audit plan taking account of risk will be developed in consultation with the Council's financial service provider. Internal audit reports are issued to members of the Policy Committee for discussion.

The Council does not produce a long term financial plan but work on the preparation of a Medium Term Financial Strategy is progressing and will be in place during 2007/08. However, long term projects are undertaken, for example the Borough Gardens refurbishment, which do have financial implications which run over years and do receive forward planning. The Council also holds earmarked reserves for large expenditure items.

Budgets are determined annually and are set by the Council. The previous practice of producing regular monitoring statements has been re-introduced.

Performance management and the reporting of performance management

The Council produces its Performance and Policy Plan which highlights targets for the next year and also evaluates performance within the last year. The Council formalised a Performance Management framework in March 2006.

The Best Value legislation requires the Council to establish Local Performance Indicators which allow a balanced judgement of performance. These performance indicators measure cost, efficiency, quality and access. The Council has established indicators enabling improvements in performance to be measured year on year.

From 1st April 2003 every Best Value local authority should attempt to adopt a number of performance indicators which allow comparisons with the other 40 Best Value town and parish councils; these are also published within the Performance and Policy Plan.

STATEMENT ON INTERNAL CONTROL

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The Council has established its future priorities in the Performance and Policy Plan and regularly monitors achievement against these priorities. However no formal framework for reviewing the system of internal control has been adopted in the current financial year, although the Council responds proactively to reports from external and internal auditors and monitoring and development of the Council's system of internal control is an area of work which will be discussed with the Council's new financial service provider. Within the Authority managers have a responsibility for the development and maintenance of the internal control environment. The review will be informed by the work of the internal auditors, risk management, managers and comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

The Authority

The Council approves policies and plans in accordance with Standing Orders and Financial Regulations to ensure the appropriate use of budgets and regularly reviews its controlling instruments.

Risk Management

Local authorities provide a range of services that impact significantly on the quality of life of all members of the community. On a daily basis countless risk management decisions are made at operational level. An informed corporate approach to risk management is required and significant progress was made in developing this during 2006-07.

Internal Audit

The role of Internal Audit is to review the internal financial control framework which governs the operations of the Town Council and, in doing so, provide an independent opinion to both senior managers and members of the Authority on the robustness of the Council's financial control environment. This opinion analyses and evaluates whether there is an adequate and effective system of internal control in respect of all accounting and financial operations of the Council.

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Authority and the Policy Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

STATEMENT ON INTERNAL CONTROL

5. SIGNIFICANT INTERNAL CONTROL ISSUES

5.1 Significant internal control issues identified

In producing this statement the Council has identified the following significant weaknesses in respect of its operations and has taken the following actions to resolve them:

5.1.1 Ensuring full compliance with the Statement on Internal Control

The Statement on Internal Control is formally adopted by the Council as part of the Accounts. However, a production timetable based on CIPFA guidance needs to be produced and followed, consultation with staff, managers and members needs to be occurring at least on an annual basis, and supporting evidence needs to be collected to support the document. The Council is in a position to provide evidence that it has been undertaking the work required but it acknowledges that the process needs to be formalised.

Action:

The Statement of Internal Control for 2006-07 will be considered by the Council as part of Accounts.

5.1.2 Embedding a Risk Management Strategy

Risk Management continues to be a high priority area for the Council and much detailed work has been done over the last twelve months and identification of specific risks in the risk register and a process to identify new risks as they arise are now virtually in place. Work continues in this area.

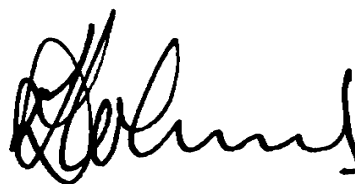
Action:

The Council has established a Risk Management Panel which has reviewed the Council's Risk Strategy and continues to work towards the completion of the Risk Register.

Signed on behalf of Dorchester Town Council:



David Barrett
Mayor



Dennis Holmes
Town Clerk

INCOME AND EXPENDITURE ACCOUNT

2005-06 Net Spending (restated) £		Gross Spending £	2006-07 Continuing Operations		Net Spending £
			Income £	Specific Grants £	
10,744	Allotments	14,407	(4,195)	0	10,212
215,889	Buildings & Cultural Activities	309,214	(75,038)	0	234,176
331,432	Parks, Gardens & Open Spaces	460,841	(55,053)	0	405,788
5,061	Twinning	3,736	0	0	3,736
15,545	Planning & Environment	20,400	0	0	20,400
4,024	Section 137 Expenses	19,980	0	0	19,980
45,254	Corporate and Democratic Core Costs	200,126	(67,430)	(30,000)	102,696
0	Non-Distributed Costs	0	0	0	0
627,949	Net Cost of Services	1,028,704	(201,716)	(30,000)	796,988
	(Profit)/Loss on Sale of Fixed Assets				
46,750	Dorchester Joint Burial Committee Precept				62,000
38,276	Interest Payable				38,253
(33,606)	Interest and Investment Income				(37,644)
679,369	Net Operating Expenditure				859,597
(843,654)	Income from Local Taxation				(900,000)
(164,285)	(Surplus)/Deficit for the Year				(40,403)

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2005-06 £ (restated)		2006-07 £
(164,285)	Surplus for the year on the Income and Expenditure Account	(40,403)
(30,540)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(32,386)
(194,825)	Increase in General Fund Balance for the Year	(72,789)
(269,363)	General Fund Balance Brought Forward	(464,188)
(464,188)	General Fund Balance Carried Forward	(536,977)

NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital Investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits earned.

The General Fund Balance compares the Council's spending against the council tax that it has raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance

2005-06		2006-07
£		£
(restated)		
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(70,676)	Depreciation and impairment of fixed assets	(107,892)
1,170	Write downs of deferred charges to be financed from capital resources	0
(69,506)		(107,892)
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
0	Minimum revenue provision for capital financing	34,000
0	Capital expenditure charged in-year to the General Fund Balance	98,047
0		132,047
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
38,966	Net transfer to or from earmarked reserves	(56,541)
38,966		(56,541)
(30,540)	Net additional amount required to be credited to the General Fund balance for the year	(32,386)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This Statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes other gains and losses analysed below.

2005-06		2006-07
£		£
(restated)		
(164,285)	(Surplus)/Deficit on Income and Expenditure Account	(40,403)
0	(Surplus)/Deficit arising on revaluation of Fixed Assets	(1,349,780)
0	Actuarial Gains/Losses on pension fund assets/liabilities	
	Any other gains and losses	3
(164,285)	Total Recognised gains and losses for the year	(1,390,180)
0	Prior Year Adjustment	
(164,285)	Total Recognised Gains/Losses since the last Annual Report	(1,390,180)

RECONCILIATION OF OPENING AND CLOSING RESERVES

2005-06		2006-07
£		£
(restated)		
(2,477,724)	Opening Reserves	(2,782,338)
(164,285)	Total Recognised Gains/Losses since the last Annual Report	(1,390,180)
(141,500)	Capital Grant Received	(597,033)
1,171	Write down of Deferred Charges	0
(2,782,338)	Closing Reserves	(4,769,551)

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.1 GENERAL

The revenue account is shown here in subjective format, with a comparison between actual spending for the year and budgets agreed by the Council

	2006-07			Difference () = over £
	Original Estimate £	Final Estimate £	Actual £	
<u>Council</u>				
Employees	507,054	504,716	466,413	40,641
Premises Related Expenses	105,618	105,748	114,331	(8,713)
Transport Related Expenses	17,370	14,299	20,653	(3,283)
Supplies and Services	228,835	237,769	288,781	(59,946)
Third Party Payments	92,726	92,726	126,346	(33,620)
Capital Charges	176,330	176,330	106,857	69,473
	1,127,933	1,131,588	1,123,381	4,552
<u>Income</u>				
Grants	(30,000)	(30,000)	(30,000)	0
Reimbursements & Contributions	(19,787)	(19,787)	(18,850)	(937)
Customer & Client Receipts	(205,826)	(207,534)	(215,544)	9,718
Net Cost of Service	872,320	874,267	858,987	13,333
Interest Payable (formerly Asset Management Revenue Account)	(139,091)	(139,091)	38,254	(177,345)
Interest on balances	(10,000)	(10,000)	(37,644)	27,644
Net Operating Expenditure	723,229	725,176	859,597	(136,368)
Transfers to/(from) Specific Reserves	123,132	103,132	(56,541)	179,673
Revenue Financing of Capital	0	0	98,047	(98,047)
Appropriations to/(from) Capital Financing Account	34,000	34,000	(73,892)	107,892
Amount to be met from Government Grant and Local Financed by	880,361	862,308	827,211	53,150
Council Tax Precept	900,000	900,000	900,000	0
Total Funding	900,000	900,000	900,000	0
Net General Fund Surplus/(Deficit)	19,639	37,692	72,789	(53,150)

1.2 MOVEMENT IN BALANCES

The level of general balances has increased by the general fund surplus of (£72,789)

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.3 PRIOR PERIOD ADJUSTMENT

In 2006/07 the accounting requirements relating to capital financing charges changed. Under the old rules, we were required to include within the service outturns a capital financing charge. This was made up of depreciation, plus a notional interest charge which represents the cost to the authority associated with holding assets.

From 2006/07 onwards we are no longer required to make a charge for notional interest. In order to ensure that the prior year figures are comparable, we have re-stated the service costs for 2005/06 to exclude the notional interest charge. The effect of this exclusion, and that of minor re-allocations of expenditure, is shown below.

	Consolidated Revenue Account in 2005/06 Statement of Accounts	Removal of Capital Financing Charge	Transfer of Precept Demand to below Net Cost of Services	Merger of Corporate and Democratic Core Costs	2005/06 Comparatives in Income and Expenditure Account
	£	£	£	£	£
Allotments	11,308	(564)			10,744
Buildings & Cultural Activities	249,011	(33,122)			215,889
Parks, Gardens & Open Spaces	352,004	(20,572)			331,432
Corporate Management	(45,919)	(20,131)		66,050	0
Democratic Representation & Management	116,484	(5,180)		(111,304)	0
Twinning	5,226	(165)			5,061
Planning & Environment	16,394	(849)			15,545
Non Rechargeable Administration	0				0
Section 137 Expenses	4,024				4,024
Heritage Committee	0				0
Dorchester Joint Burial Committee	46,750		(46,750)		0
Corporate and Democratic Core Costs				45,254	45,254
Impact on Net Cost of Services	755,282	(80,583)	(46,750)	0	627,949
Dorchester Joint Burial Committee Precept	(42,307)	80,583	46,750		46,750
Asset Management Revenue Account (Interest payable and similar charges in 2006/07)					38,276
Interest on balances	(33,606)				(33,606)
Net Operating Cost	679,369	0	0	0	679,369

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.4 DISCRETIONARY EXPENDITURE

Section 137 of the Local Government Act 1972 (as amended) enables the Council to spend up to the product of £5.44 per head on the electoral roll in any one year for the benefit of people in its area on activities or projects not specifically authorised by other powers. The Council is permitted to spend £74,430 under this power in 2006/07. Expenditure was incurred for Grants to Local Voluntary Bodies.

2005-06		2006-07
£		£
4,024	Section 137 Expenses	19,980

1.5 PUBLICITY

Section 5 of the Local Government Act 1986 requires the Council to keep a separate account of expenditure incurred on publicity.

2005-06		2006-07
£		£
0	Staff Advertising	3,329
3,287	Other Advertising	2,766
954	Public Relations/Community Consultancy	950

1.6 PENSIONS

The Council participates in the Local Government Pension Scheme (LGPS) pension schemes to meet the needs of employees. It is a defined benefit scheme providing members with benefits related to pay and length of service, administered by Dorset County Council. This is a funded scheme, meaning that the Council and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

In 2006/07 the Council paid an employer's contribution of £59,527, representing 323% of employee's contributions into Dorset County Council's pension fund, which provides Members with defined benefits related to pay and service. The contribution rate is determined by the fund's actuary based on triennial actuarial valuations, the last review being 31st March 2004. Under pensions regulations, contribution rates are set to meet 100% of the overall liabilities of the fund. The most recent valuation carried out at 31st March 2004 increased the contribution rates and as a result of that valuation these rates were introduced from 1st April 2002.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2006/07 these amounted to £892.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.7 MEMBERS' ALLOWANCES AND REMUNERATION OF SENIOR STAFF

The Council is required to report the total amount of Members' Allowances paid.

2005-06	2006-07
£	£
0	0
Expenditure	

The Council is also required, under regulation 7(2) of the Accounts and Audit Regulations 2003, to report the numbers of staff with salary payments and allowances in excess of £50,000 per annum, in multiples of £10,000.

No Officer received a salary in excess of £50,000.

1.8 STAFFING STATEMENT

2005-06		2006-07
In post		In post
5	Permanent Administration Staff	6
1	Temporary Administration Staff	0
12	Permanent Manual Staff	11
3	Part-time Permanent Manual Staff	6
2	Temporary Manual Staff	0
23		23

1.9 RELATED PARTIES

Councils are required to disclose details of material transactions with related parties, including Central Government, other Local Authorities, and Members and Senior Officers and their close families.

The Town Clerk has written to all Members and Senior Officers explaining the requirements and the need for disclosure. No instances of transactions involving these related parties have been declared.

Income of £93,427 was received from the Dorchester Markets Joint Committee, which is a joint committee of Dorchester Town Council and West Dorset District Council (2005/06: £105,479). £10,037 of this relates to income from the running of a car boot fair on Sundays, and is set aside for donations to good causes (2005/06: £24,475).

In addition, the Town Council received £7,650 (2005/06: £7,425) of income relating to administration provided to Dorchester Joint Burial Committee, which is a joint committee of Dorchester Town Council and Winterbourne Herrington Parish Council. The Town Council also paid £62,000 to the Dorchester Joint Burial Committee, which represents the committee's precept demand for 2006/07 (2005/06: £54,175).

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.10 AUDIT FEES

The Council paid the following fees to its external auditors, the Audit Commission:-

2005-06		2006-07
£		£
9,130	External Audit Services	16,948
0	Statutory Inspections	0
0	Certificate of grant claims	0
<u>9,130</u>		<u>16,948</u>

1.11 LOCAL AUTHORITY GOODS AND SERVICES ACT 1972

The Council is empowered by this Act to provide goods and services to other public bodies. The authority provided tree maintenance services to West Dorset District Council and Dorset County Council. Income from these services amounted to £14,350; related expenditure was £14,227. In addition the Town Council received £9,602 from the District and County councils relating to room hire. The Town Council paid £18,421 relating to sweeping of the walks, £36,308 relating to the provision of financial services, £2,197 relating to building regulations and planning applications, £5,627 relating to the provision of fuel, £2,525 relating to the collection of trade waste, £2,531 for the provision of printing services and £4,800 relating to sundry goods and services.

1.12 GROUP ACCOUNTS - SHARE OF ASSOCIATE

As noted in the Statement of Accounting Policies, the Town Council has presented group accounts. Under FRS9 it is required to separately disclose its share of the turnover, profit, assets and liabilities of any associate for which the Town Council holds more than a 25% share. The Town Council holds a 35% share in the Dorchester Markets Joint Committee; the relevant disclosures are shown below.

	Dorchester Markets Joint Committee	Dorchester Town Council share (35%)	Shown as:
Turnover	333,556	-	
Profit	<u>18,344</u>	<u>6,420</u>	Share of Operating Result of Associate
Fixed Assets	-	-	
Current Assets	61,618	-	
Current Liabilities	<u>- 13,487</u>	<u>-</u>	
	<u>48,131</u>	<u>16,846</u>	Investment in Associate
Repairs Reserve	<u>48,131</u>	<u>16,846</u>	Share of Committee Reserves

1.13 LEASES

The Council uses a photocopier financed under the terms of an operating lease.

At 31 March 2007 the Council was committed to making payments of £1,942 in 2007/2008 under these leases, comprising the following elements.

	Vehicles, Plant & Equipment £
Leases expiring in 2007/08	-
Leases expiring between 2008/09 and 2011/2012	1,942
Leases expiring after 2011/2012	-

NOTES TO THE BALANCE SHEET

2.1 FIXED ASSETS

The following table shows the overall movements in fixed assets during the financial year. This table also shows separately the costs of assets under construction and not yet in operational use.

	Operational Assets			Non-operational Assets		Total Assets
	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Under construction	Surplus Assets	
2006-07	£	£	£	£	£	£
Gross Book Value 1 April (restated)	1,678,361	183,016	802,112	306,498	-	2,969,987
Accumulated Depreciation (restated)	(191,961)	(152,921)	(156,459)	(181)	-	(501,522)
Net Book Value 1 April	1,486,400	30,095	645,653	306,317	-	2,468,465
Transfers	-	-	-	-	-	-
Additions	-	40,825	16,170	1,488,056	-	1,545,051
Disposals	-	-	(1)	-	-	(1)
Revaluations	1,349,780	-	137,900	-	-	1,487,680
Depreciation for the year	(66,859)	(20,178)	(19,821)	181	-	(106,677)
Depreciation on assets sold	-	-	-	-	-	-
Impairment	(149,180)	-	-	-	-	(149,180)
Net Book Value 31 March	2,620,141	50,742	779,901	1,794,554	0	5,245,338

Schemes in progress and Commitments

At 31st March 2007 there were two schemes in progress relating to the refurbishment of the Borough Gardens and the construction of a depot at Louds Mill.

The Borough Gardens project is due to cost £1,350,000. Of this amount, £950,000 is to be provided by the Heritage Lottery Fund, and £400,000 is to be provided by the Council. The Council has already set aside its share of these costs. The majority of work has now been carried out on the refurbishment, with the scheme due to be completed in 2007/08.

During the year the Council also started work on the building of a depot at Louds Mill, which will house the vehicles and equipment used in the care and maintenance of the parks, gardens and allotments. This project is due to cost £400,000, which is being funded by the Council. The scheme is due to be completed in 2007/08.

Fixed Asset Valuation

The freehold and leasehold properties which comprise the Council's property portfolio were valued as at April 2006 by external independent valuers, the Valuation Office of the Inland Revenue. Valuations were made in accordance with the statement of asset valuation practice and guidance notes of the Royal Institution of Chartered Surveyors, except not all the properties were inspected. Properties regarded by the Council as operational were valued on the basis of open market value for the existing use. Where this could not be assessed because there was no market for the subject asset and therefore, it had no commercial value such property was treated as a community asset and given a nominal value. The property of the Council will be valued every five years; the next valuation will be carried out in 2012 as at 1 April 2011.

NOTES TO THE BALANCE SHEET

2.1 FIXED ASSETS (continued)

Plant, machinery, play equipment and other assets are valued at historic cost, less depreciation to date.

The Council is not aware of any material changes in value.

The useful lives of the assets are as follows:

- a) Operational buildings - 60 years
- b) Leasehold buildings - life of the lease
- c) Play equipment - 10 years
- d) Vehicles, plant& machinery and other assets - 5 years.

Asset Register

A summary of properties is shown below.

Council Offices Municipal Buildings Weymouth Avenue Pavillion* Sandringham Sports Centre* Borough Gardens

*Assets on a long term lease

2.2 SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE

This table shows capital spending and the sources of funding used to finance it.

2005-06		2006-07
£		£
269,432	Major Schemes	1,488,055
0	Minor works to buildings	
0	Plant & Machinery	17,500
0	Vehicles	
3,777	IT Equipment and software	655
10,286	Other equipment	42,411
283,495	Total Payments	1,548,621
0	Revenue Financing	98,047
141,500	Government Grants	597,033
141,995	Borrowing	853,541
283,495		1,548,621

NOTES TO THE BALANCE SHEET

2.3 DEBTORS

An analysis of the amounts due to the Authority at 31 March 2007 is shown below. The accounts include a provision for potential bad debts.

2005-06		2006-07
£		£
19,429	Central Government Departments	90,418
13,719	Other Local Authorities	76,937
73,114	Others	63,707
106,262		231,062

2.4 TEMPORARY INVESTMENTS

The CIPFA code of Practice for Treasury Management in Local Authorities, which governs the way in which surplus cash is invested, has been adopted.

2.5 CASH AND BANK BALANCES

Cash in hand is made up of revenue and surplus capital balances. The cash balances are invested on a short term basis (i.e. repayable within three months) and are placed with recognised financial institutions.

2.6 CREDITORS

An analysis of the amounts owed by the Authority at 31 March 2007 is shown below.

2005-06		2006-07
£		£
35,786	Central Government Departments	19,835
0	Other Local Authorities	25,544
56,889	Others	168,490
92,675		213,869

2.7 LONG TERM BORROWING

The long term borrowing consists of three loans from the Public Works Loan Board. The first was for £500,000 at a fixed interest rate of 7.125% taken out in August 1997 the principal being repaid in equal instalments over 25 years. The second loan of £350,000 was taken out in 2003-04 to fund the regeneration of the Borough Gardens at a fixed rate of 4.625% repayable over 25 years. The third loan of £200,000 was taken out in 2006-07 to fund the construction of a depot at Louds Mill; this loan is at a fixed rate of 5.05%, and will be repaid in 2016.

NOTES TO THE BALANCE SHEET

2.7 LONG TERM BORROWING (continued)

An analysis of the loans by maturity is shown below:

2005-06 £		2006-07 £
	Principal Repayable	
34,000	Less than 1 year	34,000
34,000	1-2 years	34,000
102,000	2-5 years	102,000
170,000	5-10 years	370,000
298,000	10 years +	264,000
638,000		804,000

2.8 SPECIFIC RESERVES

The following reserves have been earmarked to fund future spending.

	Opening Balance 2005-06	Income/ Transfers	Expenditure/ Transfers	Closing Balance 2006-07
Municipal Buildings	54,540	11,566	(27,431)	38,675
Weymouth Avenue/Poundbury	1,461	-	-	1,461
Seats/Litter Bins Reserve	11,927	4,500	(1,050)	15,377
Play Equipment Reserve	28,934	10,000	(10,660)	28,274
New Depot Construction	98,047	-	(98,047)	0
Christmas Lighting	9,285	6,983	-	16,268
Council Offices Repairs	9,860	2,180	-	12,040
Civic Regalia Replacement	1,350	299	-	1,649
Fairfield Skatepark	20,081	-	-	20,081
Holmead Walk Play Area	15,000	-	-	15,000
Dorchester Festival	-	8,333	-	8,333
Town Crier Uniform	-	299	-	299
Sunday Market	-	21,511	-	21,511
Repairs and Renewals	87,150	21,646	(6,674)	102,122
	337,635	87,317	(143,862)	281,090

2.9 EUROPEAN MONETARY UNION

No date has yet been established by the Government for entry into the EMU, and a detailed assessment of the implications and costs involved has yet to be carried out. Consideration will be given to the implications of accommodating the euro when new financial systems are being specified.

CASH FLOW STATEMENT

NOTES TO THE CASH FLOW STATEMENT

3.1 RECONCILIATION OF REVENUE SURPLUS TO NET CASH FLOW FROM REVENUE ACTIVITIES

This table reconciles the net revenue account surplus or deficit to the net cash inflow from revenue activities

2005-06		2006-07	
£	£	£	£
(194,825)	Net (surplus)/deficit on Revenue Account		(72,789)
	Movement in accruals items:-		
59,888	(Decrease)/Increase in Debtors	124,800	
(7,398)	Decrease/(Increase) in Creditors	(77,960)	
	52,490		46,840
	Movement in non-cash items:-		
0	Contribution to Capital Financing Account	(98,047)	
0	Other	(34,000)	
(38,970)	Transfer (to)/from Specific Reserves	56,541	
	(38,970)		(75,506)
	Cashflow items not included in revenue activities:-		
(39,441)	Interest paid	(37,298)	
33,606	Interest received	36,584	
	(5,835)		(714)
<u>(187,140)</u>	Net cash inflow/(outflow) from revenue activities		<u>(102,169)</u>

3.2 MOVEMENT IN NET FUNDS

Net funds are cash and other liquid resources (e.g. temporary investments), less any borrowings. This table shows the movement during the year.

	Balance	Movement	Balance
	1 April 2007	in year	31 March 2007
	£	£	£
Cash in hand and at bank	874,065	(643,775)	230,290
Temporary investments and borrowing	64,221	5,228	69,449
	<u>938,286</u>	<u>(638,547)</u>	<u>299,739</u>

3.3 MOVEMENT IN LIQUID RESOURCES

Liquid resources are current assets that are readily convertible into known amounts of cash. For the Authority these are the temporary investments.

2005-06		2006-07
£		£
64,221	Temporary Investments as at 1 April	64,221
0	Increase/Decrease in Loans in the Period	5,228
<u>64,221</u>	Temporary Investments as at 31 March	<u>69,449</u>

4.1 MOVEMENTS IN RESERVES FOR THE YEAR

	Fixed Asset Restatement Account	Capital Financing Account	Capital Grants Deferred	Specific Reserves	General Fund
	£	£	£	£	£
Balance Brought Forward	603,440	1,235,576	141,500	337,635	464,188
Net Increase/(Decrease) in General Fund Balance					72,789
Unrealised Gains/Losses on Revaluation of Fixed Assets	1,487,679				
Impairment Losses arising from Revaluations	(149,179)				
Effects of Disposal of Fixed Assets					
Financing of Fixed Assets		24,154			
Capital Grants Deferred in Year			597,033		
Transfer to Specific Reserves				231,180	
Balance Carried Forward	1,941,940	1,259,730	738,533	568,815	536,977

4.2 MOVEMENTS IN UNREALISED VALUE OF FIXED ASSETS

The Fixed Asset Restatement Account represents the difference between asset valuations arising from the new system of capital accounting introduced in 1994 and valuations under the previous system. The reserve is written down as the assets are disposed of.

2005-06		2006-07
£		£
603,443	Balance as at 1 April	603,440
(3)	Revaluations	1,338,500
0	Net Book Value of Disposals	0
603,440		1,941,940

4.3 MOVEMENTS IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT

The Capital Financing Account contains the amount of capital expenditure that has been financed from revenue and capital receipts.

It also contains the difference between the Minimum Revenue Provision and depreciation and also the release of government grant from the government grants deferred account. This avoids any impact on the consolidated revenue account, and hence ultimately the Council Tax payers.

2005-06		2006-07
£		£
1,306,251	Balance as at 1 April	1,235,576
0	Capital Financing	0
0	Capital Receipts Applied	98,047
(70,675)	Minimum Revenue Provision (less depreciation)	(107,893)
0	Loan Repayment	34,000
1,235,576	Balance at 31 March	1,259,730

4.4 MOVEMENTS IN CAPITAL GRANTS DEFERRED

The creation of the Borough Gardens asset is being partially financed by a Heritage Lottery Fund grant. In accordance with the Statement of Recommended Practice, the amount of this grant has been credited to the capital grants deferred account and will be written off in the service revenue account over the useful life of the asset to match the depreciation of the asset to which it relates.

2005-06		2006-07
£		£
0	Balance as at 1 April	141,500
141,500	Grants received in year	597,033
0	Grants written off in year	0
141,500	Balance at 31 March	738,533

GROUP INCOME AND EXPENDITURE ACCOUNT

2005-06	2006-07				
	Net Spending £	Gross Spending £	Income £	Specific Grants £	Net Spending £
10,745	Allotments	14,407	(4,195)	0	10,212
215,887	Buildings & Cultural Activities	309,214	(75,038)	0	234,176
331,432	Parks, Gardens & Open Spaces	460,841	(55,053)	0	405,788
5,061	Twinning	3,736	0	0	3,736
15,545	Planning & Environment	20,400	0	0	20,400
0	Non Rechargeable Administration	0	0	0	0
4,024	Section 137 Expenses	19,980	0	0	19,980
45,255	Corporate and Democratic Core Costs	200,126	(67,430)	(30,000)	102,696
45,068	Dorchester Joint Burial Committee	79,021	(35,343)		43,678
673,017	Net Cost of General Fund Services	1,107,725	(237,059)	(30,000)	840,666
(1,920)	Share of the Operating Results of Associate				(6,420)
0	Gain or Loss on Disposal of Fixed Assets				0
0	Other Operating Income				0
0	Exceptional Items				0
38,275	Interest Payable				38,253
(33,606)	Interest and Investment Income				(41,555)
0	Minority Interest Share of Profits of Subsidiaries				0
675,766	Net Operating Expenditure				830,944
(843,654)	Income from Local Taxation				(900,000)
(167,888)	(Surplus)/Deficit for the Year				(69,056)

GROUP STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2005-06 £	2006-07 £	
(167,888)	Surplus for the year on the Income and Expenditure Account	(69,056)
(28,619)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(10,208)
(196,507)	Increase in General Fund Balance for the Year	(79,264)
(302,695)	General Fund Balance Brought Forward	(499,202)
(499,202)	General Fund Balance Carried Forward	(578,466)

RECONCILIATION OF SINGLE ENTITY SURPLUS TO GROUP SURPLUS

2005-06 £	2006-07 £	
(164,285)	(Surplus)/Deficit for the year for the Authority	(40,403)
(1,683)	Adjustments for Transactions with Other Group Entities	
(165,968)	(Surplus)/Deficit in the Group Income and Expenditure Account attributable to the Authority	(40,403)
	(Surplus)/Deficit in the Group Income and Expenditure Account attributable to Group Entities (adjusted for intra-group transactions):	
	Subsidiaries	(22,233)
(1,920)	Associates	(6,420)
(167,888)	(Surplus)/Deficit for the year on the Group Income and Expenditure Account	(69,056)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This Statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes other gains and losses analysed below.

2005-06		2006-07
£		£
(167,888)	Surplus/Deficit on Income and Expenditure Account	(69,056)
0	Deficit/Surplus arising on revaluation of Fixed Assets	(1,349,780)
0	Actuarial Gains/Losses on pension fund assets/liabilities	
(159)	Any other gains and losses	3
<u>(168,047)</u>	Total Recognised gains and losses for the year	<u>(1,418,833)</u>
0	Prior Year Adjustment	
<u>(168,047)</u>	Total Recognised Gains/Losses since the last Annual Report	<u>(1,418,833)</u>

RECONCILIATION OF OPENING AND CLOSING RESERVES

2005-06		2006-07
£		£
(2,589,962)	Opening Reserves	(2,898,338)
(168,047)	Total Recognised Gains/Losses since the last Annual Report	(1,418,833)
(141,500)	Capital Grant Received	(597,033)
1,171	Write down of Deferred Charges	0
<u>(2,898,338)</u>	Closing Reserves	<u>(4,914,204)</u>

GROUP BALANCE SHEET

This Group Balance Sheet is a record of the financial position of the Council as at 31 March 2007, with comparative figures for 31 March 2006.

31 March 2006			31 March 2007	
£	£		£	£
		Tangible Fixed Assets		
		Operational Assets		
1,486,401		Land & Buildings	2,620,142	
30,107		Vehicles, Plant & Equipment	50,742	
667,179		Community Assets	779,901	
		Non Operational Assets		
284,791		Assets under construction	1,794,554	
	2,468,478			5,245,339
		Long Term Investments		
	10,426	Investment in Associate		16,846
	<u>2,478,904</u>			<u>5,262,185</u>
		Current Assets		
0		Stock and Stores		
114,554		Debtors	239,464	
64,221		Temporary Investments	69,449	
977,288		Cash in hand	359,003	
<u>1,156,063</u>			<u>667,916</u>	
		Current Liabilities		
(98,629)		Creditors	(223,177)	
(34,000)		Borrowing Repayable in 12 months	(34,000)	
<u>(132,629)</u>			<u>(257,177)</u>	
	1,023,434	Net Current Assets		410,739
	<u>3,502,338</u>	Total Assets less Current Liabilities		<u>5,672,924</u>
	(604,000)	Long Term Borrowing		(770,000)
	(141,500)	Capital Grants Deferred Account		(738,533)
	<u>2,756,838</u>	Total Net Assets		<u>4,164,391</u>
		Financed by :-		
603,440		Fixed Asset Restatement Account	1,941,940	
1,235,576		Capital Financing Account	1,259,731	
0		Usable Capital Receipts Reserve	0	
418,621		Specific Reserves	384,254	
499,202		Revenue Balances	578,466	
<u>2,756,838</u>			<u>4,164,391</u>	

GROUP CASH FLOW STATEMENT

2005-06			2006-07	
£	£	Note	£	£
		Revenue Activities		
		Expenditure		
510,022		Cash paid to or on behalf of employees	479,285	
590,827		Other operating costs	566,784	
	1,100,849			1,046,069
		Income		
(897,989)		Precept - Council Tax income	(900,000)	
(35,000)		Grants	(30,000)	
(363,420)		Cash received for goods and services	(240,114)	
	(1,296,409)			(1,170,114)
	(195,560)	Revenue Activities Net Cash Flow	5.1	(124,045)
		Servicing of Finance		
		Expenditure		
0		Interest paid	37,297	
39,446		Income		
0		Interest received	(40,197)	
(37,149)	2,297			(2,900)
		Capital Activities		
		Expenditure		
0		Purchase of fixed assets	1,503,032	
287,792		Income		
0		Sale of fixed assets	0	
0		Capital Grants received	(597,032)	
(141,500)	146,292			906,000
		Management of liquid resources		
		Short Term Lending	5,228	
0		Short Term Loans Repaid	0	
		Financing		
		Short Term Borrowing	0	
0		Short Term Borrowing Repaid	34,000	
34,000		Long Term Borrowing Movement	(200,000)	
	34,000			(160,772)
	(12,971)	Net cash inflow/(outflow)		618,283
		Other Movements		
	2	Transfers		
	(12,969)	Net (increase)/decrease in cash		618,283

GROUP CASH FLOW STATEMENT

NOTES TO THE GROUP CASH FLOW STATEMENT

5.1 RECONCILIATION OF REVENUE SURPLUS TO NET CASH FLOW FROM REVENUE ACTIVITIES

This table reconciles the net revenue account surplus or deficit to the net cash inflow from revenue activities

2005-06		2006-07	
£	£	£	£
	(196,507)		(79,264)
55,098		124,910	
(8,432)		(81,316)	
	46,666		43,594
0		(98,047)	
0		(34,000)	
(41,050)		34,367	
	(41,050)		(97,680)
(38,275)		(38,253)	
33,606		47,557	
	(4,669)		9,304
	<u>(195,560)</u>		<u>(124,046)</u>

5.2 MOVEMENT IN NET FUNDS

Net funds are cash and other liquid resources (e.g. temporary investments), less any borrowings. This table shows the movement during the year.

	Balance 01-Apr	Movement in year	Balance 31 March
	£	£	£
Cash in hand and at bank	977,288	(618,285)	359,003
Temporary investments and borrowing	64,221	5,228	69,449
	<u>1,041,509</u>	<u>(613,057)</u>	<u>428,452</u>

5.3 MOVEMENT IN LIQUID RESOURCES

Liquid resources are current assets that are readily convertible into known amounts of cash. For the Authority these are the temporary investments.

2005-06		2006-07
£		£
64,221	Temporary Investments as at 1 April	64,221
0	Increase/Decrease in Loans in the Period	5,228
64,221	Temporary Investments as at 31 March	69,449

5.4 GROUP MOVEMENTS IN RESERVES FOR THE YEAR

	Fixed Asset Restatement Account	Capital Grants Deferred	Capital Financing Account	Group Profit & Loss	Other Group Reserves	Total Reserves
	£	£	£	£	£	£
Balance Brought Forward (Restated)	603,440	141,500	1,235,576	499,202	418,621	2,898,339
Net Surplus/Deficit for Year				80,022		80,022
Unrealised Gains/Losses on Revaluation of Fixed Assets	1,487,679					1,487,679
Impairment Losses arising from Revaluations	(149,179)					(149,179)
Effects of Disposal of Fixed Assets						0
Financing of Fixed Assets			24,154			24,154
Capital Grants Deferred in Year		597,033				597,033
Transfer to Specific Reserves					(34,366)	(34,366)
Balance Carried Forward	1,941,940	738,533	1,259,730	579,224	384,255	4,903,682

GLOSSARY OF FINANCIAL TERMS

The following definitions of technical terms used in these accounts may be of assistance.

ACCOUNTING PERIOD	The period of time covered by the accounts, which for this Authority means a period of twelve months commencing on 1 April through to the following 31 March.
ACCOUNTING POLICIES	The principles, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements.
ACCRUAL	Sums included in the final accounts to cover income and expenditure attributable to the accounting period but for which payment has not been made or received by 31 March.
ACTUARIAL VALUATION	An independent report on the financial status of the Pension Fund, which determines its ability to meet future payments.
AGENCY SERVICES	The provision of services by one body (the agent) on behalf of and generally with reimbursement from the responsible body.
ASSET	Something of worth that is measured in monetary terms e.g. land and buildings (see also fixed assets below).
BALANCES	The accumulated surplus of income over expenditure.
BUDGET	A statement of the Council's plans in financial terms.
CAPITAL CHARGE	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.
CAPITAL EXPENDITURE	Expenditure on the acquisition, construction or enhancement of significant assets (e.g. land and buildings, vehicles and equipment) which have a long term value to the Authority (also referred to as capital spending or capital payments).
CAPITAL RECEIPTS	Income from the sale of capital assets (land, buildings, etc.).
COMMUNITY ASSETS	Assets that an Authority holds, that have no determinable useful life and may have restrictions on their disposal. Examples are country parks and historic buildings.
CONSISTENCY	The principle that the accounting treatment of like terms within an accounting period and from one period to the next is the same.
CONTINGENCY	A sum of money set aside to meet unforeseen liability.
CONTINGENT LIABILITY	A possible obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
CORPORATE & DEMOCRATIC CORE	Those activities which local authorities engage in specifically because they are elected, multi-purpose authorities. There is not a basis for apportioning these costs to services.
COST CENTRE	A specific area of activity where control of certain budgets has been delegated.
COUNCIL TAX	A property based tax, with discounts for those living alone, which is administered by District, Borough and Unitary Councils.
CREDITORS	Amounts owed by the Authority for work done, goods received or services rendered during the accounting period but for which payment has not been made by the end of the accounting period.

GLOSSARY OF FINANCIAL TERMS

DEBTORS	Amounts due to the Authority in relation to work done, goods received or services rendered during the accounting period but unpaid by the end of the accounting period.
DEFERRED CHARGES	Expenditure of a capital nature, which does not result in the acquisition of a fixed asset. Such expenditure is written out of the accounts in the year it is incurred.
DEPRECIATION	The measure of the use or consumption of a fixed asset over its' economic life.
EMOLUMENTS	All sums paid to an employee, including any allowances chargeable to UK income tax, but excluding pension contributions payable by either employer or employee.
ESTIMATION TECHNIQUES	The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.
FIXED ASSETS	Assets that provide benefits to the Authority and the services it provides, for a period of more than one year.
IMPAIRMENT	A loss in the value of a fixed asset, arising from physical damage such as a major fire, or a significant reduction in market value.
INFRASTRUCTURE ASSETS	Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.
NON DISTRIBUTED COSTS (NDC)	Overheads for which no user benefits, and therefore not apportioned over services. Previously this was called Unapportionable Central Overheads (UCO).
NON -OPERATIONAL ASSETS	Fixed assets that are not occupied or used in the delivery of services. Examples are investment properties and assets surplus to requirements, pending sale.
PRECEPT	A levy requiring the District and Borough Councils to collect income from council taxpayers on behalf of the Town Council. Sums collected are held in the Collection Fund (see above) and paid to the preceptor in two instalments.
PROVISIONS	Amounts set aside to meet liabilities or losses which are likely to be incurred, but where the actual sum and timing are uncertain.
RESERVES	Sums set aside to meet the cost of specific capital expenditure.
REVENUE EXPENDITURE	The day to day costs (pay, premises, transport, supplies and services, etc.) incurred by the Authority in providing services.
RUNNING COSTS	Expenditure incurred on the use of premises, transport and equipment, together with other general expenditure necessary to enable the service to be provided.
SPECIFIC GRANTS	Grants paid by government, government agencies and similar bodies, to local authorities in support of particular services. These are often in return for past or future compliance with certain conditions relating to activities of the Authority.
THIRD PARTY PAYMENTS	The cost of specialist or support services purchased by the County Council from outside contractors or other bodies.