



Dorchester  
Town  
Council

Statement  
of Accounts  
2007-08

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## INTRODUCTION

The purpose of this publication is to provide the statutory financial statements for Dorchester Town Council during the period from 1 April 2007 to 31 March 2008.

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

### **Authority's Responsibilities**

The Authority 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 regularly to review the adequacy and effectiveness of these arrangements.

### **Auditor's Responsibilities**

We are required by the Audit Commission Act 1998 to satisfy ourselves 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 us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent me from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. In 2007 your Appointed Auditor (Martin Robinson of the Audit Commission) was 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 he had done so;
- stating whether he believed that the plan had 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.

### **Conclusion**

We have undertaken our 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, we are 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 ended 31 March 2008, except for arrangements to monitor the quality of its published performance information, and to report the results to Members.

## **Best Value Performance Plan**

The previous Appointed Auditor (Martin Robinson of the Audit Commission) issued his statutory report on the audit of the Authority's best value performance plan for the financial year 2007/08 on 18 December 2007. He 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**

We certify that we 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.

KPMG LLP

London

27-Oct-08

## **Independent auditor's report to the Members of Dorchester Town**

### **Opinion on the Statement of Accounts**

We have audited the Statement of Accounts and related notes of Dorchester Town Council ('the Authority'), for the year ended 31 March 2008 under the Audit Commission Act 1998. The Statement of Accounts comprises the Explanatory Foreword, Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. The Statement of Accounts has been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Dorchester Town Council, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Dorchester Town Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dorchester Town Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Town Clerk and auditor**

The Town Clerk's responsibilities for preparing the Statement of Accounts in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts. Our responsibility is to audit the Statement of Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Authority Statement of Accounts presents fairly the financial position of Dorchester Town Council and its income and expenditure for the year in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the Statement of Accounts. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

### **Basis of audit opinion**

We conducted our 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 Authority Statement of Accounts and related notes.

It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Statement of Accounts and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Statement of Accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Statement of Accounts and related notes.

### **Opinion**

In our opinion the Statement of Accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

KPMG LLP

London  
27-Oct-08

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## FOREWORD TO THE ACCOUNTS

### REVIEW OF THE FINANCIAL YEAR 2007-08

The Council's accounts for the year ended 31st March 2008 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:-

#### Annual Governance Statement

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 2008, showing details of the Council's assets and liabilities.

#### Cash Flow Statement and Notes

This summarises inflows and outflows 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 2008, 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 most significant matters reported in the accounts.

## FOREWORD TO THE ACCOUNTS

The following table shows a comparison of the budget and outturn figures in 2007-08 analysed by committees responsible for the expenditure.

	Budget £	Actual £	Difference
<b>Net Expenditure:</b>			
Allotments	10,243	8,131	2,112
Parks, Gardens & Open Spaces	607,354	472,225	135,129
Buildings & Cultural Activities	308,277	246,255	62,022
Twinning	6,708	1,948	4,760
Corporate Management	(96,171)	52,609	(148,780)
Democratic Rep & Management	23,833	48,449	(24,616)
Planning & Environment	21,163	20,055	1,108
s.137 Expenditure	0	9,392	(9,392)
<b>Net Cost of services</b>	<b>881,407</b>	<b>859,064</b>	<b>22,343</b>
Dorchester Joint Burial Committee	64,500	65,024	(524)
Interest Payable	0	44,231	(44,231)
Interest Receivable	0	(33,235)	33,235
<b>Net operating expenditure</b>	<b>945,907</b>	<b>935,084</b>	<b>10,823</b>
Statutory Amount (see I&E)	0	48,596	(48,596)
Amount to be met by Precept	945,907	983,680	(37,773)
<b>Precept</b>	<b>(950,000)</b>	<b>(950,000)</b>	<b>0</b>
<b>(Surplus)/Deficit for the year</b>	<b>(4,093)</b>	<b>33,680</b>	<b>(37,773)</b>

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 £69,395 in the year, to £726,611.

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 decreased in the year, from a total of £24,137 (2006/07) to £22,003 (2007/08).

Section 137 expenditure (for the benefit of people in the Dorchester area) decreased from £19,980 (2006/07) to £9,392 (2007/08). This is funded from monies raised from the Sunday car boot fairs held at the Fairfield market site. Net expenditure on the Dorchester Joint Burial Committee increased from £62,000 (2006/07) to £65,024 (2007/08).

The council's expenditure on employee pensions increased from £59,527 (2006/07) to £66,077 (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 has adopted a de minimis limit of £5000, which will impact on the assets that are treated as fixed assets. Expenditure below this level will be treated as revenue expenditure. For further information, please refer to the Statement of Accounting Policies and Notes to the Accounts 1.3 Prior Period Adjustments.

A surplus of £21,956 was generated by the council's revenue activities in the year. After adjusting for transfers to and from reserves, the Minimum Revenue Provision for capital financing and the removal of depreciation and amortisation of government grants, a deficit of £26,640 was transferred to general reserves on the balance sheet. This has decreased the level of general reserves, which are available for general expenditure, to £497,357.

These accounts have been audited by KPMG. I confirm that the Statement of Accounts presents fairly the position of the Town Council as at 31st March 2008 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 26th June 2008.

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 2007/08 financial year and its position at the year-end of 31 March 2008. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007 - A Statement of Recommended Practice (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 and bank account balances.

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).

Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

### **3. PROVISIONS**

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

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the authority became aware of the obligation, based on the best estimate of the likely settlement. Where payments are eventually made, they are charged against the provision set up in the balance sheet. Provisions are reviewed at the end of each financial year - where it becomes evident that the provision is no longer required ( or a lower settlement than anticipated is made / required), the provision is reversed and credited back to the relevant revenue service account.

#### **4. 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.

The Capital Financing Account and the Fixed Asset Restatement Account have been replaced with the Capital Adjustment Account and the Revaluation Reserve which are no longer useable resources. For further information, please refer to note 23. Changes in accounting for capital reserves.

#### **5. GOVERNMENT GRANTS (Revenue)**

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.

Please refer to note 9 (vi) for the treatment of capital grants.

#### **6. 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.

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.

#### **7. VALUE ADDED TAX**

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

## **8. 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.

## **9. FIXED ASSETS**

### **i) Recognition**

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the Accounts. This expenditure 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, and the expenditure is above the de minimis limit referred to below. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to the service revenue accounts.

During the 2007/08 financial year, Dorchester Town Council adopted de minimis limit for the capitalisation of expenditure incurred on the acquisition, creation or enhancement of fixed assets of £5,000. Only expenditure that meets the test of capital expenditure above the de minimis amount of £5,000 is capitalised, with any expenditure below this amount being treated as revenue expenditure.

This treatment has not been applied to Community Assets, some of which are held at a nominal value.

Following the setting of the de minimis limit, a review was undertaken of the Fixed Asset Register as at 31st March 2007. As a result of this review a number of fixed assets have been removed from the Fixed Asset Register. This impacts on the Balance Sheet in terms of a reduction in the value of Fixed Assets, and on the Income & Expenditure account and other statements due to the change in a lower depreciation charge as a result of previously capitalised assets being treated as revenue expenditure. As a result of these changes, it has been necessary to restate the comparatives for the financial year ending 31st March, 2007.

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**

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. This is a departure from the SoRP which requires community assets to be held at historic cost.

### **iii) Impairment**

In accordance with FRS 11, instances of impairment of assets are reviewed if there is an indication that impairment has occurred.

### **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) Grants and Contributions towards Capital Expenditure**

Where government grants or other contributions are received that are identifiable to fixed assets with a finite useful economic life, the amounts are credited to the Government Grants Deferred Account. Contributions towards capital expenditure from S106 agreements, or the like, are credited to the Contributions Deferred Account. The balance is then written down over the life of the asset(s) funded by the grant or contribution.

### **vii) 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.

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 Adjustment Account for the difference between the two.

## **10. 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.

## **11. 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.

## **12. FINANCIAL INSTRUMENTS**

There have been significant changes to the 2007 SORP requirements to ensure closer compliance with accounting standards FRS 25, FRS 26 and FRS 29. These changes will not affect the Dorchester Town Council's current accounting treatment as the assets and liabilities held by the council are already compliant with the new regulations.

### Financial Liabilities

Dorchester Town Council has two types of financial liabilities, Creditors and Long Term Borrowing, both of which should be initially measured at fair value and then carried at amortised cost.

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.

### Financial Assets

Dorchester Town Council has two types of financial assets, Debtors and Bank Deposits both of which are to be treated as Loans & Receivables and in the case of Dorchester Town Council will be recorded as per the balance at the Balance Sheet Date. This does not represent a change to the previous accounting treatment.

## **13. STOCKS AND WORK IN PROGRESS**

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

## **14. CONTINGENT LIABILITIES**

The Council has no contingent liabilities.

## **15. FOREIGN CURRENCY TRANSLATION**

The council has not been involved in any foreign currency transactions.

## **16. INTEREST**

External interest receivable on temporary investments and bank accounts 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.

## **17. INVESTMENTS**

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

## **18. LONG TERM CONTRACTS**

The Council had one capital scheme in progress at the year end which is due to be completed in the year ended 31 March 2009. The capital scheme is the construction of a skate park. A small amount of expenditure has been incurred in the year ending 31 March 2008 with the majority work being carried out in the year ending 31 March 2009.

The Capital Schemes that were disclosed in the 2006/07 accounts, namely the regeneration of the Borough Gardens and the Construction of a new depot at Louds Mill, were completed as expected during the 2007/08 financial year.

## **19. 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.

There have been no post balance sheet events.

## **20. FORMAT OF INCOME & EXPENDITURE ACCOUNT**

The CIPFA Best Value Accounting Code of Practice (BVACOP) prescribes the format of the analysis of service expenditure in the Income and Expenditure Account. 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.

## **21. GROUP ACCOUNTS**

In accordance with the Statement of Recommended Practice (SORP) the Council is presenting additional statements which show the consolidated position of the Council and its group entities.

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.

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.

## **22. RESTATEMENT OF COMPARATIVES**

As a result of the change in accounting policy regarding the capitalisation of Fixed Assets (the introduction of a £5,000 de minimis limit), the comparatives for the financial year ending 31st March 2007 have been restated. See note 1.3 Prior Period adjustment for further details.

## **23. CHANGES IN ACCOUNTING FOR CAPITAL RESERVES**

The 2007 SoRP introduced new capital reserves.

The Fixed Asset Replacement Account and the Capital Financing Account have been replaced by a Revaluation Reserve and the Capital Adjustment Account.

The Revaluation Reserve was introduced with a balance of £0 at the beginning of the 2007/08 financial year in accordance with SORP requirements, as a proxy for net depreciated historical cost.

The accounting requirements for the setting up of the zero balance on the Revaluation Reserve are:

- record a figure for depreciated historical cost as at 31 March 2007 for each asset in the register equal to the asset's current value at that date
- write the Fixed Asset Restatement Account down to zero to reflect the absence of any recorded revaluation gains
- posting the writing down of the Fixed Asset Restatement Account balance to the Capital Financing Account (converting the latter into the Capital Adjustment Account)

The Balances on these capital reserves do not represent resources available to support capital financing. Their purpose is as follows:

#### Revaluation Reserve

The reserve records the accumulated gains and losses in the fixed assets held by the authority arising from increases in value.

The reserve is also debited with amounts equal to the incremental part of depreciation charges on assets that have been incurred only because the asset has been revalued.

On disposal, the revaluation reserve balance for the disposal of that asset is written out to the Capital Adjustment Account.

The overall balance on the reserve represents the amount by which the value of fixed assets carried on the balance sheet exceeds their depreciated historical cost. This is because some assets may be carried at revalued amounts rather than depreciated historical cost.

#### Capital Adjustment Account

This account accumulates:

- i) the write-down of historical cost on fixed assets as they are consumed by depreciation and impairments or written off on disposal
- ii) the resources that have been set aside to finance capital expenditure.

The balance represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

# **DORCHESTER TOWN COUNCIL**

## **ANNUAL GOVERNANCE STATEMENT – 2007-08**

### **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 corporate governance which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

### **2. THE PRINCIPLES OF CORPORATE GOVERNANCE**

The Council continues to refine and improve its arrangements for corporate governance and, in so doing, takes into account the six core principles, namely –

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

### **3. THE ELEMENTS OF THE COUNCIL'S CODE OF CORPORATE GOVERNANCE**

This section of the Statement explores the Council's arrangements under each of the six core principles. It continues to be refined and improved. In particular a programme of review has been agreed for all the elements of the Council's corporate governance arrangements and work on this programme is in hand.

*Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area*

The Performance and Policy Plan is produced on an annual basis. The plan sets out the Council's objectives, the services provided by the Council in order to achieve them, costs associated with these services 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 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.

This document took its present form in response to the imposition of the statutory duty of best value. This statutory duty will be withdrawn with effect from 1 April 2008 but the Council recognises the value of the Performance and Policy Plan as a management tool and has already decided to continue with its publication, albeit that the contents of it are likely to change to make it more valuable and the timing of its publication is likely to change to increase its impact on the Council's resourcing considerations and budget process.

There are a number of other documents, policies and strategies which help to contribute towards the achievement of this principle, including the formal reporting of regular Management Accounts and the Medium Term Financial Strategy. The Council also has a formal Complaints Procedure.

*Members and officers working together to achieve a common purpose with clearly defined functions and roles*

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 is shortly to be reviewed again as part of the review of all the elements of the Council's corporate governance documents, policies and procedures. It 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. There is an opportunity for members of the public to speak at the end of all meetings of the full Council and also, with the consent of the Chairman, during committee meetings. The Council has recently considered whether to formalise the arrangements for public participation in committee meetings but concluded that the present arrangements operate satisfactorily.

The Council has a formal Member-Officer Protocol.

*Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour*

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 employs to ensure that 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 and all members attended a training session on the revised Code of Conduct 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 underwent training arranged by the Dorset Association of Parish and Town Councils.

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. In addition the Council has adopted a Code of Conduct for Staff and this will be reviewed against the model code promised by the Standards Board for England when this is eventually published. The Council's Personal Achievement and Development Scheme was recently examined by South West Provincial Employers and found to be suited to its purpose.

*Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*

In common with the vast majority of town and parish councils throughout the country the Council continues to operate a traditional committee structure which affords a high level of engagement and accountability. All members receive the agenda and supporting papers for all meetings of the Council and the various committees: Standing Orders provide for them to attend and speak at all meetings (with special arrangements in place in accordance with the code of conduct if the matter under consideration is one in which they have an interest). The work of the Committees is supported and underpinned by eleven panels focussing more closely on particular areas of the Council's activity.

Financial and service risks are considered as part of normal day to day business of the Council. The high-level Risk Management Strategy has been reviewed and formally adopted by the Council. The Risk Register has been populated with existing and new risks and the various risks scored. 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 through the agency of the Risk Management Panel but responsibility for risks on a day to day basis is delegated to managers.

Advice to members on the law, regulations and internal procedures is provided either in-house or 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.

The Council has a formal Confidential Reporting Procedure and there are current working practices in place for regular risk assessments of play areas and other facilities run by the Council.

#### *Developing the capacity and capability of members and officers to be effective*

The Council has a proactive approach to training for both members and staff. Staff training needs are identified as part of the appraisal process and contributed to the corporate training plan. The Council has adopted a Member Development Strategy which encourages all members to undertake appropriate training.

#### *Engaging with local people and other stakeholders to ensure robust public accountability*

The Council has a long-standing commitment to public engagement and has an excellent record of public consultation and involvement. As well as dealing direct with residents in particular areas or particular interest groups when specific projects or initiatives are being developed the Council publishes a newsletter four times a year and has it circulated to all residential properties in the town.

The Council has also completely redesigned its website recently in a way which is more attractive to users and easier to access in another attempt to engage with local people.

#### **4. The financial management of the Authority**

The Council has adopted Financial Regulations.

The system of 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 targets to measure financial and other performance
- The preparation of financial reports to members to compare actual and budget expenditure.
- Reports detailing the cash position when new projects are undertaken.

During 2007-08 the Council purchased an internal audit service from an external provider. Internal audit reviews all the activities of the Council and an audit plan taking account of risk has been prepared in consultation with the Council's financial service provider. Internal audit reports are issued to members of the Policy Committee for discussion.

The Council has not produced a long-term financial plan but a Medium Term Financial Strategy, ending in 2010-11 was adopted during 2007-08; this Strategy will periodically reviewed in accordance with a timetable approved by the Council. 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.

## **5. REVIEW ARRANGEMENTS**

The Council has identified a timetable for review of the effectiveness of its corporate governance arrangements and, separately, a review of its internal audit arrangements. The Council will continue to respond proactively to reports from external and internal auditors and continue to monitor and develop its corporate governance arrangements and system of internal control, where appropriate in consultation with the Council's financial service provider. Within the Council managers have a responsibility for the development and maintenance of the internal control environment.

Reviews will be informed by the work of internal audit, risk management, managers and comments made by the external auditors.

### **Signed on behalf of Dorchester Town Council:**

Kate Hebditch  
Mayor

Dennis Holmes  
Town Clerk

## INCOME AND EXPENDITURE ACCOUNT

2006-07 Net Spending (Restated) £		2007-08 Continuing Operations		Net Spending £
		Gross Spending £	Income £	
10,212	Allotments	12,442	(4,311)	8,131
232,280	Buildings & Cultural Activities	316,381	(70,126)	246,255
411,497	Parks, Gardens & Open Spaces	537,147	(64,922)	472,225
3,736	Twinning	1,948	0	1,948
20,400	Planning & Environment	20,765	(710)	20,055
19,980	Section 137 Expenses	9,392	0	9,392
0	Heritage Committee	0	0	0
101,126	Corporate and Democratic Core Costs	259,955	(158,897)	101,058
0	Non-Distributed Costs	0	0	0
<b>799,231</b>	<b>Net Cost of Services</b>	<b>1,158,030</b>	<b>(298,966)</b>	<b>859,064</b>
0	(Profit)/Loss on Sale of Fixed Assets			0
62,000	Dorchester Joint Burial Committee Precept			65,024
38,253	Interest Payable			44,231
(37,644)	Interest and Investment Income			(33,235)
<b>861,840</b>	<b>Net Operating Expenditure</b>			<b>935,084</b>
(900,000)	<b>Income from Local Taxation</b>			<b>(950,000)</b>
<b>(38,160)</b>	<b>(Surplus)/Deficit for the Year</b>			<b>(14,916)</b>

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2006-07 £ (restated)		2007-08 £
(38,160)	Surplus for the year on the Income and Expenditure Account	(14,916)
(21,649)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	48,596
(59,809)	(Increase) / Decrease in General Fund Balance for the Year	33,680
(464,188)	General Fund Balance Brought Forward	(523,997)
<b>(523,997)</b>	<b>General Fund Balance Carried Forward</b>	<b>(490,317)</b>

## 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

<b>2006-07</b> £ (restated)		<b>2007-08</b> £
	<b>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</b>	
(97,155)	Depreciation and impairment of fixed assets	(163,629)
0	Write down of Government Grants	24,723
	Write downs of deferred charges to be financed from capital resources	0
<u>(97,155)</u>		<u>(138,906)</u>
	<b>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</b>	
34,000	Minimum revenue provision for capital financing	34,000
98,047	Capital expenditure charged in-year to the General Fund Balance	0
<u>132,047</u>		<u>34,000</u>
	<b>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</b>	
(56,541)	Net transfer to or from earmarked reserves	153,502
<u>(56,541)</u>		<u>153,502</u>
<u>(21,649)</u>	<b>Net additional amount required to be credited to the General Fund balance for the year</b>	<u><b>48,596</b></u>

## **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.

<b>2006-07</b>		<b>2007-08</b>
£		£
<b>(restated)</b>		
(38,160)	(Surplus)/Deficit on Income and Expenditure Account	(14,916)
(1,338,500)	(Surplus)/Deficit arising on revaluation of Fixed Assets *	(7,499)
	Actuarial Gains/Losses on pension fund assets/liabilities	0
3	Any other gains and losses	0
(1,376,657)	Total Recognised gains and losses for the year	(22,415)
35,993	Prior Year Adjustment	
<b>(1,340,664)</b>	<b>Total Recognised Gains/Losses since the last Annual Report</b>	<b>(22,415)</b>

\* These assets have subsequently been disposed of, reducing the balance of the revaluation reserve back to zero.

## **RECONCILIATION OF OPENING AND CLOSING RESERVES**

<b>2006-07</b>		<b>2007-08</b>
£		£
<b>(restated)</b>		
2,640,840	Opening Reserves	3,981,503
1,340,664	Total Recognised Gains/Losses since the last Annual Report	22,415
<b>3,981,503</b>	<b>Closing Reserves</b>	<b>4,003,918</b>





## 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

	2007-08			Difference ( ) = over (from original estimate) £
	Original Estimate £	Final Estimate £	Actual £	
<u>Council</u>				
Employees	528,221	528,221	521,998	6,223
Premises Related Expenses	138,900	138,900	108,731	30,169
Transport Related Expenses	16,356	16,356	20,359	(4,003)
Supplies and Services	206,353	223,914	233,135	(26,782)
Third Party Payments	178,382	178,382	189,924	(11,542)
Capital Charges	258,001	258,001	138,906	119,095
	<b>1,326,213</b>	<b>1,343,774</b>	<b>1,213,053</b>	<b>113,159</b>
<u>Income</u>				
Grants	(30,000)	(30,000)	(30,000)	0
Reimbursements & Contributions	(60,929)	(60,929)	(27,117)	(33,812)
Customer & Client Receipts	(182,970)	(182,970)	(231,848)	48,878
<b>Net Cost of Service</b>	<b>1,052,314</b>	<b>1,069,875</b>	<b>924,088</b>	<b>128,226</b>
Interest Payable	(263,620)	(263,620)	44,231	(307,851)
Interest on balances	(12,000)	(12,000)	(33,235)	21,235
<b>Net Operating Expenditure</b>	<b>776,694</b>	<b>794,255</b>	<b>935,084</b>	<b>(158,390)</b>
Transfers to/(from) Specific Reserves	135,213	135,213	153,502	(18,289)
Revenue Financing of Capital	0	0	0	0
Appropriations to/(from) Capital Financing Account	34,000	34,000	(104,906)	138,906
<b>Amount to be met from Government Grant and Local Financed by</b>	<b>945,907</b>	<b>963,468</b>	<b>983,680</b>	<b>(37,773)</b>
Council Tax Precept	(950,000)	(950,000)	(950,000)	0
<b>Total Funding</b>	<b>(950,000)</b>	<b>(950,000)</b>	<b>(950,000)</b>	<b>0</b>
<b>Net General Fund (Surplus)/Deficit</b>	<b>(4,093)</b>	<b>13,468</b>	<b>33,680</b>	<b>(37,773)</b>

### 1.2 MOVEMENT IN BALANCES

The level of general balances has reduced by the general fund deficit of £33,680

## **NOTES TO THE INCOME AND EXPENDITURE ACCOUNT**

### **1.3 PRIOR PERIOD ADJUSTMENT**

During the 2007/08 financial year, Dorchester Town Council adopted a de minimis limit of £5,000 for the capitalisation of expenditure incurred on the acquisition, creation or enhancement of fixed assets. Only expenditure that meets the test of capital expenditure above the de minimis amount of £5,000 is capitalised, with any expenditure below this amount being treated as revenue expenditure.

A review has been undertaken of the Fixed Asset Register as at 31st March 2007. As a result of this review, a number of fixed assets have been removed from the Fixed Asset Register. This impacts on the balance sheet in terms of a reduction in the value of Fixed Assets, and on the Income & Expenditure account and other statements due to the change in a lower depreciation charge as a result of previously capitalised assets being treated as revenue expenditure. As a result of these changes, it has been necessary to restate the comparatives for the financial year ending 31st March 2007.

The impact of this change in accounting policy is as follows:

#### **Impact on Income & Expenditure Account and the Statement of Movement in General Fund Balance**

Surplus for 2006/07 as per original accounts	(40,403)
Reduced Depreciation Charge	(10,737)
Previously Capitalised Assets now treated as revenue expenditure	<u>12,980</u>
Restated Surplus for 2006/07	<u>(38,160)</u>

As the depreciation charge is excluded when calculating the Movement of General Fund Balance, the movement on the General Fund balance has been reduced to a surplus of £59,809. This difference is solely down to the previously capitalised expenditure being treated as revenue expenditure.

#### **Impact on the Balance Sheet**

NBV Plant & Equipment as at 31st March 2007 as per audited accounts	50,742
Removing NBV of assets below de minimis limit as at 1 April 2006	(35,994)
Change in 2006/07 Depreciation Charge	10,737
Previously Capitalised Assets now treated as revenue expenditure	<u>(12,980)</u>
Restated NBV Plant & Equipment as at 31st March 2007	<u>12,505</u>

As a result of these changes, the restated closing balance on the Capital Adjustment Account has been amended to £3,176,416 at the end of the 2006/07 financial year.

The closing balance on the General Fund Balance has dropped to £523,997 on the restated comparatives.

## **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 £5.64 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 £79,039 under this power in 2007/08. Expenditure was incurred for Grants to Local Voluntary Bodies.

<b>2006-07</b>		<b>2007-08</b>
£		£
19,980	Section 137 Expenses	9,392

### **1.5 PUBLICITY**

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

<b>2006-07</b>		<b>2007-08</b>
£		£
3,329	Staff Advertising	475
2,766	Other Advertising	5,346
950	Public Relations/Community Consultancy	0

### **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 2007/08 the Council paid an employer's contribution of £66,076.90, representing 335% of employee's contributions into Dorset County Council's pension fund. The contribution rate is determined by the fund's actuary based on triennial actuarial valuations, the last review being 31st March 2007. Under pensions regulations, contribution rates are set to meet 100% of the overall liabilities of the fund.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2007/08 these amounted to £924.37.

## 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.

The Mayoral Allowance has now been included within the Members Allowances note below.

2006-07	2007-08
£	£
4,590	4,728
Members Allowances	

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.

2006-07	2007-08
0	1
£50,000 to £59,999	

### 1.8 STAFFING STATEMENT

2006-07		2007-08
In post		In post
6	Permanent Administration Staff	6
0	Temporary Administration Staff	0
11	Permanent Manual Staff	11
6	Part-time Permanent Manual Staff	8
0	Temporary Manual Staff	0
<b>23</b>		<b>25</b>

### 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 £92,135 was received from the Dorchester Markets Joint Committee, which is a joint committee of Dorchester Town Council and West Dorset District Council (2006/07: £93,427). £8,745 of this relates to income from the running of a car boot fair on Sundays, and is set aside for donations to good causes (2006/07: £10,037).

In addition, the Town Council received £7,880 (2006/07: £7,650) 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 £65,024 to the Dorchester Joint Burial Committee, which represents the committee's precept demand for 2007/08 (2006/07: £62,000).

## **NOTES TO THE INCOME AND EXPENDITURE ACCOUNT**

### **1.10 AUDIT FEES**

The Council has incurred the following fees payable to the Audit Commission relating to external audit, statutory inspection and grant certification.

<b>2006-07</b>		<b>2007-08</b>
<b>£</b>		<b>£</b>
12,500	External Audit Services - current year	<b>18,000</b>
4,448	External Audit Services - relates to previous years	<b>7,172</b>
0	Statutory Inspections	<b>0</b>
0	Certificate of grant claims	<b>0</b>
<b>16,948</b>		<b>25,172</b>

The audit fees charged to the accounts in the financial year includes the current year's anticipated audit fee and any adjustments relating to previous years due to changes in the invoiced or expected audit fees.

### **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 £6,332; related expenditure was £8,083. In addition the Town Council received £6,652 from the District and County councils relating to room hire. The Town Council paid £22,921 relating to sweeping of the walks, £57,211 relating to the provision of financial services, £314 relating to building regulations and planning applications, £3,259 relating to the provision of fuel, £5,066 relating to the collection of trade waste, £2,740 for the provision of printing services and £7,823 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.

	<b>Dorchester Markets Joint Committee</b>	<b>Dorchester Town Council share (35%)</b>	
Turnover	299,558	0	<b>Shown as:</b>  Share of Operating Result of Associate
Profit	<u>(30,503)</u>	<u>(10,676)</u>	
Fixed Assets	0	0	Investment in Associate
Current Assets	27,702	0	
Current Liabilities	<u>(10,074)</u>	<u>0</u>	
	<u>17,628</u>	<u>6,170</u>	Share of Committee Reserves
Repairs Reserve	<u>17,628</u>	<u>6,170</u>	

### **1.13 LEASES**

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

At 31 March 2008 the Council was committed to making payments of £1,942 in 2008/2009 under these leases, comprising the following elements.

	Vehicles, Plant & Equipment £
Leases expiring in 2007/08	0
Leases expiring between 2008/09 and 2011/2012	1,942
Leases expiring after 2011/2012	0

## 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.

	<b>Operational Assets</b>			<b>Non-operational Assets</b>		<b>Total Assets</b>
	<b>Land and Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Community Assets</b>	<b>Under construction</b>	<b>Surplus Assets</b>	
<b>2006-07</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Gross Book Value 1 April (restated)	2,687,000	205,296	779,261	1,794,554	0	<b>5,466,111</b>
Accumulated Depreciation (restated)	(66,859)	(133,057)	(59,093)	0	0	<b>(259,009)</b>
Net Book Value 1 April	2,620,141	72,239	720,168	1,794,554	0	<b>5,207,102</b>
Transfers	1,110,407	212,095	604,601	(1,927,103)	0	-
Additions	0	95,523	0	133,656	0	<b>229,179</b>
Disposals	0	(7,500)	0	0	0	<b>(7,500)</b>
Revaluations	0	7,499	0	0	0	<b>7,499</b>
Depreciation for the year	(103,874)	(49,694)	(10,062)	0	0	<b>(163,630)</b>
Depreciation on assets sold	0	0	0	0	0	-
Impairment	0	0	0	0	0	<b>0</b>
<b>Net Book Value 31 March</b>	<b>3,626,674</b>	<b>330,162</b>	<b>1,314,707</b>	<b>1,107</b>	<b>0</b>	<b>5,272,650</b>

#### Schemes in progress and Commitments

At 31st March 2008 there was only one scheme in progress relating to the construction of a skatepark at Fairfield.

During the 2007/08 financial year, the capital works in the Borough Gardens has come to an end. The project was expected to cost £1,350,000. Of this amount, £950,000 was to be provided by the Heritage Lottery Fund with the balance funded by Dorchester Town Council. The final cost that has been capitalised with regards to this scheme was £1,549,215.

During the year the Council also completed 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 was due to cost £400,000, which was being funded by the Council. The final expenditure capitalised with regards to this project was £377,888.

Now that the schemes are complete, The expenditure for both of these projects has been transferred from the Assets under Construction heading to the applicable fixed asset classification as prescribed by the SoRP.

Expenditure of £1,107 has been incurred as at the end of the 2007/08 financial year relating to the construction of the Skatepark at Fairfield. This capital scheme is expected to be completed during the 2008/09 financial year.

#### 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 / 30 years
- b) Leasehold buildings - life of the lease
- c) Play equipment - 10 years
- d) Vehicles, plant & machinery and other assets - 5 years.
- e) Borough Gardens Railings & Fountain - 20 years

#### Asset Register

A summary of properties is shown below.

Council Offices Municipal Buildings Weymouth Avenue Pavilion* Sandringham Sports Centre* Borough Gardens
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\*Assets on a long term lease

#### Community Assets

The Community Assets included in the accounts predominately comprises of land and open spaces which is used for allotments, play areas or park land to benefit the residents or Dorchester.

#### Impairment Review

Although no formal impairment review has been carried out in the 2007/08 financial year, nothing has come to the attention of management that would suggest any possible impairment.

### 2.2 SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE

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

2006-07 (restated) £		2007-08 £
1,488,055	Major Schemes	133,656
	Minor works to buildings	
17,500	Plant & Machinery	25,415
	Vehicles	24,343
655	IT Equipment and software	
42,411	Other equipment	45,765
<b>1,548,621</b>	<b>Total Payments</b>	<b>229,179</b>
98,047	Revenue Financing	
597,033	Government Grants	244,007
853,541	Borrowing	(14,828)
<b>1,548,621</b>		<b>229,179</b>

## NOTES TO THE BALANCE SHEET

### **2.3 DEBTORS**

An analysis of the amounts due to the Authority at 31 March 2008 is shown below. The accounts include a provision for potential bad debts.

<b>2006-07</b> <b>(restated)</b>		<b>2007-08</b>
£		£
90,418	Central Government Departments	<b>111,508</b>
76,937	Other Local Authorities	<b>90,113</b>
63,709	Others	<b>37,325</b>
<u>231,064</u>		<u><b>238,946</b></u>

### **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 2008 is shown below.

<b>2006-07</b> <b>(restated)</b>		<b>2007-08</b>
£		£
19,835	Central Government Departments	<b>21,856</b>
25,544	Other Local Authorities	<b>19,446</b>
168,490	Others	<b>147,300</b>
<u>213,869</u>		<u><b>188,602</b></u>

### **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:

2006-07 £	Principal Repayable	2007-08 £
34,000	Less than 1 year	34,000
34,000	1-2 years	34,000
102,000	2-5 years	102,000
370,000	5-10 years	370,000
264,000	10 years +	230,000
804,000		770,000

### 2.8 SPECIFIC RESERVES

The following reserves have been earmarked to fund future spending.

	Opening Balance 2006-07	Income/ Transfers	Expenditure/ Transfers	Closing Balance 2007-08
Municipal Buildings	38,675	52,000	0	90,675
Weymouth Avenue/Poundbury	1,461	0	(1,461)	0
Seats/Litter Bins Reserve	15,377	0	0	15,377
Play Equipment Reserve	28,274	10,000	0	38,274
Depot Repair Reserve	0	3,500	(2,716)	784
Christmas Lighting	16,268	0	0	16,268
Council Offices Repairs	12,040	1,000	(762)	12,278
Civic Regalia Replacement	1,649	300	0	1,949
Fairfield Skatepark	20,081	72,000	0	92,081
Holmead Walk Play Area	15,000	0	0	15,000
Dorchester Festival	8,333	5,000	(13,333)	0
Town Crier Uniform	299	299	0	598
Sunday Market	21,511	8,745	(9,897)	20,359
Repairs and Renewals	102,122	20,000	(11,173)	110,949
Loan Repayment Reserve	0	20,000	0	20,000
	<b>281,090</b>	<b>192,844</b>	<b>(39,342)</b>	<b>434,592</b>

### 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.

## NOTES TO THE BALANCE SHEET

### **2.10 FINANCIAL INSTRUMENTS BALANCES**

The borrowings disclosed in the Balance Sheet are made up of the following categories of financial instruments:

<b>2006-07</b>		<b>2007-08</b>
<b>£</b>		<b>£</b>
	<u>Long Term Borrowings</u>	
804,000	Financial liabilities at amortised cost - Loans	<b>770,000</b>
	<u>Short Term Borrowings</u>	
0	Financial liabilities at amortised cost	<b>0</b>
<u>804,000</u>		<u><b>770,000</b></u>

### **2.11 FINANCIAL INSTRUMENTS GAINS & LOSSES**

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments identified above are as follows:

<b>2006-07</b>		<b>2007-08</b>
<b>£</b>		<b>£</b>
	Financial liabilities at amortised cost - Loans	
38,253	Interest Paid on Financial Liabilities - Loans	<b>44,231</b>
<u>38,253</u>		<u><b>44,231</b></u>

### **2.12 DISCLOSURE OF NATURE AND EXTEND OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The authority's activities expose it to a variety of financial risks:

1. Credit risk - the possibility that other parties might fail to pay amounts due to the authority
2. Liquidity risk - the possibility that the authority might not have funds available to meet its commitments to make payments
3. Market risk - the possibility that financial loss might arise for the authority as a result of changes in such measure as interest rates and stock market movements

#### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. To reduce the credit risk, Dorchester Town Council only places deposits with established banks. The Council uses Lloyds TSB for its day to day banking, which is rated AA+ by Fitch.

#### Liquidity Risk

The liquidity risk is small. As the authority has ready access to borrowings from the PWLB, there is no significant risk that the council will not be able to raise finance to meet its commitments under financial instruments. The Council has sufficient cash to meet its ongoing financial obligations.

#### Market risk

The authority is not exposed to risk in terms of its exposure to interest rate movements on its borrowings as the loans from the PWLB are fixed rate. However, moves in interest rate could have an impact on the interest generated from Bank Deposits and Money Market deposits.

#### Price Risk

The council does not invest in bonds, unit fund and property fund holdings are all quoted on the open market, so the authority is not exposed to losses arising from movements in the price of these types of investments.

#### Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## **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

2006-07 (restated)		2007-08	
£	£	£	£
	(72,789)		<b>33,680</b>
124,800		<b>(89,852)</b>	
(77,959)		<b>488</b>	
	46,841		<b>(89,364)</b>
(98,047)		<b>(54,000)</b>	
(34,000)		<b>(133,502)</b>	
56,541			<b>(187,502)</b>
	(75,506)		
(37,298)		<b>(44,231)</b>	
36,584		<b>33,236</b>	
	(714)		<b>(10,995)</b>
	<u>(102,168)</u>		<u><b>(254,181)</b></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 1 April 2007 (restated)	Movement in year	Balance 31 March 2008
	£	£	£
Cash in hand and at bank	230,290	162,061	<b>392,351</b>
Temporary investments and borrowing	69,449	3,213	<b>72,662</b>
	<u>299,739</u>	<u>165,274</u>	<u><b>465,013</b></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.

2006-07		2007-08
£		£
64,221	Temporary Investments as at 1 April	<b>69,449</b>
5,228	Increase/Decrease in Loans in the Period	<b>3,213</b>
<u>69,449</u>	Temporary Investments as at 31 March	<u><b>72,662</b></u>

#### **4.1 MOVEMENTS IN RESERVES FOR THE YEAR**

	<b>Revaluation Reserve £</b>	<b>Capital Adjustment Account £</b>	<b>Specific Reserves £</b>	<b>General Fund £</b>
<b>Balance Brought Forward (restated)</b>	0	3,176,416	281,090	523,997
Net Increase/(Decrease) in General Fund Balance				(33,680)
Effects of Revaluations of Fixed Assets	7,499			
Effects of Disposal of Fixed Assets	(7,499)	7,500		
Depreciation		(163,629)		
Loan Repayment		34,000		
Capital Grants Deferred in Year				
Capital Grants Written Down		24,722		
Transfer to Specific Reserves			153,502	
<b>Balance Carried Forward</b>	<b>0</b>	<b>3,079,009</b>	<b>434,592</b>	<b>490,317</b>

#### 4.2 MOVEMENTS IN REVALUATION RESERVE

The reserve records the accumulated gains in the fixed assets held by the authority arising from increases in value.

On disposal, the revaluation reserve balance for the disposal of that asset is written out to the Capital Adjustment Account.

The overall balance on the reserve represents the amount by which the value of fixed assets carried on the balance sheet exceeds their depreciated historical cost. This is because some assets may be carried at revalued amounts rather than depreciated historical cost.

<b>2006-07</b>		<b>2007-08</b>
£		£
603,440	Balance as at 1 April	0
1,338,500	Revaluations	7,499
(1,941,940)	Transfer to Capital Adjustment Account	(7,499)
<b>0</b>		<b>0</b>

#### 4.3 MOVEMENTS IN CAPITAL ADJUSTMENT ACCOUNT

This account accumulates:

- i) the write-down of historical cost on fixed assets as they are consumed by depreciation and impairments or written off on disposal
- ii) the resources that have been set aside to finance capital expenditure.

The balance represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

<b>2006-07</b>		<b>2007-08</b>
£		£
1,199,585	Balance as at 1 April	3,176,416
98,047	Capital Receipts Applied	7,500
(97,156)	Capital Charges	(138,907)
34,000	Loan Repayment	34,000
1,941,940	Transfer from Revaluation Reserve	0
<b>3,176,416</b>	Balance at 31 March	<b>3,079,009</b>

#### 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.

<b>2006-07</b>		<b>2007-08</b>
£		£
141,500	Balance as at 1 April	738,533
597,033	Grants received in year	244,007
0	Grants written off in year	(24,722)
<b>738,533</b>	Balance at 31 March	<b>957,818</b>

#### 4.5 MOVEMENTS IN CONTRIBUTIONS DEFERRED

This represents S106 contributions towards the cost of Capital Works received from developers. In accordance with the Statement of Recommend Practice, this will be witten off in the service revenue account over the useful life of the asset(s) which have been or will be funded by the contribution.

<b>2006-07</b>		<b>2007-08</b>
<b>£</b>		<b>£</b>
0	Balance as at 1 April	<b>0</b>
0	Contributions received in year	<b>56,271</b>
0	Contributions written off in year	<b>0</b>
<b>0</b>	Balance at 31 March	<b>56,271</b>

## GROUP INCOME AND EXPENDITURE ACCOUNT

2006-07 (restated) Net Spending £	2007-08 Continuing Operations			Net Spending £	
	Gross Spending £	Income £	Specific Grants £		
10,212	Allotments	12,442	(4,311)	0	<b>8,131</b>
232,280	Buildings & Cultural Activities	316,381	(70,126)	0	<b>246,255</b>
411,497	Parks, Gardens & Open Spaces	537,147	(64,922)	0	<b>472,225</b>
3,736	Twinning	1,948	0	0	<b>1,948</b>
20,400	Planning & Environment	20,765	(710)	0	<b>20,055</b>
19,980	Section 137 Expenses	9,392	0	0	<b>9,392</b>
101,126	Corporate and Democratic Core Costs	259,955	(158,897)	0	<b>101,058</b>
46,168	Dorchester Joint Burial Committee	93,289	(38,322)	0	<b>54,967</b>
(6,420)	Share of the Operating Results of Associate				<b>10,676</b>
838,979	<b>Net Cost of General Fund Services</b>	<b>1,251,319</b>	<b>(337,288)</b>	<b>0</b>	<b>924,707</b>
0	Gain or Loss on Disposal of Fixed Assets				<b>0</b>
0	Other Operating Income				<b>0</b>
0	Exceptional Items				<b>0</b>
38,254	Interest Payable				<b>44,231</b>
(41,555)	Interest and Investment Income				<b>(40,051)</b>
0	Minority Interest Share of Profits of Subsidiaries				<b>0</b>
835,678	<b>Net Operating Expenditure</b>				<b>928,887</b>
(900,000)	Income from Local Taxation				<b>(950,000)</b>
<b>(64,322)</b>	<b>(Surplus)/Deficit for the Year</b>				<b>(21,113)</b>

## GROUP STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2006-07 £ (restated)	2007-08 £	
(64,322)	Surplus for the year on the Income and Expenditure Account	(21,113)
(1,962)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	46,732
(66,284)	Increase in General Fund Balance for the Year	25,619
(555,360)	General Fund Balance Brought Forward	(621,644)
<b>(621,644)</b>	<b>General Fund Balance Carried Forward</b>	<b>(596,025)</b>

## RECONCILIATION OF SINGLE ENTITY SURPLUS TO GROUP SURPLUS

2006-07 £ (restated)	2007-08 £	
(38,160)	(Surplus)/Deficit for the year for the Authority	(14,916)
	Adjustments for Transactions with Other Group Entities	
(38,160)	(Surplus)/Deficit in the Group Income and Expenditure Account attributable to the Authority	(14,916)
	(Surplus)/Deficit in the Group Income and Expenditure Account attributable to Group Entities (adjusted for intra-group transactions):	
(19,742)	Subsidiaries	(16,873)
(6,420)	Associates	10,676
<b>(64,322)</b>	<b>(Surplus)/Deficit for the year on the Group Income and Expenditure Account</b>	<b>(21,113)</b>

## **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.

<b>2006-07</b> £ <b>(restated)</b>		<b>2007-08</b> £
(64,322)	Surplus/Deficit on Income and Expenditure Account	(21,113)
(1,338,500)	Deficit/Surplus arising on revaluation of Fixed Assets	(7,499)
	Actuarial Gains/Losses on pension fund assets/liabilities	
3	Any other gains and losses	
<b>(1,402,819)</b>	<b>Total Recognised gains and losses for the year</b>	<b>(28,612)</b>
35,992	Prior Year Adjustment	
<b>(1,366,827)</b>	<b>Total Recognised Gains/Losses since the last Annual Report</b>	<b>(28,612)</b>

## **RECONCILIATION OF OPENING AND CLOSING RESERVES**

<b>2006-07</b> £ <b>(restated)</b>		<b>2007-08</b> £
(2,773,585)	Opening Reserves	(4,140,412)
(1,366,827)	Total Recognised Gains/Losses since the last Annual Report	(28,612)
<b>(4,140,412)</b>	<b>Closing Reserves</b>	<b>(4,169,024)</b>





## **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

2006-07 (Restated)		2007-08	
£	£	£	£
	(79,264)		<b>25,619</b>
124,910		<b>(85,398)</b>	
(81,316)		<b>(16,134)</b>	
	43,594		<b>(101,532)</b>
(98,047)			
(34,000)		<b>(44,675)</b>	
34,367		<b>(154,127)</b>	
	(97,680)		<b>(198,802)</b>
(38,253)		<b>(44,231)</b>	
47,557		<b>39,701</b>	
	9,304		<b>(4,530)</b>
	<b>(124,046)</b>		<b>(279,245)</b>

#### **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 (Restated) £	Movement in year £	Balance 31 March £
Cash in hand and at bank	359,003	193,592	<b>552,595</b>
Temporary investments and borrowing	69,449	3,213	<b>72,662</b>
	<b>428,452</b>	<b>196,805</b>	<b>625,257</b>

#### **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.

2006-07 £		2007-08 £
64,221	Temporary Investments as at 1 April	<b>69,449</b>
5,228	Increase/Decrease in Loans in the Period	<b>3,213</b>
<b>69,449</b>	Temporary Investments as at 31 March	<b>72,662</b>

## **5.4 GROUP MOVEMENTS IN RESERVES FOR THE YEAR**

	<b>Revaluation Reserve £</b>	<b>Capital Adjustment Account £</b>	<b>Group General Fund Balances £</b>	<b>Other Group Reserves £</b>	<b>Total Reserves £</b>
<b>Balance Brought Forward (Restated)</b>	0	3,134,513	621,644	384,255	4,140,412
Net Surplus/Deficit for Year			(25,619)		(25,619)
Effects of Revaluations	7,499	7,500			14,999
Effects of Disposal of Fixed Assets	(7,499)				(7,499)
Loan Repayment		34,000			34,000
Capital Grants Written Down		24,722			24,722
Depreciation		(166,118)			(166,118)
Transfer to Specific Reserves				154,127	154,127
<b>Balance Carried Forward</b>	<b>0</b>	<b>3,034,617</b>	<b>596,025</b>	<b>538,382</b>	<b>4,169,024</b>

## GLOSSARY OF FINANCIAL TERMS

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

<b>ACCOUNTING PERIOD</b>	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.
<b>ACCOUNTING POLICIES</b>	The principles, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements.
<b>ACCRUAL</b>	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.
<b>ACTUARIAL VALUATION</b>	An independent report on the financial status of the Pension Fund, which determines its ability to meet future payments.
<b>AGENCY SERVICES</b>	The provision of services by one body (the agent) on behalf of and generally with reimbursement from the responsible body.
<b>ASSET</b>	Something of worth that is measured in monetary terms e.g. land and buildings (see also fixed assets below).
<b>BALANCES</b>	The accumulated surplus of income over expenditure.
<b>BUDGET</b>	A statement of the Council's plans in financial terms.
<b>CAPITAL CHARGE</b>	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.
<b>CAPITAL EXPENDITURE</b>	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).
<b>CAPITAL RECEIPTS</b>	Income from the sale of capital assets (land, buildings, etc.).
<b>COMMUNITY ASSETS</b>	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.
<b>CONSISTENCY</b>	The principle that the accounting treatment of like terms within an accounting period and from one period to the next is the same.
<b>CONTINGENCY</b>	A sum of money set aside to meet unforeseen liability.
<b>CONTINGENT LIABILITY</b>	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.
<b>CORPORATE &amp; DEMOCRATIC CORE</b>	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.
<b>COST CENTRE</b>	A specific area of activity where control of certain budgets has been delegated.
<b>COUNCIL TAX</b>	A property based tax, with discounts for those living alone, which is administered by District, Borough and Unitary Councils.

<b>CREDITORS</b>	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.
<b>DEBTORS</b>	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.
<b>DEFERRED CHARGE</b>	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.
<b>DEPRECIATION</b>	The measure of the use or consumption of a fixed asset over its' economic life.
<b>EMOLUMENTS</b>	All sums paid to an employee, including any allowances chargeable to UK income tax, but excluding pension contributions payable by either employer or employee.
<b>ESTIMATION TECHNIQUES</b>	The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.
<b>FIXED ASSETS</b>	Assets that provide benefits to the Authority and the services it provides, for a period of more than one year.
<b>IMPAIRMENT</b>	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.
<b>INFRASTRUCTURE ASSETS</b>	Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.
<b>NON DISTRIBUTED COSTS (NDC)</b>	Overheads for which no user benefits, and therefore not apportioned over services. Previously this was called Unapportionable Central Overheads (UCO).
<b>NON - OPERATIONAL ASSETS</b>	Fixed assets that are not occupied or used in the delivery of services. Examples are investment properties and assets surplus to requirements, pending sale.
<b>PRECEPT</b>	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.
<b>PROVISIONS</b>	Amounts set aside to meet liabilities or losses which are likely to be incurred, but where the actual sum and timing are uncertain.
<b>RESERVES</b>	Sums set aside to meet the cost of specific capital expenditure.
<b>REVENUE EXPENDITURE</b>	The day to day costs (pay, premises, transport, supplies and services, etc.) incurred by the Authority in providing services.
<b>RUNNING COSTS</b>	Expenditure incurred on the use of premises, transport and equipment, together with other general expenditure necessary to enable the service to be provided.

<b>SPECIFIC GRANTS</b>	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.
<b>THIRD PARTY PAYMENTS</b>	The cost of specialist or support services purchased by the County Council from outside contractors or other bodies.