



Dorchester
Town
Council

Draft
Statement
of Accounts
2009/10

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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 2009 to 31 March 2010.

AUDIT OPINION

Independent auditors' report to the Members of Dorchester Town Council

Opinion on the statements of account

Respective responsibilities of the Town Clerk and auditors

Basis of audit opinion

Opinion

AUDIT OPINION

Certificate

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

Authority's Responsibilities

Auditor's Responsibilities

Conclusion

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ANNUAL REPORT

REVIEW OF THE FINANCIAL YEAR 2009-10

Dorchester Town Council exists as the Parish Council of the historic county town of Dorchester in the county of Dorset, England.

The Members elected to the Council represent four Wards; North, East, South and West, with each Ward having five elected Councillors. The Wards and their elected Councillors are:

North Ward:

Cllr Richard Biggs
Cllr Vicki Black
Cllr Andy Canning
Cllr Kate Hebditch
Cllr Leslie Phillips MBE

East Ward:

Cllr Mark Allwood
Cllr Tim Harries
Cllr Stella Jones
Cllr Fiona Kent-Ledger
Cllr Tony Lyall

South Ward:

Cllr Carolyn Biggs
Cllr Susie Hosford
Cllr Tess James
Cllr Robin Potter
Cllr Molly Rennie

West Ward:

Cllr David Barrett
Cllr Anita Harries
Cllr Leonard Heath
Cllr Trevor Jones OBE
Cllr Peter Mann

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The principal activities of the Council are:

The maintenance and enhancement of many of the parks, gardens and open spaces in Dorchester, including the provision and maintenance of play ground equipment, and the provision and maintenance of a permanent skate park.

The provision of the municipal buildings as a community facility, available as a venue for a range of cultural and social activities as well as a venue for civil marriages and partnerships.

Allotments for the benefit of town residents.

The provision of various sporting and recreational facilities.

The support of artistic, cultural and sporting activities within the town.

Planning and environmental matters.

The promotion of Dorchester and its continuing enhancement for the benefit of its residents.

The Council is a 'Larger Local Council', being a Parish Council where the greater of income or expenditure for the year exceeds £1 million for three consecutive years.

Previously the Council prepared 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.

From Financial Year 2009/10 CIPFA disappplied the specific guidance of the Statement of Recommended Practice for larger local councils and applied the Financial Reporting Standards for Smaller Entities, with specific guidance being provided by Part 4 of the Practitioner's Guide issued by the Joint Practitioners Advisory Group of the Audit Commission.

The Council's accounts for the year ended 31st March 2010 are set out in the following financial statements:

Annual Governance Statement

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

Statement of Responsibilities for the Statement of Accounts

This details the responsibilities of the Council and the Responsible Finance Officer in relation to the Accounts

Statement of Accounting Policies

This details the accounting policies and estimating techniques that the Council has adopted in the preparation of the accounts.

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Income and Expenditure Account and Notes

This summarises the revenue income and expenditure of the Council.

Statement of Movement of Reserves and Notes

These detail changes during the year in the Council's reserves. It provides opening and closing balances and details of movements.

Balance Sheet and Notes

This sets out the financial position of the Council at 31st March 2010, showing details of the Council's assets and liabilities.

The External Auditor's Report

Once subject to external audit, the opinion of the Auditor as to whether the accounts provide a 'true and fair view' is included.

With the adoption of FRSSE the Council has had to re-examine various accounting policies to ensure that policies adopted are compliant with the new accounting standard. Where transitional arrangements have been possible within FRSSE and Part 4 Guidance, the Council have elected to continue with existing policies to aid comparability and understandability.

Under previous accounting standards, the cost of administrative overheads was apportioned out to the relevant services. However, under FRSSE such costs cannot be apportioned out to services, unless directly attributable. To aid understandability, the cost of these overheads is now reported separately under the classification of 'Non-rechargeable Administration'.

The effect of this reduces the cost of the services under each service heading, although the cost is reported under a separate heading, and there is therefore no effect on the 'Net Cost of Services'. The previous year has been restated so that a comparison can be made.

Further details of the accounting policies adopted can be found on page 13, 'Accounting Policies'.

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The following table shows a comparison of the budget and outturn figures in 2009-10 analysed by committees responsible for the expenditure.

It should be noted that, when comparing these figures to those contained in previous annual reports, an adjustment has been made this year to move the budget for transfers to reserves out of Corporate Management and down to the Transfer to/(from) Reserves line to make the presentation of the budget consistent with the prescribed presentation of the accounts.

	Budget £ (original)	Actual £	Difference
Net Expenditure:			
Allotments	1,922	523	(1,399)
Parks, Gardens & Open Spaces	532,571	523,716	(8,855)
Buildings & Cultural Activities	164,919	238,995	74,076
Twinning	7,768	5,271	(2,497)
Corporate Management	76,614	82,465	5,851
Democratic Rep & Management	34,542	28,281	(6,261)
Non Rechargeable Administration	293,137	286,561	(6,576)
Planning & Environment	10,162	10,917	755
s.137 Expenditure	3,896	7,699	3,803
Net Cost of Services	1,125,531	1,184,428	58,897
(Profit)/Loss on Sale of Fixed Assets	0	950	950
Dorchester Joint Burial Committee	70,974	70,976	2
Interest Payable	41,640	40,633	(1,007)
Interest Receivable	(8,337)	(932)	7,405
Net Operating Expenditure	1,229,808	1,296,055	66,247
Reversal of Government Grant Amortisation	24,723	38,279	13,556
Reversal of Depreciation and Impairment	(159,873)	(184,533)	(24,660)
Statutory Charge for Capital	(74,633)	(74,633)	0
Reversal of (Profit)/Loss on Sale of Fixed Assets	0	(950)	(950)
Revenue Capital Expenditure Funded from Revenue	0	37,242	37,242
Minimum Revenue Provision	34,000	0	(34,000)
Transfer to/(from) Reserves	164,203	(5,582)	(169,785)
Net Additional Amount Required to be Credited to the General Fund Balance for the Year.	(11,580)	(190,177)	(178,597)
Amount to be met by Precept	1,218,228	1,105,878	(112,350)
Precept	(1,068,568)	(1,068,568)	0
(Surplus)/Deficit for Year	149,660	37,310	(112,350)

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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 from £714,829 in 2008/09 to £763,234 in 2009/10. This represented an overspend against the budget £699,412, which was primarily due to expenditure on refurbishment of the toilets in the Corn Exchange costing £68,677, and further unplanned maintenance on the Corn Exchange. Transfers from reserves were made to cover this expenditure. Salary costs for Buildings and Cultural Activities were also above budget due to additional cover for staff sickness.

The Council also incurred expenditure on twinning activities, to foster closer relationships with towns in Europe twinned with Dorchester. Twinning expenditure remained within budget, the budget having been increased from previous years to accommodate the costs involved with the fiftieth anniversary of Dorchester's twinning with Bayeux.

Expenditure within the heading Planning and Environment remained within budget, and there was no significant change to the budget from previous years, (£10,917 in 2009/10, against £10,109 in 2008/09).

Section 137 expenditure (for the benefit of people in the Dorchester area) reduced from £11,242 (2008/09) to £7,699 (2009/10). This is partly 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 £67,918 (2008/09) to £70,976 (2009/10).

The council's expenditure on employee pensions increased slightly from £67,298 (2008/09) to £67,572 (2009/10). This contribution rate was set by the fund's actuary in order to ensure pension liabilities are 100% funded. Please see note 1.5 to the Income and Expenditure account for more detail.

A deficit of £227,487 was generated by the Council's revenue activities in the year. After adjusting for transfers to and from reserves, the Statutory Charge for capital financing and the removal of depreciation and amortisation of government grants, a deficit of £37,310 was transferred to general reserves on the balance sheet. A deficit of £149,660 after adjustments had been budgeted for, so the Council ended the 2009/10 year with an underspend of £112,350. The deficit of £37,310 has decreased the level of general reserves which are available for general expenditure from £476,086 to £438,776 and is in line with the Town Council's policy to reduce its level of General Fund Reserve to its recommended level of £265,549.

The principal elements of the deficit generated by the Council's Revenue Activities in the year are:

During the year the Council carried out a full refurbishment of the toilets in the Corn Exchange. Please note that an unbudgeted transfer has been made from revenue reserves towards the cost of this expenditure but in line with the reserves policy. This transfer has contributed to the underspend on the Town Council's revenue budget.

The Town Council also spend more money on Playground Equipment in year than was received in grant funding.

Part of the work on the disabled access lift in the Corn Exchange has been funded by an unbudgeted transfer from revenue reserves. As with the refurbishment work, this transfer from reserves was made in line with the reserves policy but has contributed to the underspend on the Town Council's revenue budget.

The Town Council's share of the surplus from the Dorchester Markets Joint Committee was £8,579 under budget following a difficult trading year.

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Capital Expenditure

During the year the Council made significant purchases of Playground Equipment which was installed at various playgrounds and open spaces in Dorchester. These purchases and the costs of installation amounted to £127,374. Funding for these purchases was largely met by grant income received in the year, which amounted to £87,381.

The Council also bought a ride-on tractor for the Parks, Gardens & Open Spaces service. The tractor cost £8,050, offset by proceeds of £1,500 from disposal of its predecessor.

During 2009/10 the Council disposed of a previous temporary skatepark at Sandringham. This had no realisable value, and the asset's depreciated value of £2,450 was treated as a loss on disposal.

The Council had two capital schemes in progress during the year. The Skatepark was completed in May 2009, with the asset transferred from an 'Asset Under Construction' to being recognised as under 'Other Equipment' at 31 March 2010. The cost of work this year on the Skatepark amounted to £14,508, of which £5,850 was funded by capital grants received in this year, the remainder of the cost being met through revenue.

After preliminary work was undertaken in 2008/09, work began on the installation of a disabled access lift at the Corn Exchange. Work to the value of £137,242 was undertaken to the 31 March 2010, with the expectation that the project will be completed in June 2010. Funding of this project is from revenue reserves and a loan of £100,000 taken from the Public Works Loan Board.

The Council will meet the final costs of the disabled access lift, to be met in 2010/11, through revenue reserves. No future major capital projects are planned within the current financial year. However, some expenditure may be incurred in enhancing the former Bowling Club site in the Borough Gardens, but the cost of any such project is not known, and any potential source of finance has yet to be decided. Expected capital expenditure on lesser items, such as the replacement of machinery, can be met through revenue or revenue reserves.

Current Borrowing

At the start of 2009/10 the Council had three existing loans from the Public Works Loan Board. In December 2009 an additional loan of £100,000 was agreed.

Loan	Date	Amount	Loan Type
Loan 1 - rate of interest: 7.125%	07/08/1997	£500,000	Annuity
Loan 2 - rate of interest: 4.625%	01/10/2002	£350,000	Annuity
Loan 3 - rate of interest: 5.050%	19/01/2007	£200,000	Maturity
Loan 4 - rate of interest: 1.880%	16/12/2009	£100,000	Annuity

Loans 1 and 2 are for a period of 25 years. Loan 3 is for a period of 10 years, and loan 4 is for a period of 5 years.

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AUDIT NOTE-to be inserted.

I confirm that these accounts were approved by the Policy Committee at the meeting held on 28th June 2010.

Dennis Holmes, Town Clerk

Date:

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 Responsible 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 Financial Reporting Standards for Smaller Entities 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 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) issued in 2008. This has been interpreted and clarified for larger Local Councils by Part 4 of the 'Practitioners Guide for Local Councils in England' as issued by the Joint Practitioners Advisory Group.

This replaces and supersedes the previous accounting practice for Larger Local Councils: the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (the SORP).

The comparative financial statements for the prior year in these accounts have been restated to comply with the requirements of the FRSSE and Part 4 of the 'Practitioners Guide for Local Councils in England'. Opening balances have been adjusted accordingly.

The accounting convention adopted is historical cost. Other than investment property, the option of revaluing assets, although permitted by the FRSSE, is not recommended.

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

2. GENERAL ACCOUNTING PRINCIPLES APPLIED

The financial statements and comparatives have been prepared with regard to the following accounting principles:

Going Concern: The Council carries out its function as a going concern. This criteria is assessed and any uncertainty about this presumption is disclosed.

Prudence: The Council determines any amount of any item on a prudent basis. That is to exercise a degree of caution when making estimates under conditions of uncertainty so that assets are not overstated and liabilities not understated.

Accruals: The financial statements are prepared on an accruals basis. All income and expenditure relating to the financial period to which the accounts relate is taken into account without regard to the date of payment or receipt.

STATEMENT OF ACCOUNTING POLICIES

Relevance: The financial statements provide information about the Council's financial performance that is useful for assessing the stewardship of public funds and for making economic decisions.

Consistency: Consistent accounting policies are applied both within the accounting period and between accounting periods. Where accounting policies are changed, the reason and effect are separately disclosed.

Reliability: The financial information provided is reliable and:

- reflects the substance of the transaction and other elements that have taken place;
- is free from deliberate or systematic bias;
- is free from material error;
- is complete within the bounds of materiality; and
- under conditions of uncertainty, is prudently prepared.

Comparability: The financial statements are prepared with consistent and adequate disclosures to allow comparability.

Understandability: All reasonable efforts are taken in preparing the financial statements to ensure they are as easy to understand as possible.

Materiality: An item of information is material if its mis-statement or omission might reasonably be expected to influence assessments of stewardship and economic decisions, or comparisons with other entities, based upon the financial statements.

3. TANGIBLE 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.

STATEMENT OF ACCOUNTING POLICIES

Dorchester Town Council has 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.

The Council maintains an asset register to record information on their capital assets.

Previously under The Code of Practice on Local Authority Accounting those assets with no readily discernable historic cost, or where such a cost was not considered 'true and fair', were valued and revalued periodically by professional valuers for inclusion in the balance sheet, in accordance with FRS11.

Under the adoption of FRSSE as interpreted by Part 4 of the Practitioners Guide, the Council has elected to retain the 'book' value of such assets, as per the transitional provisions in paragraph 19.3 of the FRSSE; that being a depreciated professional valuation as previously calculated under The Code of Practice and FRS11.

Revaluation of assets, other than investment property, although permitted under FRSSE is not recommended. However, should a depreciated book value not in future provide a 'true and fair view' of the value of an asset, the Council may change its accounting policy to enable compliance with this broader accounting convention.

Those assets where historical cost is obtainable will under FRSSE continue to be valued at depreciated historical cost.

ii) Measurement

Assets are initially recognised at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following bases:

STATEMENT OF ACCOUNTING POLICIES

- 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 due to the inability to establish historical cost of certain assets.

iii) Impairment

Fixed assets are carried on the balance sheet at no more than recoverable amount. If the net book amount of a fixed asset is considered not to be recoverable in full at the balance sheet date, the net book amount shall be written down to the recoverable amount, which is written off over the remaining useful economic life of the asset.

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 FRSSE. 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.

4. 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, customers and client receipts, interest payable on external borrowing and interest receivable on temporary investments and bank account balances.

STATEMENT OF ACCOUNTING POLICIES

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 paid or received. This is achieved by the use of debtors (for income receivable) and creditors (for payments due).

5. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets shall not be recognised in the accounts.

The following shall be disclosed for contingent liabilities, except where their existence is remote, and for probable contingent assets:

- A brief description of the nature of the contingent item; and
- Where practicable, an estimate of its financial effect; and
- Its legal nature

Details will be provided where any valuable security has been provided by the company in connection with a contingent liability and if so, what.

Where practicable, the aggregated amount, or estimated amount, of contracts for capital expenditure not provided for must be disclosed. Details of any other financial commitments not provided for which are relevant to assessing the authorities state of affairs must also be disclosed.

Particulars will be given of any charge on the assets of the authority to secure the liabilities of any other person, including where practicable, the amount secured.

6. STOCK AND WORK IN PROGRESS

The Council has no stock or work in progress during the year.

7. ACCOUNTING FOR GRANTS AND CONTRIBUTIONS

Government Grants are not taken to the income and expenditure account unless the conditions for its receipt have been met and there is reasonable assurance that it will be received.

STATEMENT OF ACCOUNTING POLICIES

Previously, under the Code of Practice on Local Authority Accounting, where grants or other contributions were received that were identifiable to fixed assets with a finite useful economic life, the amount were credited to the Government Grants Deferred Account. Contributions toward capital expenditure from S106 agreements, or the like, were credited to the Contributions Deferred Account. The balance was then written down over the life of the asset(s) funded by the grant or contribution.

Under the requirements of FRSSE, as interpreted by Part 4 of the Practitioners Guide, larger local councils who have previously adopted such a policy of accounting for grants and contributions as deferred assets which are amortised over the useful life of the related asset by taking annual contributions to revenue may continue with such a policy, provided that full disclosure is made in their Accounting Policies, and any grants and assets subject to this treatment are separately identified in a note to the balance sheet.

This Council has elected to continue such a policy, as an aid to comparability, and such notes to the balance sheet as required are to be included.

8. LEASES

Finance leases

Finance leases are leases where substantially all the risks and rewards relating to the leased property transfer to the Council.

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.

9. PROVISIONS AND OTHER LIABILITIES

The Council maintains provisions to meet liabilities that will arise in future years. This was previously reviewed annually under the requirements of FRS12, the requirement continues under the FRSSE.

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

STATEMENT OF ACCOUNTING POLICIES

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 the financial year – where it becomes evident that the provision is no longer required (or a lower settlement than anticipated is made or required), the provision is reversed and credited back to the relevant revenue service account.

The Council also makes a provision for bad and doubtful debts. This is based on the age of the debt and is netted off against debt owed to the Council. This provision is calculated by taking 100% of debt aged over 12 months and 50% of debt aged between 6 and 12 months.

10. THE TREATMENT OF BALANCES AND EARMARKED AND GENERAL RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the general fund.

The disclosure of reserves reflects the historic financial position as at the end of the accounting period. Further analysis of the reserves is optional under FRSSE and is undertaken by the Council as a note to the accounts.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in the year and is shown under Net Cost of Services in the Income and Expenditure Account. A transfer is then made from the reserve into the General Fund, so that there is no net charge against the Council tax for the expenditure.

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.
- Specific Revenue Reserves – sums set aside and earmarked to meet the cost of specific future expenditure relating to capital purposes and equipment replacement.

Certain reserves are kept to manage the accounting processes for tangible fixed assets. These reserves do not represent useable resources for the Council, and are explained in further detail below:

STATEMENT OF ACCOUNTING POLICIES

- Revaluation Reserve – the overall balance on this 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 historical cost.

- The Capital Financing Account is a non-distributed reserve used to hold the adjusting balances between annual depreciation and the statutory annual ‘appropriate charge’ for borrowing. Prior to the adoption of the FRSSE the purpose of this reserve was performed by the ‘Capital Adjustment Account’.

11. PENSIONS

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

It is not possible to identify a fair valuation of the Council’s share of the underlying assets and liabilities of the scheme.

Therefore the Council, following the requirements of FRSSE Appendix II, charges to the income and expenditure account an amount equal to the retirement benefits payments and contributions to the pension fund payable that year in accordance with statutory requirements.

12. POST BALANCE SHEET EVENTS

Post balance sheet events whether favourable or unfavourable are identified as either adjusting or non adjusting events. Adjusting events are those that provide evidence of conditions that existed at the balance sheet date. Non-adjusting events are those that are indicative of conditions that arose after the balance sheet date.

The Council would adjust the amounts recognised in the accounts to reflect adjusting events after the balance sheet date.

STATEMENT OF ACCOUNTING POLICIES

The Council will not adjust the accounts for non adjusting events after the balance sheet date. However, if an event is material it will be disclosed by way of a note identifying the nature of the event and an estimate of its financial effect if it can be made, or a statement otherwise.

13. EXCEPTIONAL ITEMS

All exceptional items, other than those listed below, will be credited or charged in arriving at the surplus or deficit on ordinary activities by inclusion under the statutory format headings to which they relate.

The amount of each exceptional item, either individually or as an aggregate of items of a similar type, will be disclosed separately by way of a note., or on the face of the Income and Expenditure account if that degree of prominence is necessary to give a true and fair view. An adequate description of each exceptional item will be given to enable its nature to be understood. The effect will be stated of any transactions that are exceptional by virtue of size or incidence though they fall within the ordinary activities of the Council.

The following items, including provision in respect of such items, shall be shown separately on the face of the Income and Expenditure account after net cost of services:

- Surplus or deficit on the termination of an operation
- Costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the Council's operations; and
- Profit or loss on disposal of a fixed asset.

14. VALUE ADDED TAX

Income and Expenditure excludes any amounts relating to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

STATEMENT OF ACCOUNTING POLICIES

15. 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. These are fully allocated over all the services on the basis of use.

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 the 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. ASSETS UNDER CONSTRUCTION

Where expenditure has been incurred on a fixed asset that has not yet been completed and brought into use, this will be classified as Assets under Construction. And will be shown on the balance sheet. There will be no depreciation charged on Assets under Construction.

When the work is complete, the expenditure will then be recognised in the relevant fixed assets category.

An explanation of any Assets under Construction will be included in the notes to the accounts outlining what the asset under construction is and when it is expected to be completed and bought into use.

19. GROUP ACCOUNTS

Under the provisions of the FRSSE, the Council may prepare additional statements which show the consolidated position of the Council and its group entities.

STATEMENT OF ACCOUNTING POLICIES

Although the preparation of group accounts is not a requirement of the FRSSE, the Council has undertaken the preparation of such additional statements as an aid to the fundamental accounting principles of consistency, understandability and comparability.

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 Winterborne Herrington 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 Herrington 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 the assets transferred to them upon formation.

STATEMENT OF ACCOUNTING POLICIES

20. FINANCIAL INSTRUMENTS

Dorchester Town Council's accounting treatment of Financial Assets and Financial Liabilities held by the Council has previously been with the requirements of the SORP, itself derived from the relevant Financial Reporting Standards.

Dorchester Town Council has two types of financial liabilities, Creditors and Long Term Borrowings, both of which are initially stated in the balance sheet at the fair value of the consideration received and then reduced subsequently by payments made in respect of the borrowings in that period.

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.

21. RESTATEMENT OF COMPARATIVES.

Due to the adoption of the FRSSE, it has been necessary to restate prior year comparative figures, initially compiled under SORP regulation and guidance, in order to reflect any changes in relevant accounting policies and estimation techniques.

In addition to this, it is usual practice that minor changes are made to prior year comparative figures to re-state them in order to reflect changes in presentation, or to correct errors that have subsequently been identified. Most changes are trivial in nature. Any material restatement of prior year comparative figures are identified and disclosed separately where appropriate.

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 the review is proceeding in accordance with this programme.

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 and the remit of the Council's Internal Auditor has been extended to include data quality checks.

This document took its present form in response to the imposition of the statutory duty of best value. This statutory duty was 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 decided to continue with its publication, albeit that the contents of it have already changed, and will change further, to make it more useful. The timing of its publication has also been changed to 30 November to more successfully inform 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, a regularly-reviewed Treasury Management Policy 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 most recently reviewed in May 2008 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; these were also last reviewed in May, 2008.

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 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 and twelve of the full complement of twenty members attended a further training session in October 2009.

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 has been examined by South West Provincial Employers and found to be suited to its purpose.

In response to comments made following the audit of the Final Accounts for 2007-08 the Council adopted an Anti-Fraud and Corruption Policy in September 2008.

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 nine 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 are in place 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 contribute 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 also maintains a website which is attractive to users and easy 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 so far as is possible in a small organisation), 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 2009-10 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 2013-14 was adopted in January 2010; this Strategy will be periodically reviewed in accordance with a timetable approved by the Council. However from time to time long term projects are undertaken which have financial implications which run over years and receive forward planning. The Council also holds earmarked reserves for large expenditure items.

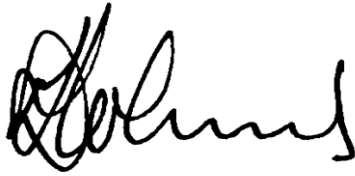
Budgets are determined annually and are set by the Council.

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:

A handwritten signature in black ink, appearing to read 'Dennis Holmes', written in a cursive style.

Dennis Holmes

A handwritten signature in black ink, appearing to read 'Susie Horsford', written in a cursive style.

Cllr Susie Horsford

Mayor

INCOME AND EXPENDITURE ACCOUNT

2008-09 (Restated)	2009-10 Continuing Operations		
Net Spending £	Gross Spending £	Income £	Net Spending £
2,329 Allotments	5,206	(4,683)	523
159,561 Buildings & Cultural Activities	316,106	(77,111)	238,995
552,939 Parks, Gardens & Open Spaces	622,530	(98,814)	523,716
700 Twinning	5,856	(585)	5,271
10,109 Planning & Environment	10,917	0	10,917
278,006 Non Rechargeable Administration	286,562	0	286,562
11,242 Section 137 Expenses	7,699	0	7,699
95,360 Corporate and Democratic Core Costs	202,707	(91,962)	110,745
1,110,246 Net Cost of Services	1,457,583	(273,155)	1,184,428
(3,090) (Profit)/Loss on Sale of Fixed Assets			950
67,918 Dorchester Joint Burial Committee Precept			70,976
42,158 Interest Payable			40,633
(15,287) Interest and Investment Income			(932)
1,201,944 Net Operating Expenditure			1,296,055
(1,017,488) Income from Local Taxation			(1,068,568)
184,456 (Surplus)/Deficit for the Year			227,487
(167,807) Reversal of Depreciation and Impairment			(184,533)
(76,158) Statutory Charge for Capital			(74,633)
24,821 Reversal of Government Grant Amortisation			38,279
3,090 Reversal of (Profit)/Loss on Sale of Fixed Assets			(950)
118,277 Revenue Capital Expenditure Funded from Revenue			37,242
34,000 Minimum Revenue Provision			
(101,948) Transfer to/(from) Reserves			(5,582)
18,731 Net (Surplus)/Deficit for Year			37,310

STATEMENT OF MOVEMENTS IN RESERVES

	Revaluation Reserve £	Capital Financing Account £	Specific Reserves £	General Fund £	Total Reserves £
Balance Brought Forward	0	3,091,390	332,644	476,086	3,900,120
Net Surplus/Deficit for Year				(37,310)	(37,310)
Effects of Revaluations of Fixed Assets					0
Proceeds of Disposal of Fixed Assets		(1,500)			(1,500)
Depreciation		(185,483)			(185,483)
Loan Repayment					0
Capital Expenditure funded From Revenue		37,242			37,242
Capital Grants Written Down		38,279			38,279
Transfer to Specific Reserves			(5,582)		(5,582)
Balance Carried Forward	0	2,979,927	327,062	438,776	3,745,765

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. All of these categories of expenditure fall under the Heading of Cultural, Environmental, Regulatory and Planning Services as per the Best Value Accounting Code Of Practice (BVACOP) guidance.

	2009-10			Difference () = over (from original estimate) £
	Original Estimate £	Final Estimate £	Actual £	
<u>Expenditure</u>				2009-10
Employees	573,319	562,200	538,438	(34,881)
Premises Related Expenses	154,860	134,647	204,917	50,057
Transport Related Expenses	19,083	19,083	18,006	(1,077)
Supplies and Services	318,235	326,993	382,162	63,927
Third Party Payments	164,704	164,704	158,271	(6,433)
Capital Charges	135,151	139,896	147,204	12,053
	1,365,352	1,347,523	1,448,999	83,647
<u>Income</u>				
Grants	0	0	(250)	(250)
Reimbursements & Contributions	(52,799)	(44,043)	(53,567)	(768)
Customer & Client Receipts	(190,680)	(194,592)	(214,412)	(23,732)
Net Cost of Service	1,121,873	1,108,888	1,180,771	58,896
(Profit) / Loss on Sale of Fixed Assets	0	0	950	950
Interest Payable	41,640	40,633	40,633	(1,007)
Interest Receivable	(8,337)	0	(932)	7,406
Net Operating Expenditure	1,155,176	1,149,521	1,221,422	66,245
Net additional amount required to be credited to the General Fund balance for the year	63,052	16,703	(115,544)	(178,595)
Amount to be met from Local Taxpayers	1,218,228	1,166,224	1,105,878	- 112,350
Financed by				
Council Tax Precept	(1,068,568)	(1,068,568)	(1,068,568)	0
Net General Fund (Surplus)/Deficit	149,660	97,656	37,310	(112,350)

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.2 MOVEMENT IN BALANCES

The level of general balances has decreased by the general fund deficit of £37,310 to £438,776

1.3 PUBLICITY

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

2008-09		2009-10
£		£
470	Staff Advertising	527
4,893	Other Advertising	4,196
3,872	Dorchester Newsletter	3,929

1.4 PENSIONS

The Council participates in the Local Government Pension Scheme (LGPS) 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 09/10 The Council paid £67,572.46 representing 19.6% of pensionable pay for members in the scheme. 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.

The basis for the employers contributions changed in the 2008/09 financial year due to the changes in the LGPS.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.5 MEMBERS' ALLOWANCES AND REMUNERATION OF SENIOR STAFF

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

Members Allowances were introduced for the first time in 2008/09.

This includes the allowance paid to the mayor.

2008-09		2009-10
£		£
20,759	Members Allowances	23,828

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.

2008-09		2009-10
1	£50,000 to £59,999	1

1.6 STAFFING STATEMENT

2008-09		2009-10
In post		In post
6	Permanent Administration Staff	6
0	Temporary Administration Staff	0
12	Permanent Manual Staff	12
6	Part-time Permanent Manual Staff	6
1	Part-time Temporary Manual Staff	1
25		25

1.7 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 £63,314 was received from the Dorchester Markets Joint Committee, which is a joint committee of Dorchester Town Council and West Dorset District Council (2008/09: £85,406). Included in this total is £9,456 of this relates to income from the running of a car boot fair on Sundays, and is set aside for donations to good causes (2008/09: £9,488).

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

In addition, the Town Council received £8,279 (2008/09: £8,077) of income relating to administration provided to Dorchester Joint Burial Committee, which is a joint committee of Dorchester Town Council and Winterbourne Herringston Parish Council. The Town Council also paid £70,976 to the Dorchester Joint Burial Committee, which represents the committee's precept demand from Dorchester Town Council for 2009/10 (2008/09: £67,918).

1.8 AUDIT FEES

The Council has incurred the following fees relating to external audit, statutory inspection and grant certification. The Audit Commission have appointed KPMG as the auditors to Dorchester Town Council.

2008-09		2009-10
£		£
16,000	External Audit Services - current year	11,960
0	External Audit Services - relates to previous years	0
0	Statutory Inspections	0
0	Certification of grant claims	0
16,000		11,960

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.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.9 GROUP ACCOUNTS - SHARE OF ASSOCIATE

As noted in the Statement of Accounting Policies, the Town Council has presented group accounts. Although not required to under FRSSE, the Council has elected 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	448,309	0	
Profit / (Loss)	0	0	Share of Operating Result of Associate
Fixed Assets	0	0	
Current Assets	0	0	
Current Liabilities:	0	0	
	0	0	Investment in Associate
Repairs Reserve	0	0	Share of Committee Reserves

1.10 DETAILS OF ADJUSTMENT FOR DEPRECIATION

In 2009/10 the Council accounted for the following capital charges:

2008-09		2009-10
£		£
103,872	Other Land & Buildings	103,872
4,104	Motor Vehicles	4,869
1,831	Furniture & Equipment	1,831
23,932	Other Equipment & Assets	34,396
13,423	Plant & Machinery	11,203
7,493	Playground Equipment	19,250
10,062	Community Assets	10,062
164,717	Total	185,483

Depreciation is charged on a straight line basis over the estimated useful life of the asset.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.11 ANALYSIS OF GRANTS RECEIVED

In the 2009/10 the Council received the following grants:

Received From Nature		Amount
		£
WDDC	LDF grant towards Skatepark	2,500.00
Big Lottery	Grant towards the Skatepark	3,350.00
WDDC	Grant towards Outdoor Gym	2,468.00
DCC	Grant towards play equipment	12,500.00
DCC	Grant towards Youth Shelter	4,890.00
WDDC	Section 106 Contribution to Play Equipment	33,523.00
WDDC	Section 106 Contribution to Play Equipment	20,000.00
DCC	Grant towards play equipment	12,500.00
WDDC	Grant towards Great Fields equipment	1,500.00
Total		93,231.00

The above grants have been amortised in 2009/10 at a rate equivalent to the depreciation incurred on the asset they contributed towards.

A further revenue grant of £250 was received towards the cost of Twinning
This appears in the Income and Expenditure statement.

NOTES TO THE STATEMENT OF MOVEMENTS IN RESERVES

2.1 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.

2008-09		2009-10
£		£
0	Balance as at 1 April	0
0	Revaluations	0
0	Transfer to Capital Adjustment Account	0
0		0

2.2 MOVEMENTS IN CAPITAL FINANCE 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.

2008-09		2009-10
£		£
3,079,009	Balance as at 1 April	3,091,390
0	Gains / Losses on Disposal of fixed Assets	(1,500)
(139,896)	Capital Charges	(147,205)
34,000	Loan Repayment	0
118,277	Revenue Contribution to Capital Expenditure	37,242
3,091,390	Balance at 31 March	2,979,927

NOTES TO THE BALANCE SHEET

3.1 FIXED ASSETS

The following tables show the overall movements in fixed assets during the financial year.

Operational Assets

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Total
	£	£	£	£
<i>Cost or Valuation</i>				
At 01/04/09	3,797,407	479,660	1,397,479	5,674,546
Additions	0	135,424	0	135,424
Donations	0	0	0	0
Disposals	0	(16,160)	0	(16,160)
Reclassifications	0	209,266	0	209,266
Revaluations	0	0	0	0
At 31/03/10	3,797,407	808,190	1,397,479	6,003,076
<i>Depreciation and Impairments</i>				
At 01/04/09	274,604	179,484	79,217	533,305
Charge for 2009/10	103,872	71,549	10,062	185,483
Disposals	0	(13,710)	0	(13,710)
Reclassifications	0	0	0	0
Revaluations	0	0	0	0
At 31/03/10	378,476	237,323	89,279	705,078
<i>Balance Sheet Amount as at 31/03/10</i>	3,418,931	570,867	1,308,200	5,297,998
<i>Balance Sheet amount at 01/04/09</i>	3,522,803	300,176	1,318,262	5,141,241
<i>Nature of Asset Holding</i>				
Owned	2,999,299	570,867	764,054	4,334,220
Finance Lease	419,632	0	544,146	963,778
	3,418,931	570,867	1,308,200	5,297,998

NOTES TO THE BALANCE SHEET

3.1 FIXED ASSETS (CONTINUED)

Non Operational Assets

	Assets Under Construction £	Available for Sale £	Total £
<i>Cost or Valuation</i>			
At 01/04/09	200,158	0	200,158
Additions	151,750	0	151,750
Donations	0	0	0
Disposals	0	0	0
Reclassifications	(209,266)	0	(209,266)
Revaluations	0	0	0
At 31/03/10	142,642	0	142,642
<i>Depreciation and Impairments</i>			
At 01/04/09	0	0	0
Charge for 2009/10	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
Revaluations	0	0	0
At 31/03/10	0	0	0
<i>Balance Sheet Amount as at 31/03/10</i>	142,642	0	142,642
<i>Balance Sheet amount at 01/04/09</i>	200,158	0	200,158
<i>Nature of Asset Holding</i>			
Owned	142,642	0	142,642
Finance Lease	0	0	0
	142,642	0	142,642

Schemes in progress and Commitments

At 31st March 2010 there was expenditure relating to one project included within the Assets Under Construction balance identified above.

NOTES TO THE BALANCE SHEET

3.1 FIXED ASSETS (CONTINUED)

In FY2009/10 the remainder of the work needed to complete the construction of the Skatepark at Little Fairfield (at cost £14,508) was completed. The total cost of the Skatepark, £209,266 was then reclassified as 'Other Equipment & Assets'. The work on the Skatepark was funded by a combination of grants and transfer from the skatepark reserve.

Further work was continued on the lift installation at the Corn Exchange, Dorchester. As at 1st April 2009 there had been expenditure of £5,400 which was included in the Assets under Construction balance at this date. This related to professional fees payable. During the FY2009/10 there was further work undertaken which amounted to £137,242, including an accrual for £25,096 for work undertaken to the 31st March 2010 and not invoiced. Work on the lift installation is expected to be completed in June 2010. This capital scheme is expected to be complete in the 2010/11 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 the 2011/12 financial year.

Plant, machinery, play equipment and other assets are valued at historic cost, less depreciation to date. Depreciation is charged on a straight-basis over the life of the asset.

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

Depreciation is charged on a straight-basis over the life of the asset.

NOTES TO THE BALANCE SHEET

3.1 FIXED ASSETS (CONTINUED)

Asset Register

A summary of properties is shown below.

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

*Assets on a long term lease

Community Assets

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

Impairment Review

The Council has undertaken an impairment review and has deemed that no adjustment is necessary.

3.2 SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE

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

2008-09		2009-10
£		£
202,548	Major Schemes	151,750
10,120	Minor works to Land / Buildings	
13,100	Plant & Machinery	8,050
	Vehicles	
	IT Equipment and software	
7,697	Other equipment	127,374
233,465	Total Payments	287,174
118,277	Revenue Financing	37,242
93,600	Government Grants	93,231
21,588	Borrowing	156,701
233,465		287,174

NOTES TO THE BALANCE SHEET

3.3 DEBTORS

An analysis of the amounts due to the Authority at 31 March 2010 is shown below. The accounts include a provision for potential bad debts.

2008-09		2009-10
£		£
23,600	Central Government Departments	9,743
136,323	Other Local Authorities	70,888
44,494	Others	59,395
<u>204,417</u>		<u>140,025</u>

3.4 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.

3.5 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.

3.6 CREDITORS

An analysis of the amounts owed by the Authority at 31 March 2010 is shown below.

2008-09		2009-10
£		£
20,820	Central Government Departments	20,331
25,033	Other Local Authorities	32,647
124,466	Others	99,216
<u>170,319</u>		<u>152,194</u>

3.7 LONG TERM BORROWING

The long term borrowing consists of four 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. The final loan for £100,000 was taken out in 2009-10 to fund the Disabled Access installation of a lift in the Corn Exchange. It is at a fixed rate of 1.880% and will be repaid in 2015.

NOTES TO THE BALANCE SHEET

3.7 LONG TERM BORROWING (CONTINUED)

An analysis of the loans by maturity is shown below:

2008-09		2009-10
£	Principal Repayable	£
34,000	Less than 1 year	53,259
34,000	1-2 years	53,622
102,000	2-5 years	163,118
370,000	5-10 years	336,000
196,000	10 years +	196,000
<u>736,000</u>		<u>801,999</u>

3.8 SPECIFIC RESERVES

The following reserves have been earmarked to fund future spending.

	Opening Balance 2008- 09	Income/ Transfers	Expenditure/ Transfers	Closing Balance 2009- 10
Municipal Buildings	91,339	52,000	(105,919)	37,420
Seats/Litter Bins Reserve	9,810	0	(5,417)	4,393
Play Equipment Reserve	55,050	25,000		80,050
Depot Repair Reserve	3,772	3,500		7,272
Christmas Lighting	16,268	0		16,268
Council Offices Repairs	9,392	1,000		10,392
Civic Regalia Replacement	1,851	300		2,151
Fairfield Skatepark	0	0		0
Holmead Walk Play Area	15,000	0		15,000
Dorchester Festival	0	0		0
Town Crier Uniform	897	299		1,196
Sunday Market	19,815	9,456		29,271
Repairs and Renewals	69,450	10,000	(15,801)	63,649
Loan Repayment Reserve	40,000	20,000		60,000
	<u>332,644</u>	<u>121,555</u>	<u>(127,137)</u>	<u>327,062</u>

3.9 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

3.10 FINANCIAL INSTRUMENTS BALANCES

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

2008-09 £		2009-10 £
736,000	<u>Long Term Borrowings</u>	
	Financial liabilities at amortised cost - Loans	802,000
0	<u>Short Term Borrowings</u>	
	Financial liabilities at amortised cost	0
736,000		802,000

The fair value of the PWLB loans as at 31/03/10 was £913,356.08. This figure has been calculated by reference to the 'premature repayment' set of rates in force on that day.

3.11 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:

2008-09 £		2009-10 £
42,158	Interest Paid - PWLB Loans	40,633
(15,287)	Interest Received - Bank Accounts	(932)
26,871	Net (Gain) / Loss for the year	39,701

3.12 DISCLOSURE OF NATURE AND EXTENT 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.

NOTES TO THE BALANCE SHEET

3.12 DISCLOSURE OF NATURE AND EXTEND OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

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, 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.

3.13 MOVEMENTS IN CAPITAL GRANTS DEFERRED

The Town Council has received grants to partially finance Capital Expenditure on Fixed Assets. In accordance with the Statement of Recommended Practice, the grants have been credited to the capital grants deferred account and will be amortised over the useful life of the asset to match the depreciation of the asset to which it relates.

2008-09		2009-10
£		£
957,818	Balance as at 1 April	1,026,597
93,600	Grants received in year	93,231
(24,821)	Grants written off in year	(38,279)
<u>1,026,597</u>	Balance at 31 March	<u>1,081,549</u>

NOTES TO THE BALANCE SHEET

3.14 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 written off in the service revenue account over the useful life of the asset(s) which have been or will be funded by the contribution.

2008-09		2009-10
£		£
56,271	Balance as at 1 April	56,271
0	Contributions received in year	0
0	Contributions written off in year	0
56,271	Balance at 31 March	56,271

3.15 POST BALANCE SHEET EVENTS

There were no material adjusting or non-adjusting post balance sheet events.

3.16 LEASES

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

The Council paid £1,942 in respect of operating leases in the 2009/10 Financial Year (2008/09 £1,942). At 31 March 2010 the Council was committed to making payments of £1,942 in 2010/11 under these leases, comprising the following elements.

	Vehicles, Plant & Equipment
	£
Leases expiring in 2010/11	0
Leases expiring between 2011/12 and 2015/16	1,942
Leases expiring after 2016/17	0

NOTES TO THE BALANCE SHEET

3.17 AMORTISED GRANTS

The Council has elected, as allowable under FRSSE, to continue with its existing policy of amortising government grants. Grants subject to this policy are:

Yr Received	Description	Original Value	Bal at 31.03.2010
2005/06 - 2007/08	HLF grant for BG Refurbishment - Railings	67,391.93	57,283.13
2005/06 - 2007/08	HLF grant for BG Refurbishment - Fountain	54,386.24	46,228.31
2005/06 - 2007/08	HLF grant for BG Refurbishment - Building Works	454,001.70	408,601.53
2005/06 - 2007/08	HLF grant for BG Refurbishment - External Works	374,720.13	374,720.13
2006/07	Grant towards Children's Park in Borough Gardens	15,000.00	10,500.00
2007/08	Grant from Film Society towards AV Equipment	10,000.00	4,000.00
2007/08	Grant towards Skatepark - West Dorset Partnership	7,040.00	7,040.00
2008/09	LDF Grant for BG Refurbishment - Railings	301.33	269.61
2008/09	LDF Grant for BG Refurbishment - Fountain	243.18	217.58
2008/09	LDF Grant for BG Refurbishment - Building Works	2,029.99	1,889.99
2008/09	LDF Grant for BG Refurbishment - External Works	1,675.50	1,675.50
2008/09	Grant towards Skatepark - Youth Capital Fund	20,000.00	19,000.00
2008/09	Grant towards Skatepark - LDF (1st Instalment)	2,500.00	2,375.00
2008/09	Grant towards Skatepark - Big Lottery (1st Instal of 95%)	63,650.00	60,467.50
2008/09	Grant towards Skatepark - Rotary Club of Dorchester	1,000.00	950.00
2008/09	Grant towards Outdoor Gym - West Dorset Partnership	2,200.00	1,980.00
2009/10	LDF Grant towards Skatepark-WDDC	2,500.00	2,375.00
2009/10	Big Lottery grant towards the Skatepark	3,350.00	3,182.50
2009/10	LDF Grant towards Outdoor Gym WDDC	2,468.00	2,221.20
2009/10	Grant towards play equipment-DCC Play builder	12,500.00	11,250.00
2009/10	Grant towards Youth Shelter-Dorset Youth Action	4,890.00	4,401.00
2009/10	S106 contribution to Multiplay Castle Park	33,523.00	30,170.70
2009/10	S106 contribution to play equip King's Road	20,000.00	18,000.00
2009/10	Grant towards Kings Road play equip-DCC	12,500.00	11,250.00
2009/10	Grant towards Great Fields equipment	1,500.00	1,500.00

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.
AMORTISATION	The Write-off of a balance over a period of time, For Example, Capital Grants are amortised over the life of the asset which was fully or part funded by the grant.
ASSET	Something of worth that is measured in monetary terms e.g. land and buildings (see also fixed assets below).
BALANCE SHEET	A statement of the Council's assets and liabilities at the balance sheet date.
BUDGET	An estimate of amounts expected to be spent or received during the year.
CAPITAL ADJUSTMENT ACCOUNT	Store of capital resources set aside to meet past expenditure. It act as a balancing mechanism between Accounting rules and Capital control system.
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 GRANTS	Government departments support Council capital expenditure through capital grants that can be specific to a particular capital scheme, or can be more general support to a particular policy programme or government initiative. These grants are used to finance the relevant element of capital expenditure to which the grant relates.
CAPITAL RECEIPTS	Income from the sale of capital assets (land, buildings, etc.).
COMMUNITY ASSETS	Assets that the council intends to hold in perpetuity, that have no determinable useful life and may have restrictions on their disposal. Examples are parks and historic buildings.

GLOSSARY OF FINANCIAL TERMS

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 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 no logical 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.
CURRENT ASSETS	These are assets that will be consumed within the next accounting period (i.e. less than one year). Examples are stock, cash and debtors.
CURRENT LIABILITIES	Those amounts which will become payable or could be called upon in the next accounting period (i.e. less than one year).
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.
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.
MINIMUM REVENUE PROVISION	The minimum amount which must be charged to the Income & Expenditure Account each year which is set aside as a provision for credit liabilities, as required by the Local Government Act 1989.

GLOSSARY OF FINANCIAL TERMS

NON -OPERATIONAL ASSETS	Fixed assets that are not occupied or used in the delivery of services. Examples are assets under construction, 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 and is received in two installments during the financial year.
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 future 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.
STATEMENT OF RECOMMENDED PRACTICE (SORP)	The SORP is the principal code of practice that governs the presentation of local authority accounts and is approved by the Accounting Standards Board and recognised by statute as representing proper accounting practice.
THIRD PARTY PAYMENTS	The cost of specialist or support services purchased by the County Council from outside contractors or other bodies.