



Dorchester  
Town  
Council

Draft  
Statement of Accounts  
2010/11  
(Prepared as working papers  
for the Accounting Statement)

## CONTENTS

	Page
Contents.....	2
Introduction.....	3
Annual Report.....	4 - 9
Statement of Responsibilities.....	10
Statement of Accounting Policies.....	11 - 17
Income and Expenditure Account.....	18
Statement of Movement of Reserves.....	19
Balance Sheet.....	20
Glossary of Terms.....	21 - 23

## INTRODUCTION

The purpose of this publication is to provide the supporting evidence (in a format comparable with previous years accounts) for the Accounting Statements of Dorchester Town Council during the period from 1 April 2010 to 31 March 2011.

These Draft Statement of Accounts are not approved by Council, or examined by an external auditor, but provide the evidence for Section 1-the Accounting Statements of the Annual Return, which is subject to approval from Full Council and external audit.

## ANNUAL REPORT

### **REVIEW OF THE FINANCIAL YEAR 2010-11**

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

## ANNUAL REPORT

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.

During 2010/11 an amendment was made by Central Government to the Audit and Accounts Regulations. This redefined the Council as a 'smaller body' which gave the Council the opportunity to move its financial statements to an 'Annual Return' basis. This had the advantage of greatly reduced audit costs to the Council, and well as potentially lower financial services costs.

Therefore the Council elected to move to an Annual Return. This set of simplified accounts is prepared as supporting evidence for the return.

From Financial Year 2009/10 CIPFA disapplied 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.

For ease of comparability and understanding, these accounts are prepared on the same Part 4 basis as the previous 2009/10 accounts. Relevant adjustments have been to these accounts to produce the figures used in the compilation of the Part 3 compliant Section 1-Accounting Statements-of the Annual Return.

The Council's accounts for the year ended 31st March 2011 are set out in the following financial statements:

### Statement of Responsibilities for the Accounting Statement

This details the responsibilities of the Council and the Responsible Finance Officer in relation to the Accounting Statement.

## ANNUAL REPORT

### Statement of Accounting Policies

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

### Income and Expenditure Account

This summarises the revenue income and expenditure of the Council.

### Statement of Movement of Reserves

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

### Balance Sheet

This sets out the financial position of the Council at 31st March 2011, showing details of the Council's assets and liabilities.

## ANNUAL REPORT

The following table shows a comparison of the budget and outturn figures in 2010-11 analysed by committees responsible for the expenditure.

	Budget £ (original)	Actual £	Difference
<b>Net Expenditure:</b>			
Allotments	1,919	846	(1,073)
Parks, Gardens & Open Spaces	535,056	517,652	(17,404)
Buildings & Cultural Activities	208,722	210,196	1,474
Twinning	3,813	1,359	(2,454)
Corporate Management	110,491	94,238	(16,253)
Democratic Rep & Management	38,266	31,219	(7,047)
Non Rechargeable Administration	302,966	294,581	(8,385)
Planning & Environment	10,448	10,625	177
Heritage Committee	0	0	0
s.137 Expenditure	3,993	2,945	(1,048)
<b>Net Cost of Services</b>	<b>1,215,674</b>	<b>1,163,662</b>	<b>(52,013)</b>
(Profit)/Loss on Sale of Fixed Assets	0	0	0
Dorchester Joint Burial Committee	72,748	74,154	1,406
Interest Payable	39,622	39,622	0
Interest Receivable	0	(1,348)	(1,348)
<b>Net Operating Expenditure</b>	<b>1,328,044</b>	<b>1,276,090</b>	<b>(51,955)</b>
Reversal of Government Grant Amortisation	24,723	38,279	13,556
Reversal of Depreciation and Impairment	(164,619)	(202,310)	(37,691)
Reversal of Statutory Charge for Capital	(39,622)	(39,622)	(0)
Reversal of (Profit)/Loss on Sale of Fixed Assets	0	0	0
Revenue Capital Expenditure Funded from Revenue	0	87,726	87,726
Transfer to/(from) Reserves	0	(54,870)	(54,870)
Net Additional Amount Required to be Credited to the General Fund Balance for the Year.	(179,518)	(170,797)	8,721
Amount to be met by Precept	1,148,526	1,105,293	(43,233)
<b>Precept</b>	<b>(1,118,922)</b>	<b>(1,118,922)</b>	<b>0</b>
<b>(Surplus)/Deficit for Year (to General Fund)</b>	<b>29,604</b>	<b>(13,629)</b>	<b>(43,233)</b>

## ANNUAL REPORT

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 decreased from £763,234 in 2009/10 to £728,694 in 2010/11. Parks, Gardens and Open Spaces was below budget due reduced salary costs caused by a vacant Head Gardener post.

A reduction in the cost of Non-Rechargeable Administration was achieved by the Council being able to negotiate lower insurance charges, and reduced audit fees.

The Council also incurred expenditure on twinning activities, to foster closer relationships with towns in Europe twinned with Dorchester. Twinning expenditure remained was significantly below budget in 2010/11 due to a budgeted football tournament not occurring as expected.

Expenditure within the heading Planning and Environment remained within budget, and there was no significant change to the budget from previous years, (£10,625 in 2010/11, against £10,917 in 2009/10).

Section137 expenditure (for the benefit of people in the Dorchester area) reduced from £7,699 (2009/10) to £2,945 (2010/11). 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 £70,976 (2009/10) to £74,154 (2010/11).

The council's expenditure on employee pensions decreased slightly from £67,572 (2009/10) to £65,731 (2010/11). This fluctuation was caused by staff absence from pensionable pay through long term ill health. The contribution rate was set by the fund's actuary in order to ensure pension liabilities are 100% funded.

A deficit of £ 157,168 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, transfers to and from reserves and capital expenditure funded by reserves, and amortisation of government grants, a surplus of £13,629 was transferred to general reserves on the balance sheet. A deficit of £29,604 after adjustments had been budgeted for, so the Council ended the 2010/11 year with an underspend of £43,233 against budget. The surplus of £13,629 has increased the restated level of general reserves which are available for general expenditure from £414,264 at the end of 2009/10 to £427,893 at the end of 2010/11.

## ANNUAL REPORT

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

The Town Council's share of the surplus from the Dorchester Market Joint Committee returned to budgeted levels, after a disappointing previous year. This reflected lower costs incurred by the Markets Committee during the year. Further, savings were made on the procurement of insurance and audit fees.

### Capital Expenditure

During the year the Council made purchases of Playground Equipment which were installed at a playground and open space in Dorchester. These purchases and the costs of installation amounted to £25,014. Funding for these purchases was largely met from the transfer from a specific revenue reserve accumulated for such purposes.

During 2010/11 the Council disposed of no material fixed asset.

The Council had one capital scheme in progress during the year. This was the construction work required for the installation of a disabled access lift at the Corn Exchange. This work was completed by the end of the financial year. The work required the purchase of a separate item of plant, the disabled access lift, at a total cost of £48,814-of which £14,550 was incurred in 2010/11.

The total cost of the building work required for the disabled access lift installation was £144,015, of which £35,637 was incurred in 2010/11.

The Council met the final costs of the disabled lift access in 2010/11 through revenue reserves. No future major capital projects are planned within the current financial year. Smaller items of capital expenditure, such as a replacement vehicle, are met through transfers from revenue reserves that are accumulated for the purpose.

### Current Borrowing

At the start of 2010/11 the Council had three existing loans from the Public Works Loan Board. No further loans were taken out in the year.

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.

## 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 Accounting Statements and Annual Governance Statement.

The Responsible Finance Officer is responsible for:-

- a) the preparation of the Council's Accounting Statements, 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 financial reporting under Part 3 guidance of the Joint Practitioners Advisory Group;
- 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

These Statement of Accounts summarise the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. They have 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.

These accounts are prepared as evidence for the Council's Annual Return, and to provide comparability with previous year's accounts prepared under Part 4 of the Practitioners Guide. Figures contained within these accounts are subject to accounting adjustment to comply with the Part 3 requirements of the Annual Return.

The Accounting Policies detailed below are those conventions of Part 4 relevant to these accounts. General accounting principles apply regardless of the accounting regime accounts are being prepared under. The requirements of Part 3 move away from accounting adjustments, such as depreciation, to a more 'cash' basis. This can be regarded as a simplification of these accounts, and that the Annual Return provides a broader overview of the Council's financial year than is provided in the detail herein.

The accounting convention adopted in these accounts 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.

**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.

## STATEMENT OF ACCOUNTING POLICIES

**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.

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 valuer's for inclusion in the balance sheet, in accordance with FRS11.

## STATEMENT OF ACCOUNTING POLICIES

Under the adoption of FRSSE as interpreted by Part 4 of the Practitioners Guide, the Council 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 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:

- 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 trading 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.

Under the requirements of FRSSE as interpreted by Part 4, where grants or other contributions are received that are identifiable to fixed assets with a finite useful economic life, the amount can be credited to the Government Grants Deferred Account. Contributions toward capital expenditure from S106 agreements, or the like, can be 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. This treatment has been applied in these accounts.

### **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.

## STATEMENT OF ACCOUNTING POLICIES

### **9. PROVISIONS AND OTHER LIABILITIES**

The Council maintains provisions to meet liabilities that will arise in future years.

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.

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.

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:

- 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'.

## STATEMENT OF ACCOUNTING POLICIES

### **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.

### **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.

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.

### **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.

## STATEMENT OF ACCOUNTING POLICIES

### **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 brought into use.

### **19. FINANCIAL INSTRUMENTS**

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 are recorded as per the balance at the balance sheet date.

### **20. RESTATEMENT OF COMPARATIVES.**

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.

## INCOME AND EXPENDITURE ACCOUNT

2009-10 (Restated) Net Spending £		2010-11 Continuing Operations		Net Spending £
		Gross Spending £	Income £	
523	Allotments	5,602	(4,756)	846
238,995	Buildings & Cultural Activities	279,215	(69,018)	210,196
523,716	Parks, Gardens & Open Spaces	612,122	(94,470)	517,652
5,271	Twinning	1,359	0	1,359
10,917	Planning & Environment	10,625	0	10,625
286,562	Non Rechargeable Administration	294,582	0	294,582
7,699	Section 137 Expenses	2,945	0	2,945
0	Heritage Committee	0	0	0
110,745	Corporate and Democratic Core Costs	212,917	(87,461)	125,456
<b>1,184,428</b>	<b>Net Cost of Services</b>	<b>1,419,367</b>	<b>(255,705)</b>	<b>1,163,662</b>
950	(Profit)/Loss on Sale of Fixed Assets			0
70,976	Dorchester Joint Burial Committee Precept			74,154
40,633	Interest Payable			39,622
(932)	Interest and Investment Income			(1,348)
<b>1,296,055</b>	<b>Net Operating Expenditure</b>			<b>1,276,090</b>
<b>(1,068,568)</b>	<b>Income from Local Taxation</b>			<b>(1,118,922)</b>
<b>227,487</b>	<b>(Surplus)/Deficit for the Year</b>			<b>157,168</b>
(184,533)	Reversal of Depreciation and Impairment			(202,310)
(40,633)	Reversal of Statutory Charge for Capital			(39,622)
38,279	Reversal of Government Grant Amortisation			38,279
(950)	Reversal of (Profit)/Loss on Sale of Fixed Assets			0
37,242	Revenue Capital Expenditure Funded from Revenue			87,726
(15,070)	Transfer to/(from) Reserves			(54,870)
<b>61,822</b>	<b>Net (Surplus)/Deficit for Year (to General Fund)</b>			<b>(13,629)</b>

## STATEMENT OF MOVEMENTS IN RESERVES

	Revaluation Reserve £	Capital Financing Account £	Specific Reserves £	General Fund £	Total Reserves £
<b>Balance Brought Forward</b>	0	3,188,928	317,574	414,264	3,920,766
Net Surplus/Deficit for Year				13,629	13,629
Effects of Revaluations of Fixed Assets					0
Disposal of Fixed Assets					0
Depreciation		(202,310)			(202,310)
Loan Repayment					0
Capital Expenditure funded From Revenue		87,725	(87,725)		0
Capital Grants Written Down		38,279			38,279
Statutory Charge for Capital		93,062			93,062
Reversal of Interest Equivalent Element of Statutory Charge for Capital		(39,622)			(39,622)
Transfer to Specific Reserves			(32,125)		(32,125)
Transfer from Specific Reserves			86,995		86,995
<b>Balance Carried Forward</b>	<b>0</b>	<b>3,166,062</b>	<b>284,718</b>	<b>427,893</b>	<b>3,878,674</b>

## BALANCE SHEET

This Balance Sheet is a record of the financial position of the Council as at 31 March 2011, with comparative figures for 31 March 2010. Detailed supporting notes are shown on the following pages.

31 March 2010 (Restated)			31 March 2011	
£	£		£	£
		<b>Tangible Fixed Assets</b>		
		Operational Assets		
3,468,931		Land & Buildings	3,502,957	
695,867		Vehicles, Plant & Equipment	701,945	
1,308,200		Community Assets	1,298,138	
0		Non Operational Assets	0	
142,642		Assets under construction	0	
	5,615,640			5,503,040
	0	<b>Long Term Debtors</b>		0
	5,615,640			5,503,040
		<b>Current Assets</b>		
140,025		Debtors	137,053	
75,830		Temporary Investments	75,830	
181,284		Cash in hand	159,963	
397,139			372,846	
		<b>Current Liabilities</b>		
(152,194)		Creditors	(148,931)	
(53,259)		Borrowing Repayable Within 12 Months	(53,259)	
(205,453)			(202,190)	
	191,686	<b>Net Current Assets</b>		170,656
	5,807,326	<b>Total Assets less Current Liabilities</b>		5,673,696
	(748,740)	Long Term Borrowing		(695,481)
	0	Provisions		0
	(1,081,549)	Capital Grants Deferred Account		(1,043,270)
	(56,271)	Contributions Deferred Account		(56,271)
	<u>3,920,766</u>	<b>Total Net Assets</b>		<u>3,878,674</u>
		<b>Financed by :-</b>		
	0	Revaluation Reserve		0
	3,188,928	Capital Financing Account		3,166,062
	317,574	Specific Reserves		284,718
	414,264	General Fund		427,893
	<u>3,920,766</u>			<u>3,878,674</u>

## 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>AMORTISATION</b>	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.
<b>ASSET</b>	Something of worth that is measured in monetary terms e.g. land and buildings (see also fixed assets below).
<b>BALANCE SHEET</b>	A statement of the Council's assets and liabilities at the balance sheet date.
<b>BUDGET</b>	An estimate of amounts expected to be spent or received during the year.
<b>CAPITAL FINANCING ACCOUNT</b>	Store of capital resources set aside to meet past expenditure. It act as a balancing mechanism between Accounting rules and Capital control system.
<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 GRANTS</b>	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.
<b>CAPITAL RECEIPTS</b>	Income from the sale of capital assets (land, buildings, etc.).
<b>COMMUNITY ASSETS</b>	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.
<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.

## GLOSSARY OF FINANCIAL TERMS

<b>CONTINGENT LIABILITY</b>	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.
<b>CORPORATE &amp; DEMOCRATIC CORE</b>	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.
<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>CURRENT ASSETS</b>	These are assets that will be consumed within the next accounting period (i.e. less than one year). Examples are stock, cash and debtors.
<b>CURRENT LIABILITIES</b>	Those amounts which will become payable or could be called upon in the next accounting period (i.e. less than one year).
<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>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>NON -OPERATIONAL ASSETS</b>	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.
<b>PRECEPT</b>	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 instalments during the financial year.
<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 future expenditure.
<b>REVENUE EXPENDITURE</b>	The day to day costs (pay, premises, transport, supplies and services, etc.) incurred by the Authority in providing services.

## GLOSSARY OF FINANCIAL TERMS

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