



Dorchester
Town
Council

Statement
of Accounts
2008/09

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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 2008 to 31 March 2009.

AUDIT OPINION

Independent auditors' report to the Members of Dorchester Town Council

Opinion on the statements of account

We have audited the statements of account and related notes of Dorchester Town Council and its Group for the year ended 31 March 2009 under the Audit Commission Act 1998. The statements of account comprise the Authority and Group Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement. The statements of account have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

Respective responsibilities of the Town Clerk and auditors

The Town Clerk has responsibilities for preparing the statements of account in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of statements of account.

Our responsibility is to audit the statements of account and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the statements of account and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year;
- the financial position of the Group and its income and expenditure for the year;

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the statements of account.

AUDIT OPINION

We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the statements of account and related notes and consider whether it is consistent with the audited statements of account and related notes. This other information comprises the Foreword and the Annual Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statements of account and related notes. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the statements of account and related notes.

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

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

Opinion

In our opinion, the statements of account and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority and its Group as at 31 March 2009 and its income and expenditure for the year then ended.

AUDIT OPINION

Certificate

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

June Awty

(Senior Statutory Auditor)

for and on behalf of KPMG LLP

Statutory Auditor

London

30-Sep-09

AUDIT OPINION

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

Authority's Responsibilities

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

Auditor's Responsibilities

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

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice. Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, we are satisfied that, in all significant respects, Dorchester Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009.

June Awty

(Senior Statutory Auditor)

for and on behalf of KPMG LLP

Statutory Auditor

London

30-Sep-09

AUDIT OPINION

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FOREWORD TO THE ACCOUNTS

REVIEW OF THE FINANCIAL YEAR 2008-09

The Council's accounts for the year ended 31st March 2009 are set out on the following pages:

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

They consist of:-

Annual Governance Statement

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

Income and Expenditure Account and Notes

This summarises the revenue income and expenditure of the Council.

Statement of Total Recognised Gains and Losses

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

Balance Sheet and Notes

This sets out the financial position of the Council at 31st March 2009, showing details of the Council's assets and liabilities.

Cash Flow Statement and Notes

This summarises inflows and outflows of cash arising from revenue and capital transactions with third parties.

Group Income and Expenditure

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

Group Statement of Total Recognised Gains and Losses

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

Group Balance Sheet

This sets out the financial position of the Council and its group entities at 31st March 2009, showing details of the Group assets and liabilities.

Group Cash Flow Statement

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

The foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the most significant matters reported in the accounts.

FOREWORD TO THE ACCOUNTS

The following table shows a comparison of the budget and outturn figures in 2008-09 analysed by

	Budget £ (original)	Actual £	Difference
Net Expenditure:			
Allotments	9,358	10,141	(783)
Parks, Gardens & Open Spaces	539,067	561,335	(22,268)
Buildings & Cultural Activities	267,330	250,441	16,889
Twinning	8,921	6,640	2,281
Corporate Management	10,441	76,344	(65,903)
Democratic Rep & Management	105,670	96,826	8,844
Planning & Environment	20,517	21,118	(601)
s.137 Expenditure	0	11,242	(11,242)
Net Cost of Services	961,304	1,034,087	(72,783)
(Profit)/Loss on Sale of Fixed Assets	0	(3,090)	3,090
Dorchester Joint Burial Committee	68,000	67,918	82
Interest Payable	37,758	42,158	(4,400)
Interest Receivable	(12,300)	(15,287)	2,987
Net Operating Expenditure	1,054,762	1,125,786	(71,024)
Statutory Amount (see I&E)	237	(89,567)	89,804
Amount to be met by Precept	1,054,999	1,036,219	18,780
Precept	(1,017,488)	(1,017,488)	0
(Increase)/Decrease in General Fund Balance for the year	37,511	18,731	18,780

During the year the council continued to provide allotments for the benefit of town residents, and to maintain for the benefit of the public many of the parks, gardens and open spaces in Dorchester. It also maintained the municipal buildings which are hired out for public use. Net expenditure on these three activities increased by £95,305 in the year, to £821,917.

The council also incurred expenditure on twinning activities (to foster closer relationships with towns in Europe twinned with Dorchester), and on planning and environment activities. Both types of expenditure increased during the year, from a total of £22,003 (2007/08) to £27,758 (2008/09).

FOREWORD TO THE ACCOUNTS

Section 137 expenditure (for the benefit of people in the Dorchester area) increased from £9,392 (2007/08) to £11,242 (2008/09). 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 £65,024 (2007/08) to £67,918 (2008/09).

The council's expenditure on employee pensions increased from £66,077 (2007/08) to £67,298 (2008/09). 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 £108,298 was generated by the Council's revenue activities in the year. After adjusting for transfers to and from reserves, the Minimum Revenue Provision for capital financing and the removal of depreciation and amortisation of government grants, a deficit of £18,731 was transferred to general reserves on the balance sheet. This has decreased the level of general reserves, which are available for general expenditure, from £494,817 to £476,086.

The majority of the deficit generated by the Council's Revenue Activities in the year can be explained as follows.

- In 2008/09 there was no best value grant received which has seen income fall by £30,000.
- Councillors Allowances were introduced at a cost of £15,360.
- Market income has also fallen significantly from the previous financial year by £17,030
- The other reason that has helped contribute to the significant deficit is that there has been significant expenditure incurred on repairs and maintenance, particularly in the Borough Gardens where the clock and bandstand have been repainted at significant cost. A transfer has been made from reserves towards the cost of this expenditure.

The Council had two capital schemes in progress at the year end. The skatepark is nearly complete and is due to be completed in the year ended 31 March 2010. There has also been some expenditure relating to the installation of the lift in the Corn Exchange which is expected to be completed in the 2010/11 financial year.

These accounts have been audited by KPMG. KPMG have issued their audit opinions which can be found on pages 4 - 8 of the Statement of Accounts. I confirm that the Statement of Accounts presents fairly the position of the Town Council as at 31st March 2009 and its income and expenditure for that year.

Dennis Holmes, Town Clerk

Date:

FOREWORD TO THE ACCOUNTS

I confirm that these accounts were approved by the Policy Committee at the meeting held on 25th June 2009, and subsequently reapproved by the Policy Committee held on the 22nd September 2009 following some minor changes to the accounts.

Signed on behalf of Dorchester Town Council

Councillor Trevor Jones, Chairman of Policy Committee

Date:

STATEMENT OF RESPONSIBILITIES

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

The Council is responsible for:-

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

The Responsible Finance Officer is responsible for:-

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

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 - A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

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

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

2. ACCRUALS OF INCOME AND EXPENDITURE

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

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

3. PROVISIONS

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

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

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

STATEMENT OF ACCOUNTING POLICIES

4. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in the year 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 Balance statement 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 as adjusted by the Statement of Movement on the General Fund Balance.

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

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 depreciated historical cost.

- Capital Adjustment Account - 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.

5. GOVERNMENT GRANTS (REVENUE)

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

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

6. PENSIONS

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

STATEMENT OF ACCOUNTING POLICIES

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

7. 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.

8. OVERHEADS

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

9. TANGIBLE FIXED ASSETS

Tangible Fixed Assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

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

STATEMENT OF ACCOUNTING POLICIES

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

iii) Impairment

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

iv) Disposals

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

v) Depreciation

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

vi) Grants and Contributions towards Capital Expenditure

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

vii) Charges to Revenue

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

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

STATEMENT OF ACCOUNTING POLICIES

The Council is not required to raise Council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contributed towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance, or loans fund principal charges). For this annual provision, the Town Council uses the Loan Principal repaid for the financial year. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

10. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged to the relevant service revenue account in the year. Where the council has determined to meet this cost existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance.

11. 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.

12. FINANCIAL INSTRUMENTS

Dorchester Town Council's accounting treatment of Financial Assets and Financial Liabilities held by the Council are compliant with the SORP requirements which are based on FRS 25 Financial Instruments: Presentation & Disclosure, FRS 26 Financial Instruments: Recognition & Measurement and FRS 29 Financial Instruments: Disclosure.

Financial Liabilities

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

STATEMENT OF ACCOUNTING POLICIES

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

The fair value of these PWLB loans is shown in the notes to the accounts as required by the SORP.

Financial Assets

Dorchester Town Council has two types of financial assets, Debtors and Bank Deposits both of which are to be treated as Loans & Receivables and in the case of Dorchester Town Council will be recorded as per the balance at the Balance Sheet Date.

13. STOCKS AND WORK IN PROGRESS

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

14. CONTINGENT LIABILITIES

The Council has no contingent liabilities.

15. FOREIGN CURRENCY TRANSLATION

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

16. INTEREST

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

17. INVESTMENTS

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

18. ASSETS UNDER CONSTRUCTION

Where expenditure has been incurred on a fixed assets that have not yet been completed and bought 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.

STATEMENT OF ACCOUNTING POLICIES

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. POST BALANCE SHEET EVENTS

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

20. FORMAT OF INCOME & EXPENDITURE ACCOUNT

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

21. GROUP ACCOUNTS

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

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

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

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

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

STATEMENT OF ACCOUNTING POLICIES

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

22. RESTATEMENT OF COMPARATIVES

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

ANNUAL GOVERNANCE STATEMENT 2008-09

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.

ANNUAL GOVERNANCE STATEMENT 2008-09

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

ANNUAL GOVERNANCE STATEMENT 2008-09

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

The West Dorset District Council's Standards Committee has jurisdiction over certain aspects of the conduct of Council Members within the framework established by the Standards Board for England. The Council adopted a revised Code of Conduct for Members in May 2007 following the recommendations of the Standards Board for England and all members attended a training session on the revised Code of Conduct in the Autumn of 2007.

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

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

The Council appoints suitably qualified and experienced employees, selected against accurate and specific job descriptions and person specifications; an induction process is applied to all new employees and appropriate training is offered to employees where necessary. In addition the Council has adopted a Code of Conduct for Staff and this will be reviewed against the model code promised by the Standards Board for England when this is eventually published. The Council's Personal Achievement and Development Scheme was recently examined by South West Provincial Employers and found to be suited to its purpose.

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

ANNUAL GOVERNANCE STATEMENT 2008-09

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

ANNUAL GOVERNANCE STATEMENT 2008-09

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 2008-09 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 2011-12 was adopted in January 2009; this Strategy will 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.

ANNUAL GOVERNANCE STATEMENT 2008-09

Signed on behalf of Dorchester Town Council:

S.C. Hosford
Mayor

Dennis Holmes
Town Clerk

INCOME AND EXPENDITURE ACCOUNT

2007-08 (Restated) Net Spending £		2008-09 Continuing Operations Gross Spending £	Income £	Net Spending £
8,131	Allotments	14,548	(4,407)	10,141
246,255	Buildings & Cultural Activities	333,772	(83,331)	250,441
472,225	Parks, Gardens & Open Spaces	639,523	(78,188)	561,335
1,948	Twinning	6,640	0	6,640
20,055	Planning & Environment	21,118	0	21,118
9,392	Section 137 Expenses	11,242	0	11,242
101,058	Corporate and Democratic Core Costs	267,841	(94,671)	173,170
859,064	Net Cost of Services	1,294,684	(260,597)	1,034,087
0	(Profit)/Loss on Sale of Fixed Assets			(3,090)
65,024	Dorchester Joint Burial Committee Precept			67,918
44,231	Interest Payable			42,158
(33,235)	Interest and Investment Income			(15,287)
935,084	Net Operating Expenditure			1,125,786
(950,000)	Income from Local Taxation			(1,017,488)
(14,916)	(Surplus)/Deficit for the Year			108,298

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007-08 (Restated) £		2008-09 £
(14,916)	Surplus for the year on the Income and Expenditure Account	108,298
48,596	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(89,567)
33,680	(Increase) / Decrease in General Fund Balance for the Year	18,731
(528,497)	General Fund Balance Brought Forward	(494,817)
(494,817)	General Fund Balance Carried Forward	(476,086)

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

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

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

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

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

2007-08 (Restated) £	2008-09 £
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(163,629) Depreciation and impairment of fixed assets	(164,717)
24,723 Write down of Government Grants	24,821
0 Revenue Expenditure Funded from Capital under Statute	0
(138,906)	(139,896)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
34,000 Minimum revenue provision for capital financing	34,000
0 Capital expenditure charged in-year to the General Fund Balance	118,277
34,000	152,277
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
153,502 Net transfer to or from earmarked reserves	(101,948)
153,502	(101,948)
48,596	(89,567)
Net additional amount required to be credited to the General Fund balance for the year	
48,596	(89,567)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

2007-08 (Restated)	2008-09
£	£
(14,916) (Surplus)/Deficit on Income and Expenditure Account	108,298
(7,499) (Surplus)/Deficit arising on revaluation of Fixed Assets	0
0 Any other gains and losses	0
(22,415) Total Recognised gains and losses for the year	108,298
Prior Year Adjustment	
(22,415) Total Recognised Gains/Losses since the last Annual Report	108,298

RECONCILIATION OF OPENING AND CLOSING RESERVES

2007-08 (Restated)	2008-09
£	£
3,986,003 Opening Reserves	4,008,418
22,415 Total Recognised Gains/Losses since the last Annual Report	(108,298)
4,008,418 Closing Reserves	3,900,120

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 the Council's 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.

	2008-09			
	Original Estimate	Final Estimate	Actual	Difference () = over (from original estimate)
	£	£	£	£
<u>Expenditure</u>				
Employees	569,914	538,132	539,683	30,231
Premises Related Expenses	142,764	142,411	157,104	(14,340)
Transport Related Expenses	18,617	18,617	22,752	(4,135)
Supplies and Services	275,596	283,080	336,566	(60,970)
Third Party Payments	169,712	159,362	167,126	2,586
Capital Charges	108,162	136,605	139,896	(31,734)
	1,284,765	1,278,207	1,363,127	(78,362)
<u>Income</u>				
Grants	0	0	(750)	750
Reimbursements & Contributions	(62,112)	(51,570)	(60,805)	(1,307)
Customer & Client Receipts	(193,349)	(197,027)	(199,567)	6,218
Net Cost of Service	1,029,304	1,029,610	1,102,005	(72,701)
(Profit) / Loss on Sale of Fixed Assets	0	0	(3,090)	3,090
Interest Payable	37,758	43,712	42,158	(4,400)
Interest Receivable	(12,300)	(16,673)	(15,287)	2,987
Net Operating Expenditure	1,054,762	1,056,649	1,125,786	(71,024)
Net additional Amount required to be credited to the General Fund balance for the year	237	(18,307)	(89,567)	89,804
Amount to be met from Local Taxpayers	1,054,999	1,038,342	1,036,219	18,780
Financed by				
Council Tax Precept	(1,017,488)	(1,017,488)	(1,017,488)	0
Net General Fund (Surplus)/Deficit	37,511	20,854	18,731	18,780

1.2 MOVEMENT IN BALANCES

The level of general balances has decreased by the general fund deficit of £18,731 to £476,086

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.3 DISCRETIONARY EXPENDITURE

Section 137 of the Local Government Act 1972 (as amended) enables the Council to spend up to the product of £5.64 per head on the electoral roll in any one year for the benefit of people in its area on activities or projects not specifically authorised by other powers. The Council is permitted to spend £83,757 under this power in 2008/09. Expenditure was incurred for Grants to Local Voluntary Bodies.

2007-08		2008-09
£		£
9,392	Section 137 Expenses	11,242

1.4 PUBLICITY

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

2007-08		2008-09
(Restated)		
£		£
475	Staff Advertising	470
5,346	Other Advertising	4,893
2,847	Dorchester Newsletter	3,872

1.5 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 08/09 The Council paid £67,298 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 has changed in the 2008/09 financial year due to the changes in the LGPS. In 2007/08, the employers contribution was calculated as 335% of employee contribution. If this approach was used in 2008/09, the employers contribution would have been £72,122.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2008/09 these amounted to £399.90.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.6 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.

2007-08	2008-09
£	£
4,728	20,759
Members Allowances	

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

2007-08	2008-09
1	1
£50,000 to £59,999	

1.7 STAFFING STATEMENT

2007-08		2008-09
In post		In post
6	Permanent Administration Staff	6
0	Temporary Administration Staff	0
11	Permanent Manual Staff	12
8	Part-time Permanent Manual Staff	6
0	Part-time Temporary Manual Staff	1
<u>25</u>		<u>25</u>

1.8 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 £85,406 was received from the Dorchester Markets Joint Committee, which is a joint committee of Dorchester Town Council and West Dorset District Council (2007/08: £92,135). Included in this total is £9,488 of this relates to income from the running of a car boot fair on Sundays, and is set aside for donations to good causes (2007/08: £8,745).

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

In addition, the Town Council received £8,077 (2007/08: £7,880) 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 £67,918 to the Dorchester Joint Burial Committee, which represents the committee's precept demand from Dorchester Town Council for 2008/09 (2007/08: £65,024).

1.9 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.

2007-08		2008-09
£		£
18,000	External Audit Services - current year	16,000
7,172	External Audit Services - relates to previous years	0
0	Statutory Inspections	0
0	Certification of grant claims	0
25,172		16,000

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

1.10 LOCAL AUTHORITY GOODS AND SERVICES ACT 1972

The Council is empowered by this Act to provide goods and services to other public bodies. The authority provided tree maintenance services to West Dorset District Council and Dorset County Council. Income from these services amounted to £11,554; related expenditure was £17,332. In addition the Town Council received £10,218 from the District and County Councils relating to room hire. The Town Council paid £16,660 relating to sweeping of the walks, £40,734 relating to the provision of financial services, £170 relating to building regulations and planning applications, £3,931 relating to the provision of fuel or vehicle maintenance, £5,480 relating to the collection of trade waste, £10,120 in relation to Capital Works, £2,964 for the provision of printing services and £3,856 relating to sundry goods and services.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1.11 GROUP ACCOUNTS - SHARE OF ASSOCIATE

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

	Dorchester Markets Joint Committee	Dorchester Town Council share (35%)	Shown as:
Turnover	460,724	0	
Profit / (Loss)	(17,628)	(6,170)	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

1.12 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 2008/09 Financial Year (2007/08 £1,942). At 31 March 2009 the Council was committed to making payments of £1,942 in 2009/2010 under these leases, comprising the following elements.

	Vehicles, Plant & Equipment £
Leases expiring in 2009/10	0
Leases expiring between 2010/11 and 2014/15	1,942
Leases expiring after 2015/16	0

NOTES TO THE BALANCE SHEET

2.1 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 01/04/08	3,797,407	476,013	1,383,862	5,657,282
Additions	0	20,797	13,617	34,414
Donations	0	0	0	0
Disposals	0	(17,150)	0	(17,150)
Reclassifications	0	0	0	0
Revaluations	0	0	0	0
At 31/03/09	3,797,407	479,660	1,397,479	5,674,546
<i>Depreciation and Impairments</i>				
At 01/04/08	(170,731)	(145,851)	(69,155)	(385,737)
Charge for 2008/09	(103,872)	(50,783)	(10,062)	(164,717)
Disposals	0	17,150	0	17,150
Reclassifications	0	0	0	0
Revaluations	0	0	0	0
At 31/03/09	(274,603)	(179,484)	(79,217)	(533,304)
<i>Balance Sheet Amount as at 31/03/09</i>	3,522,804	300,176	1,318,262	5,141,242
<i>Balance Sheet amount at 01/04/08</i>	3,626,676	330,162	1,314,707	5,271,545
<i>Nature of Asset Holding</i>				
Owned	3,090,830	300,176	765,454	4,156,460
Finance Lease	431,974	0	552,808	984,782
	3,522,804	300,176	1,318,262	5,141,242

NOTES TO THE BALANCE SHEET

2.1 FIXED ASSETS (CONTINUED)

Non Operational Assets

	Assets Under Construction £	Available for Sale £	Total £
<i>Cost or Valuation</i>			
At 01/04/08	1,107	0	1,107
Additions	199,051	0	199,051
Donations	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
Revaluations	0	0	0
At 31/03/09	200,158	0	200,158
<i>Depreciation and Impairments</i>			
At 01/04/08	0	0	0
Charge for 2008/09	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
Revaluations	0	0	0
At 31/03/09	0	0	0
<i>Balance Sheet Amount as at 31/03/09</i>	200,158	0	200,158
<i>Balance Sheet amount at 01/04/08</i>	1,107	0	1,107
<i>Nature of Asset Holding</i>			
Owned	200,158	0	200,158
Finance Lease	0	0	0
	200,158	0	200,158

Schemes in progress and Commitments

At 31st March 2009 there was expenditure relating to two projects included within the Assets Under Construction balance identified above.

NOTES TO THE BALANCE SHEET

2.1 FIXED ASSETS (CONTINUED)

There has been significant expenditure incurred due to the construction of a skatepark at Little Fairfield. The skatepark will be completed early in the 2009/10 financial year. The amount carried on the balance sheet for the construction of the skatepark is £194,758 as at 31/03/09. This will be funded by a combination of grants and transfer from the skatepark reserve.

There has also been expenditure of £5,400 which is included in the Assets under Construction balance above. This relates to professional fees payable in relation to the installation of a lift in the Corn Exchange. This capital scheme is expected to be complete in the 2010/11 financial year.

As at 31st March 2009, Dorchester Town Council is committed to a further £9,431 on the construction of the skatepark. This is in addition to the £21,493 of expenditure that is already included in the accounts as an accrual in relation to works up to 31/03/09.

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

2.1 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.

2.2 SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE

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

2007-08		2008-09
£		£
133,656	Major Schemes	202,548
	Minor works to Land / Buildings	10,120
25,415	Plant & Machinery	13,100
24,343	Vehicles	
	IT Equipment and software	
45,765	Other equipment	7,697
229,179	Total Payments	233,465
	Revenue Financing	118,277
244,007	Government Grants	93,600
(14,828)	Borrowing	21,588
229,179		233,465

NOTES TO THE BALANCE SHEET

2.3 DEBTORS

An analysis of the amounts due to the Authority at 31 March 2009 is shown below. The accounts include a provision for potential bad debts.

2007-08		2008-09
£		£
111,508	Central Government Departments	23,600
90,113	Other Local Authorities	136,323
37,325	Others	44,494
<u>238,946</u>		<u>204,417</u>

2.4 TEMPORARY INVESTMENTS

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

2.5 CASH AND BANK BALANCES

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

2.6 CREDITORS

An analysis of the amounts owed by the Authority at 31 March 2009 is shown below.

2007-08 (restated)		2008-09
£		£
21,856	Central Government Departments	20,820
19,446	Other Local Authorities	25,033
142,800	Others	124,466
<u>184,102</u>		<u>170,319</u>

2.7 LONG TERM BORROWING

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

NOTES TO THE BALANCE SHEET

2.7 LONG TERM BORROWING (CONTINUED)

An analysis of the loans by maturity is shown below:

2007-08		2008-09
£	Principal Repayable	£
34,000	Less than 1 year	34,000
34,000	1-2 years	34,000
102,000	2-5 years	102,000
370,000	5-10 years	370,000
230,000	10 years +	196,000
<u>770,000</u>		<u>736,000</u>

2.8 SPECIFIC RESERVES

The following reserves have been earmarked to fund future spending.

	Opening Balance 2007- 08	Income/ Transfers	Expenditure/ Transfers	Closing Balance 2008- 09
Municipal Buildings	90,675	12,000	(11,336)	91,339
Seats/Litter Bins Reserve	15,377	0	(5,567)	9,810
Play Equipment Reserve	38,274	34,500	(17,724)	55,050
Depot Repair Reserve	784	3,500	(512)	3,772
Christmas Lighting	16,268	0	0	16,268
Council Offices Repairs	12,278	1,000	(3,886)	9,392
Civic Regalia Replacement	1,949	300	(398)	1,851
Fairfield Skatepark	92,081	0	(92,081)	0
Holmead Walk Play Area	15,000	0	0	15,000
Dorchester Festival	0	5,500	(5,500)	0
Town Crier Uniform	598	299	0	897
Sunday Market	20,359	9,488	(10,032)	19,815
Repairs and Renewals	110,949	10,000	(51,499)	69,450
Loan Repayment Reserve	20,000	20,000	0	40,000
	<u>434,592</u>	<u>96,587</u>	<u>(198,535)</u>	<u>332,644</u>

2.9 EUROPEAN MONETARY UNION

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

NOTES TO THE BALANCE SHEET

2.10 FINANCIAL INSTRUMENTS BALANCES

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

2007-08 £		2008-09 £
	<u>Long Term Borrowings</u>	
770,000	Financial liabilities at amortised cost - Loans	736,000
	<u>Short Term Borrowings</u>	
0	Financial liabilities at amortised cost	0
<u>770,000</u>		<u>736,000</u>

The fair value of the PWLB loans as at 31/03/09 was £888,651. This figure has been calculated by reference to the 'premature repayment' set of rates in force on that day.

2.11 FINANCIAL INSTRUMENTS GAINS & LOSSES

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

2007-08 £		2008-09 £
44,231	Interest Paid - PWLB Loans	42,158
(33,235)	Interest Received - Bank Accounts	(15,287)
<u>10,996</u>	Net (Gain) / Loss for the year	<u>26,871</u>

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

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

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

Credit Risk

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

NOTES TO THE BALANCE SHEET

2.12 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 are all quoted on the open market, so the authority is not exposed to losses arising from movements in the price of these types of investments.

Foreign Exchange Risk

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

2.13 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.

2007-08		2008-09
£		£
738,533	Balance as at 1 April	957,818
244,007	Grants received in year	93,600
(24,722)	Grants written off in year	(24,821)
957,818	Balance at 31 March	1,026,597

NOTES TO THE BALANCE SHEET

2.14 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.

2007-08		2008-09
£		£
0	Balance as at 1 April	56,271
56,271	Contributions received in year	0
0	Contributions written off in year	0
56,271	Balance at 31 March	56,271

MOVEMENTS IN RESERVES

4.1 SUMMARY OF MOVEMENTS IN RESERVES FOR THE YEAR

	Revaluation Reserve £	Capital Adjustment Account £	Specific Reserves £	General Fund £
Balance Brought Forward	0	3,079,009	434,592	494,817
Net Surplus/Deficit for Year				(18,731)
Depreciation		(164,717)		
Loan Repayment		34,000		
Capital Expenditure funded From Revenue		118,277		
Capital Grants Written Down		24,821		
Transfer to Specific Reserves			(101,948)	
Balance Carried Forward	0	3,091,390	332,644	476,086

MOVEMENTS IN RESERVES

4.2 MOVEMENTS IN REVALUATION RESERVE

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

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

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

2007-08		2008-09
£		£
0	Balance as at 1 April	0
7,499	Revaluations	0
(7,499)	Transfer to Capital Adjustment Account	0
0		0

4.3 MOVEMENTS IN CAPITAL ADJUSTMENT ACCOUNT

This account accumulates:

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

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

2007-08		2008-09
£		£
3,176,417	Balance as at 1 April	3,079,009
7,499	Gains / Losses on Disposal of fixed Assets	0
(138,907)	Capital Charges	(139,896)
34,000	Loan Repayment	34,000
0	Revenue Contribution to Capital Expenditure	118,277
3,079,009	Balance at 31 March	3,091,390

GROUP INCOME AND EXPENDITURE ACCOUNT

2007-08 (Restated) Net Spending £	2008-09 Continuing Operations Gross Spending £	Income £	Net Spending £
8,131 Allotments	14,548	(4,407)	10,141
246,255 Buildings & Cultural Activities	333,772	(83,331)	250,441
472,225 Parks, Gardens & Open Spaces	639,523	(78,188)	561,335
1,948 Twinning	6,640	0	6,640
20,055 Planning & Environment	21,118	0	21,118
9,392 Section 137 Expenses	11,242	0	11,242
101,058 Corporate and Democratic Core Costs	267,841	(94,671)	173,170
61,617 Dorchester Joint Burial Committee	101,358	(40,719)	60,639
10,676 Share of the Operating Results of Associate			6,170
931,357 Net Cost of General Fund Services	1,396,042	(301,316)	1,100,896
0 Gain or Loss on Disposal of Fixed Assets			(3,090)
0 Other Operating Income			0
0 Exceptional Items			0
44,231 Interest Payable			42,158
(40,051) Interest and Investment Income			(20,104)
0 Minority Interest Share of Profits of Subsidiaries			0
935,537 Net Operating Expenditure			1,119,860
(950,000) Income from Local Taxation			(1,017,488)
(14,463) (Surplus)/Deficit for the Year			102,372

GROUP STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007-08 £ (restated)	2008-09 £
(14,463) Surplus for the year on the Income and Expenditure Account	102,372
46,732 Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(79,933)
32,269 Increase in General Fund Balance for the Year	22,439
(626,146) General Fund Balance Brought Forward	(593,877)
(593,877) General Fund Balance Carried Forward	(571,438)

RECONCILIATION OF SINGLE ENTITY SURPLUS TO GROUP SURPLUS

2007-08 £ (restated)	2008-09 £
(14,916) (Surplus)/Deficit for the year for the Authority	108,298
Adjustments for Transactions with Other Group Entities	
(14,916) (Surplus)/Deficit in the Group Income and Expenditure Account attributable to the Authority	108,298
(Surplus)/Deficit in the Group Income and Expenditure Account attributable to Group Entities (adjusted for intra-group transactions):	
(10,223) Subsidiaries	(12,096)
10,676 Associates	6,170
<u>(14,463)</u> (Surplus)/Deficit for the year on the Group Income and Expenditure Account	<u>102,372</u>

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

2007-08 £ (Restated)	2008-09 £
(14,463) (Surplus) / Deficit on Income and Expenditure Account	102,372
(7,499) (Surplus) / Deficit arising on revaluation of Fixed Assets	0
Actuarial Gains/Losses on pension fund assets/liabilities	
Any other gains and losses	
(21,962) Total Recognised gains and losses for the year	102,372
Prior Year Adjustment	
<u>(21,962)</u> Total Recognised Gains/Losses since the last Annual Report	<u>102,372</u>

RECONCILIATION OF OPENING AND CLOSING RESERVES

2007-08 £ (restated)	2008-09 £
(4,144,914) Opening Reserves	(4,166,876)
(21,962) Total Recognised Gains/Losses since the last Annual Report	102,372
<u>(4,166,876)</u> Closing Reserves	<u>(4,064,504)</u>

NOTES TO THE GROUP ACCOUNTS

5.4 GROUP MOVEMENTS IN RESERVES FOR THE YEAR

	Revaluation Reserve	Capital Adjustment Account	Group General fund	Other Group Reserves
Balance Brought Forward (Restated)	0	3,034,617	593,877	538,382
Net Surplus/Deficit for Year			(22,439)	
Depreciation		(166,027)		
Loan Repayment		34,000		
Capital Expenditure funded From Revenue		118,277		
Capital Grants Written Down in Year		24,821		
Transfer to Specific Reserves				(91,004)
Balance Carried Forward	0	3,045,688	571,438	447,378

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.