



Bishop's Stortford Town Council

The Old Monastery, Windhill
Bishop's Stortford, Herts, CM23 2ND

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Chief Executive
James Parker

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

20 September 2010

Dear Sirs

Financial Statements for the Year Ended 31 March 2010

We confirm to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other officers and members with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above financial statements

- i We acknowledge our responsibilities for ensuring that financial statements are prepared which give a true and fair view of the financial position of the Council and for making accurate representations to you.
- ii As far as we are aware:
 - a there is no relevant audit information of which you are unaware
 - b we have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that you are aware of that information
- iii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iv All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly recorded in the accounting records and reflected in the financial statements.
- v All other records and related information, including minutes of all Council and Committee meetings, have been made available to you
- vi The financial statements are free of material misstatements, including omissions

- vii We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud
- viii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
- ix We are not aware of any irregularities, including fraud, involving management or employees of the Council. We are not aware of any instances of actual or possible non-compliance with laws, regulations, contracts, agreements or the Council's constitution that might result in the Council suffering significant penalties, other loss or affecting the financial statements. No allegations of such irregularities, including fraud, or such non-compliance have come to our notice
- x We have disclosed to you all related parties and there were no transactions with officers, members or other related parties which should be disclosed in the financial statements except as disclosed in the financial statements.
- xi Except as stated in the accounts:
- a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the Council has been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure
- xii There are no claims, legal proceedings or other matters which may lead to a loss falling on the Council or which could result in the creation of an unrecorded asset, that should be disclosed in the financial statements
- xiii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance
- xiv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv No significant events having an effect on the financial position of the Council have taken place since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto
- xviii We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.
- xiv We have not adjusted the misstatements brought to our attention within the ISA260 report to those charged with governance as they are immaterial to the results of the Council and the financial position at the year end.

Approval

The approval of this letter of representation was minuted by the Audit Committee at its meeting on 20 September 2010

Signed on behalf of Bishop's Stortford Town Council.

Name JAMES PARKER

Position CHIEF EXECUTIVE


Date 21/10/2010



Name NORMA Symonds

Position Mayor

Date 21.10.2010



Bishop's Stortford Town Council

Annual Report and Accounts

For the Year Ending 31st March 2010

Bishop's Stortford Town Council

Section One

The Annual Report

For the Year Ending 31st March 2010

Bishop's Stortford Town Council

Annual Report for the Year Ending 31 March 2010

INTRODUCTION

Bishop's Stortford Town Council was created in 1974 following local government re-organisation. It is the largest parish in East Hertfordshire District with a population of approximately 37,000 representing approximately 29% of the population of the district.

THE COUNCIL

The council comprises eighteen councillors who are elected to serve for four years. The next elections are in May 2011 and all seats are up for election at the same time.

The current councillors are as follows:

Cllr J Barfoot
Cllr K Barnes
Cllr A Burlton
Cllr Mrs J Demonti
Cllr P Demonti
Cllr R Gilbert
Cllr A Graham
Cllr Mrs D Hollebon
Cllr C Horner
Cllr G Jones
Cllr D Peek
Cllr Mrs N Symonds
Cllr R Taylor
Cllr K Warnell (Deputy Mayor)
Cllr M Wood
Cllr Miss C Woodman
Cllr C Woodward (Mayor)
Cllr J Wyllie

The Chief Executive, Mr James Parker is responsible for the day to day running of the council services and the staff of the council report to him. The auditors are Grant Thornton (UK) LLP.

Further information about the accounts is available from The Old Monastery, Windhill, Bishop's Stortford, Herts, CM23 2ND. It is the council's policy to provide full information about its affairs. Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the press and on the council's notice boards.

PRINCIPAL ACTIVITIES

The Council provides the following services:

- two open cemeteries and management of the closed cemeteries at St Michael's Church and Newtown Road
- nine allotment sites with approximately 500 separate allotment plots
- a highly popular paddling pool together with surrounding green space and Sworders Field as well as several other green spaces around the town
- the tourist information centre
- a website which provides comprehensive information on the town both for locals and visitors
- public toilets in market square
- the organisation of town centre events including Carnival/Fun Day and the annual Service of Remembrance and the Christmas Lights

- the management of Markwell Pavillion and three other community centres
- the management of a fleet of four community minibuses
- a one-stop information point in our offices in Windhill, providing information on services to the town provided by us and other councils and organisations
- a number of bus shelters, community benches, litter bins and community notice boards
- planters and hanging baskets in the town centre (in conjunction with Stortford in Bloom)
- In conjunction with East Herts District Council and the Town Centre partnership, a Town Centre Manager who is responsible for the vibrancy and viability of the Town centre
- grants to a variety of community organisations
- the development of a comprehensive Town Plan based on a questionnaire to which 4000 responses were received

In addition the council is also the sole trustee of the Rhodes Birthplace Trust and makes a substantial contribution to the running costs of the Rhodes Arts Complex.

As well as providing these direct services the Town Council actively engages with partner organisations to further the interests of the town. Amongst these activities are included

- Reviewing all planning applications in the town and providing comments and recommendations to the planning authority
- Representing the town on over two dozen outside bodies
- Supporting Town Twinning with Friedburg and Villers Sur Marne
- Active engagement with many statutory organisations including the Inland waterways Association, East Herts and Hertfordshire County Councils, Hertfordshire Police, the National Health Trusts and many others

THE STATEMENT OF ACCOUNTS

The Council's Statement of Accounts for the Year Ended 31st March 2010 is set out in section 2 of this document. It consists of the following statements:

The Statement of Accounting Policies

This statement details the legislation and the accounting principles on which the financial statements are prepared

The Annual Governance Statement

This statement by the council confirms there is a sound system of internal control in place and that all regulations and proper practices have been adhered to in the preparation of the accounts.

The Statement of Responsibilities

This statement identifies the council's financial responsibilities and identifies the officer who is responsible for the council's financial affairs.

The Income and Expenditure Account

This document shows the Income Generated and the total expenditure on the services provided by the council for the year.

The Statement of Movements on the General Fund Balance

This statement shows the effect on the council's surplus or deficit after allowing for movements in their Reserves.

The Statement of Total Recognised Gains and Losses

This statement sets out the total gains and losses enjoyed and suffered by the council, not all of which are reported in the Income and Expenditure Account and their effect on the council's reserves in the year.

The Balance Sheet

This sets out the financial position of the council on 31st March. It shows the value of its assets, the value of its cash and bank values, how much it is owed and how much it owes and the balance of reserves at its disposal

Notes to the Accounts

These provide further information on the amounts included in the financial statements.

This report provides a brief explanation of the council's activities and draws attention to the main characteristics of the financial position, including the budget out-turn summarised below.

NOTES ON SIGNIFICANT MATTERS

Budget and Budgetary Variations

A summary of the actual expenditure, budgeted expenditure and variance is presented below. Overall the net spend (i.e. expenditure-income) was £73,410 less than budgeted. The dominant contribution to this was a £49,003 saving on premises costs, the majority of which was due to the unbudgeted sale of a parcel of land to the rear of the monastery. This offset £45,429 of the cost of the construction of new staff facilities at the cemetery, originally budgeted to be funded from income. The remainder of the favourable variance was due to savings across the board and miscellaneous additional income.

Type	Roll-Up	Actual	Budget	Variance	Note
Expenditure	Wages and Costs of Employment	522,404	533,250	-10,846	1
	Supplies, Services and Support Services	496,531	492,900	3,631	
	Premises and Related Expenditure	217,197	266,230	-49,033	2
	Capital and Associated Costs	59,514	63,160	-3,646	
	Transport and Related Expenditure	8,186	16,250	-8,064	
	Other Expenditure	16,269	0	16,269	3
Expenditure Total		1,320,100	1,371,790	-51,690	
Income	Events Income	11,634	1,000	10,634	
	Grant Income	11,250	10,000	1,250	
	Capital Income	0	13,800	-13,800	
	Cemetery Income	26,410	23,040	3,370	
	Trading Income	33,087	25,550	7,537	
	Lettings Income	56,752	43,530	13,222	
	Other Income	93,059	93,550	-491	
Income Total (excl precept)		232,191	210,470	21,721	
Precept Income		1,119,885	1,119,885	0	
Income Total		1,352,076	1,330,355	21,721	
Excess of Income over Expenditure		31,975	-41,435	73,410	4

Note 1	Favourable variances are negative for expenditure items and positive for income items. For example the expenditure on wages and costs of employment was £10,846 less than budget, a favourable variance and the income on events was £10,634 more than budget, again a favourable variance.
Note 2	£55,000 was originally budgeted to cover, in part, the construction of new staff facilities at the Cemetery. In the event this was largely offset by the proceeds of a capital disposal (land at the rear of the monastery). This accounts for £45,429 of the favourable variance, the remainder being accounted for by general savings/underspend relative to budget
Note 3	Transfer to Earmarked Reserves (£13,272), provision for Bad Debt (£3000) and accumulated rounding errors (-£3).
Note 4	A positive variance of £73,407 occurred overall on the I&E account

Fixed Assets

During the year the council acquired the following fixed assets:

- A Ford Ranger Truck to replace an old and now retired vehicle
- New energy-efficient Christmas lights
- A new table for the Council chamber

The acquisition of the Christmas lights was funded, in part, by a grant from East Hertfordshire District Council.

The total value of these asset acquisitions was £31,309 of which £17,432 was financed from a grant (which covered the cost of the Christmas lights) the scrappage allowance on the disposal of the retired vehicle accounted for £2000 and the balance of £11,877 was taken from the precept.

The council disposed of a parcel of land behind the monastery which forms part of the building plot on which the Joint Parishes' Centre is being constructed. The net value of this disposal after disbursements was £47,097.

As a matter of accounting policy a number parcels of land regarded as Community Assets are held at a nominal book value of £1 although their value is potentially rather greater.

Material and unusual charges

No material and unusual charges were made to the accounts in the period concerned.

Significant changes in accounting policies

The 2009/10 accounts have been prepared in accordance with the Accounting Standards Board's *Financial standards for Smaller Entities*(FRSEE) as applied to Local Councils by Part iv of *Governance and Accountability for Local Councils: A Practitioners' Guide (England)*.

2009/10 is the first year that the Town Council has prepared its accounts in accordance with FRSEE. Previous accounts were prepared under the *Code of Practice on Local Authority Accounting in the United Kingdom, a Standard of Recommended Practice* (SSORP), issued by the Chartered Institute of Public Finance and Accountancy. This change was mandated by the Audit Commission and the accounts for 2009/10, prepared under SORP, have been re-stated to FRSEE standards where year on year comparisons are presented.

The main differences between FRSEE and SORP are:

- Some items are classified differently within the Income and Expenditure account
- The Statement of Movement of General fund Balances is no longer included. Some items from this statement are now presented in the Income and Expenditure Account
- A statement of Movement of reserves is now included
- The Cash flow statement is no longer required
- The Capital Accounting Reserve has been renamed Capital Financing Reserve
- Detailed changes in the levels of disclosure in the notes

Changes in statutory functions and future developments

No material changes in statutory functions occurred during 2009/10.

No major changes are expected in future service delivery. However the Town Plan, completed during 2009/10 and approved by Council in December 2009, represents a significant commitment to the evolution of many aspects of the town and as a result the council is evaluating opportunities in a number of areas including

- Riverside amenities
- Town centre appearance and historic buildings
- Town centre and market vibrancy
- Litter
- Public and sustainable transport
- Local Employment

Many of these are in conjunction with partner organisations and it is not expected that these will have significant financial impact on the council.

During 2010/11 the Council plans to re-open a currently disused allotment to meet the significant increase in demand and install a water supply at the Elm Road Allotment. Other major investments to be made in 2010/11 include the purchase and installation of a roundabout for the disabled (as well as able bodied). In addition the temporary staff facilities at the Cemetery will be replaced with a permanent building. The cost of the latter has already been put into reserves and therefore its construction during 2010/11 will not impact the precept.

In the longer term the council will need to deal with the exhaustion of space for burials. Currently available space is sufficient to last approximately two years and the council is in the process of a land exchange which will provide space, immediately adjacent to the current cemetery, sufficient for a further five years. Beyond this there is no further land conveniently available. Although not pressing at present, it will be necessary to make provision for a solution in future years.

The council continues to work hard to increase efficiency and, as a result and despite the significant investments, the precept in 2010/11 will be less than that in 2010/09.

Borrowing facilities

The Council currently has loans with a total outstanding capital balance of £585,746 all of which are with the Public Works Loans Board. Of the total £35,625 is repayable within twelve months and the balance over the next fourteen years. All of the loans attract a fixed rate of interest which is between 2.94% and 5.05%.

During the year a study was undertaken to determine whether it would be financially advantageous to repay all or a proportion of one or more of the loans from balances. At the time of the study there was no financial advantage in so doing.

Sources of funds

In addition to the precept the council derives income from charges for its services, sale of goods in the Tourist Information centre, property lettings and charges made for the provision of management services. The proportion of income from the various sources 2009/10 was as follows:

Income source	% of total
Events Income	1%
Grant Income	1%
Cemetery Income	2%
Trading Income	2%
Lettings Income	4%
Other Income	7%
Total (excluding precept)	18%
Precept	82%

Whilst the Council continues to look for additional sources of income to supplement the precept it is not expected that these proportions will change in any material fashion within the foreseeable future.

The council does some assets which are currently not in operational use and could be used to fund future capital acquisitions. These two most valuable 'unused' assets are the former allotment site at Farnham road and the second floor of the monastery offices which is held on a long term lease. The former provides no income, the latter is currently let to tenants and the income is included in the accounts.

Bishop's Stortford Town Council

Section Two

Statement of Accounts

For the Year Ending 31st March 2010

Bishop's Stortford Town Council

Index

For the Year Ending 31st March 2010

Page No(s).

	Audit Certificate
1 to 3	Statement of Accounting Policies
4	Annual Governance Statement
5	Statement of Responsibilities for the Accounts Responsible Finance Officer's Certificate
6	Income and Expenditure Account
7	Statement of Movement of Reserves
8	Statement of Total Recognised Gains and Losses
9	Balance Sheet
10 to 14	Notes to the Accounts
Appendix A	Rhodes Birthplace Trust Statement of Financial Activities (Unaudited) Rhodes Birthplace Trust Balance Sheet (Unaudited)

Bishop's Stortford Town Council

Statement of Accounting Policies

31st March 2010

Accounting Convention

The accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) (FRSSE) issued by the Accounting Standards Board, as applied to Local Councils by part 4 of Governance and Accountability for Local Councils – A Practitioners Guide (England).

These accounts have been prepared having regard to the fundamental accounting concepts of: Going Concern, Prudence, Accruals, Relevance, Consistency, Reliability, Comparability, Understandability and Materiality.

The accounts have been prepared under the historical cost convention.

Prior to 1st April 2009 the councils accounts were prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom, a Statement of Recommended Practice 2008 (SORP). The change to the FRSSE has resulted in a review of accounting policies, with changes in respect of fixed asset valuations.

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets above the council de-minimis (currently £3,000) is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year.

Should the council decide to revalue its assets the surplus or deficit arising on such revaluations will be credited or debited to the Revaluation Reserve.

In accordance with Financial Reporting Standard (FRS) 15 depreciation is provided on all operational buildings (but not land), as well as other assets.

Fixed Assets are included in the balance sheet at valuations current on 31st March 2009 together with subsequent acquisitions and enhancements.

Depreciation Policy

Buildings and leasehold land are depreciated over the shorter of 50 years or the anticipated remaining useful lives on a straight line basis.

Freehold land is not depreciated.

Non Operational Assets (including Investment Properties) are not depreciated

Vehicles, plant and equipment and furniture over 4 to 10 years on a straight line basis.

Play equipment over 10 years per annum on a straight line basis.

Infrastructure Assets over 10 years per annum on a straight line basis.

Community Assets are not depreciated.

Grants or Contributions from Government or Related Bodies

Where a fixed asset has been acquired or improved with the financing either wholly or in part by a grant or contribution from government or a related body, e.g. Sports Council, the amount of the grant has been credited to Deferred Grants Account and carried forward. Grants so credited are released back to revenue over the life of the asset to match, and thereby offset wholly or in part, depreciation charged.

Capital Receipts

Capital receipts arising from the disposal of fixed assets are taken to the Capital Receipts Reserve until such time as they are used to finance new capital expenditure.

Investments

Investments are included in the balance sheet at historic cost and realised gains or losses are taken into the income and expenditure account as realised.

Stocks and Work in Progress

Stocks held for resale, where significant, are valued at the lower of cost or net realisable value. Consumable stocks have been treated as an expense when purchased because their value was not material.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Fees, charges and rents due from customers are accounted for as income at the date the Council receives payment for the relevant goods or service.

Supplies are recorded as expenditure when suppliers invoices are received - any supplies received and not consumed at the year end are carried to the balance sheet as stocks.

Interest payable on borrowings is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan.

Where income and expenditure has been recognised but cash not received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

The council reviews the level of its commercial debtors on a regular basis and provisions are made, as required, where the likelihood of amounts proving ultimately collectable is in doubt.

Value Added Tax

Income and Expenditure excludes any amounts related to VAT, as all VAT suffered/collected is recoverable from or payable to HM Revenue and Customs. Any amounts not so recoverable are treated as a separate expense.

External Loan Repayments

Details of the council's external borrowings are shown in the notes.

The council is required by the Guide to incorporate external borrowings in its Balance Sheet.

Leases

The council has no finance leases. Rentals payable under operating leases are charged to revenue on a straight line basis over the term of the lease.

Reserves

The council maintains certain reserves to meet general and specific future expenditure. The purpose of the council's reserves is explained in the notes.

The Capital financing Reserve is maintained to manage the accounting processes for tangible fixed assets. It does not represent usable resources for the council.

Capital receipts arising from the disposal of fixed assets are taken to the Useable Capital Receipts Reserve until such time as they are used to finance new capital expenditure.

Interest Income

All interest receipts are credited initially to general funds.

Interest is reallocated to certain reserves based on the level of their fund balance.

Pensions

The pension costs that are charged against precept in the council's accounts, in respect of its employees, are equal to the contributions paid to the funded pension scheme for those employees.

These contributions are determined by the fund's actuary on a triennial basis and are set to meet 100% of the liabilities of the pension fund, in accordance with relevant government regulations.

The next actuarial valuation is due a 30 June 2010 and any change in contribution rates as a result of that valuation will take effect from 1 April 2011.

The Local Government scheme is accounted for as a defined benefit scheme.

Prior Period Adjustments

Any adjustments referring to earlier accounting years are made by adjusting the comparative figures for the preceding year and adjusting the opening balances of reserves accordingly.

Contingent Assets and Contingent Liabilities

Contingent assets and liabilities are not disclosed in the accounting statements, if any such assets or liabilities exist then these are disclosed as notes to the accounts

Provisions

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

Provisions are charged to the Income & Expenditure Account in the year that the council becomes aware of the of the obligation, based on the best estimate of the likely settlement and a corresponding amount is shown as a current liability in the Balance Sheet. When payments are eventually made they are charged against the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

Post Balance Sheet Events

Material events that occur between the Balance Sheet date and the date the accounts are approved which might have a bearing upon the financial results for the past year are reflected in the accounts as follows:-

Non adjusting events- the financial statements are not adjusted and they are shown in note 19. *Adjusting*

Events- The necessary adjustments are made to the financial statements and these are detailed in note 19.

Acquired and Discontinued Operations

Acquired and discontinued operations are recognised in the Income and Expenditure Account under the Direct Service Costs heading and any liabilities in respect of these operations is shown in the Balance Sheet.

Bishop's Stortford Town Council

Annual Governance Statement

31st March 2010

We have approved the statement of accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.

We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption **and** reviewed its effectiveness.

We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the Council to conduct its business or on its finances.

We have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.

We have carried out an assessment of the risks facing the Council **and** taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

We have maintained throughout the year, an adequate and effective system of internal audit of the council's accounting records and control systems **and** carried out a review of its effectiveness.

We have taken appropriate action on all matters raised in reports from internal and external audit.

We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council **and**, where appropriate, have included them in the statement of accounts.

Trust Funds- in our capacity as the sole managing trustee, we have discharged our responsibility in relation to the accountability for the funds(s)/assets, including financial reporting and, if required, independent examination or audit.

Bishop's Stortford Town Council

Statement of Responsibilities for the Accounts

31st March 2010

The Council's Responsibilities

The Council is required:

to make arrangements for the proper administration of its financial affairs

to secure that one of its officers (R.F.O.) has the responsibility for the administration of those affairs.
At this council, that officer is the Chief Executive

to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets

to approve the accounts

The Responsible Financial Officer's Responsibilities

The R.F.O. is responsible for the preparation of the council's statement of accounts as contained in *Governance and Accountability for Local Councils (Part IV) - A Practitioners Guide England "The Guide"* and the appropriate *Financial Reporting Standard for Smaller Enterprises (FRSSE 2008)* so far as is applicable to this council, to present a true and fair view of the financial position of the council at 31 March 2010 and its income and expenditure for the year then ended.

In preparing the statements of accounts, the R.F.O. has:

selected suitable accounting policies and then applied them consistently

made judgements and estimates that were reasonable and prudent, and complied with the guide.

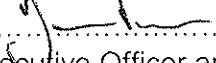
The R.F.O. has also:

Kept proper accounting records which were up to date, and

taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Financial Officer's Certificate

I hereby certify that the statement of accounts presents a true and fair view of the position of Bishops Stortford Town Council at 31 March 2010, and its income and expenditure for the year ended 31 March 2010

Signed: 
Chief Executive Officer and RFO

Date: 21/09/10

Bishop's Stortford Town Council

Income and Expenditure Account

For the Year Ending 31st March 2010

Previous Year	Notes	2010	
		£	£
		Gross	
<hr/>			
	Income		
1,152,350	Precept	1,119,885	
10,225	Grants received	38,861	
37,508	Rental Income, Interest and Investment Income	23,517	
104,489	Charges made for services	102,446	
123,874	Other income and contributions	66,332	
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1,428,446	Total income		1,351,042
Expenditure			
	Direct Service Costs		
(295,584)	Salaries and Wages	(273,964)	
(211,887)	Other Costs	(231,548)	
(344,463)	Grant-aid Expenditure	(343,309)	
	Democratic, Management and Civic Cost		
(205,546)	Salaries and wages	(228,719)	
(196,401)	Other costs	(259,365)	(1,336,904)
<hr/>		<hr/>	
(1,253,881)	Exceptional Items		
	Profits or losses on disposal of fixed assets		49,011
<hr/>			<hr/>
174,565	Net Operating Surplus/(Deficit) for the Year		63,148
69,815	Depreciation Charges	78,667	
(5,000)	Deferred Government Grants Released	(9,358)	
	Reverse gain on sale of assets	(49,097)	
(34,445)	Loan account principal repayments	(34,272)	(14,060)
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30,370			
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204,935	Balance Carried Forward		49,088

Bishop's Stortford Town Council

Statement of Movement of Reserves

For the Year Ending 31st March 2010

	2010			
	General Fund Balance	Earmarked Revenue Balances	Useable Capital Receipt	Capital Finance Reserve
	£	£	£	£
Balance Brought Forward	49,088	-	-	-
Appropriations (to)/from revenue	(13,272)	13,272	47,097	-
	35,816	13,272	47,097	-
Other Reserve Movements				
Capital expenditure financed from council funds	(11,877)	-	-	11,877
Capital expenditure financed from asset sales	-	-	-	2,000
Deferred government grants released	-	-	-	9,358
Reversal of depreciation	-	-	-	(78,668)
Loan account principal repayments	-	-	-	34,272
Prior adjustment loan repayments	8,036	-	-	(8,036)
	31,975	13,272	47,097	(29,197)
Balance brought forward at 1 April 2009	584,347	65,800	10,000	1,340,005
Balance carried forward at 31 March 2010	616,322	79,072	57,097	1,310,808

Note: Prior year adjustment to loans repayments refers to incorrectly treating the repayments of the PWLB Loan raised for The Rhodes Birthplace Trust as part of the council's asset financing in the accounts to 31 March 2009.

Bishop's Stortford Town Council

Statement of Total Recognised Gains and Losses

For the Year Ending 31st March 2010

<u>Previous Year £</u>	Notes	<u>2010 £</u>
174,565	Surplus/(Deficit) on income and Expenditure Account for the Year	63,148
	Surplus or (deficit) arising on the revaluation of Fixed Assets	-
<u>174,565</u>	Total recognised gains for the year	<u>63,148</u>

Any surplus shown on the Revaluation Account referred to a revaluation at 31 March 2009. Under the new regulations operating from 1st April 2009 councils are no longer required to revalue their assets, therefore as from 1st April 2009, all revaluation gains are transferred to the Capital Financing Account


Bishop's Stortford Town Council

Balance Sheet

as at 31st March 2010

Previous Year £		Notes	2010 £	2010 £
	Fixed Assets			
1,896,017	Tangible fixed assets	6		1,848,659
	Operational Assets			
983	Investments	9	450,983	
123,372	Long Term Debtors		114,970	565,953
124,355				
	Current Assets			
4,860	Stock		5,304	
68,823	Debtors	10	61,915	
697,477	Cash at Bank and In-hand		329,072	
771,160			396,292	
	Current Liabilities			
42,674	Borrowing repayable within one year	12	35,625	
103,960	Creditors and accrued expenses	11	94,787	
146,634			130,412	
624,526	Net Current Assets			265,880
2,644,898	Total Assets Less Current Liabilities			2,680,492
	Long Term Liabilities			
585,746	Long Term Borrowing	12	550,120	
59,000	Government Grants - Deferred		67,074	617,194
644,746				
2,000,152				2,063,298
	Financed by:			
1,340,005	Capital Financing Account	15		1,310,808
10,000	Useable Capital Receipt			57,097
65,800	Earmarked Reserves	16		79,071
584,347	General Reserve			616,322
2,000,152				2,063,298

These accounts have been approved by the Council.


.....
Mayor

Date: 21-9-2010


.....
Responsible Financial Officer

Date: 21/09/10

Bishop's Stortford Town Council

Notes to the Accounts

31st March 2010

1	Interest and Investment Income	2010	2009
		£	£
	Interest Income - General Funds	1,558	26,964
	Loan Interest Received	5,458	5,824
		<u>7,016</u>	<u>32,788</u>

2 Audit Fees

Fees payable for the services carried out by the council's auditors, Grant Thornton LLP UK, in the year are £9,000 (2009 £8,500).

3	Employees	2010	2009
		Number	Number
	The average weekly number of employees during the year was as follows:		
	Full-time	10.5	10.0
	Part-time (Full-Time Equivalent)	5.4	6.9
	Agency & Casual	1.7	1.1
	Total Active Employees (Full-Time Equivalent)	<u>17.6</u>	<u>18.0</u>
	Overtime (Full-Time Equivalent)	1.0	1.1
	Maternity Leave	0.6	-

Number of employees whose remuneration excluding employers pension contributions was over £50,000 in bands of £10,000 was:

Band	Number of Employees 09/10	Number of Employees 08/09
£50,000 to £59,999	0	1

4 Related Party Transactions

The council is required to disclose material transactions with related parties - bodies or individuals that have potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allow readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another parties ability to bargain freely with the council.

The council paid grants totalling £310,000 (2009 - £320,000) to the Rhodes Birthplace Trust, in which the council as a Body Corporate is the sole trustee. It has also granted the Trust a long term loan repayable over 15 Years. The balance outstanding at 31st March 2010 was £114,970 (2009 - £123,372). As per the regulations, the Statement of Financial Activities and Balance Sheet for Rhodes Birthplace Trust are included in Appendix A.

Certain councillors are trustees of the following Trusts:- The Silver Leys Trust, St Michael's Mead Community Centre Trust, Bishop's Stortford Minibus Trust, Bishop's Park Community Centre Trust and The Havers Community Centre Trust.

The council is also responsible for the day to day management of various Trusts and charges the following fees:

	2010	2009
	£	£
The Silver Leys Trust	2,250	4,000
St Michaels Mead Community Centre Trust	4,000	4,000
Bishop's Stortford Minibus Trust	-	-
Bishops Park Community Centre Trust	4,000	4,000
The Havers Community Centre Trust	4,000	4,000
The Rhodes Birthplace Trust	11,000	11,000

Bishop's Stortford Town Council

Notes to the Accounts

31st March 2010

5 Pension Contributions

As part of the terms and conditions of employment of its officers and other employees, the council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Hertfordshire County Council Pension Fund. The Hertfordshire County Council Pension Fund is a defined benefit scheme, but the council is unable to identify its share of the underlying assets and liabilities because each employee scheme pays a common contribution rate.

The cost to the council for the year ended 31st March 2010 for Hertfordshire County Council Pension schemes was £56,263 (2009 - £62,117). There were no outstanding contributions at the balance sheet date.

The most recent actuarial valuation was carried out at 31st March 2007, and the council's contribution rate is confirmed at being 305.00% of employees' contributions with effect from 1st April 2008 (year ended 31st March 2009 - 308.00%). Year ended 31st March 2010-332%.

A new accounting standard, Financial Reporting Standard 17: "Retirement Benefits" has been introduced. For schemes such as Hertfordshire County Council Pension Fund, paragraph 9(b) of FRS 17 requires the council to account for pension costs on the basis of contributions actually payable to the scheme during the year.

6 Tangible Fixed Assets

	Freehold Land and Buildings	Vehicles and Equipment	Infrastructure Assets	Community Assets	Total
Cost	£	£	£	£	£
At 31 March 2009	1,691,350	368,250	97,269	99,831	2,256,700
Additions	-	31,309	-	-	31,309
Disposal	-	(1,168)	-	-	(1,168)
	<u>1,691,350</u>	<u>398,391</u>	<u>97,269</u>	<u>99,831</u>	<u>2,286,841</u>
Depreciation					
At 31 March 2009	71,372	230,950	58,361	-	360,683
Charged for the year	25,493	43,448	9,727	-	78,668
Eliminated on Revaluations/Disposal	-	(1,168)	-	-	(1,168)
	<u>96,865</u>	<u>273,230</u>	<u>68,088</u>		<u>438,183</u>
Net Book Value					
As 31 March 2010	<u>1,594,485</u>	<u>125,161</u>	<u>29,181</u>	<u>-</u>	<u>1,848,658</u>
As 31 March 2009	<u>1,619,978</u>	<u>137,300</u>	<u>38,908</u>	<u>-</u>	<u>1,896,017</u>

Although classified as capital expenditure, certain minor equipment purchases are not included above as they are not material in overall value.

Fixed Asset Valuation

The freehold and leasehold properties which comprise the council's property have been valued as at 19th January 2006 by external independent valuers, Messers Mullucks Wells, Chartered Surveyors. Revaluations are not required under the new regulations

Asset Disposal

During the year the council disposed of a plot of land at the rear of the Old Monastery for £48,000. The balance of the sales proceeds after deduction of costs has been credited to the Useable Capital Receipt for use on future capital projects.

Bishop's Stortford Town Council

Notes to the Accounts

31st March 2010

7 Financing of Capital Expenditure

The following capital expenditure during the year:

Fixed Assets purchased

2010	2009
£	£
31,309	277,104
<u>31,309</u>	<u>277,104</u>
was financed by:	
Earmarked Projects Reserve	-
Precept and Revenue Income	11,877
Sale of Assets	2,000
Deferred Capital Grants	17,432
Loan Proceeds	-
<u>31,309</u>	<u>270,000</u>
<u>31,309</u>	<u>277,104</u>

8 Information on Assets Held

Fixed assets owned by the council include the following:

Operational Land and Buildings

Council Offices - The Monastery

Markwell Pavilion

Public Toilets

Cemeteries - 2

Community Centres - 4

Vehicles and Equipment

Light Vans - 3

Dumper Truck

Play Equipment

Sundry Office Equipment

Sundry grounds maintenance equipment

Infrastructure Assets

Bus shelters

Other street furniture

Community Assets

Allotments - 6 sites

Recreation grounds and playing fields

Children's play areas

Council Artefacts

9 Investments

Cost and Net Book Value

Investments Other than Loans	Total
2010	2009
£	£
450,983	983
<u>450,983</u>	<u>983</u>

10 Debtors

Debtors

V A T Recoverable

Sundry Debtors

Prepayments and Accrued Income

Less: Provision for Bad and Doubtful Debts

2010	2009
£	£
27,019	31,863
8,679	5,451
1,577	500
<u>27,140</u>	<u>31,009</u>
64,415	68,823
<u>(2,500)</u>	-
<u>61,915</u>	<u>68,823</u>

Bishop's Stortford Town Council

Notes to the Accounts

31st March 2010

11 Creditors and accrued expenses	2010	2009
	£	£
Loans repayable within one year	35,625	42,674
Creditors	52,235	76,284
Payroll Taxes and Social Security	8,042	-
Other Creditors	34,510	27,676
	<u>130,412</u>	<u>146,634</u>

12 Long Term Liabilities	2010	2009
	£	£
At the close of business on 31 March 2010 the following loans to the council were outstanding:		
Public Works Loan Board	585,746	628,420
	<u>585,746</u>	<u>628,420</u>

The council's loans are repayable as follows:

	2010	2009
	£	£
Within one year	35,625	42,674
From one to two years	37,296	35,842
From two to five years	121,296	116,546
From five to ten years	237,835	228,438
Over ten years	153,693	204,920
Total loan commitment	<u>585,745</u>	<u>628,420</u>
Less: Payable within one year	<u>(35,625)</u>	<u>(42,674)</u>
Long Term Liability	<u>550,120</u>	<u>585,746</u>

13 Financial Commitments under operating leases

Vehicles, Plant and Equipment - the Council uses photocopying and telephone equipment financed under the terms of an operating lease. The amount paid under this arrangement in 2010 was £4,581 (2009 £2902). This amount has been charged to the relevant service heading in the Income and Expenditure Account.

	2010	2009
	£	£
Obligations expiring within one year	-	-
Obligations expiring between two and five years	4,581	4,581
Obligations expiring after five years	-	-
	<u>4,581</u>	<u>4,581</u>

14 Deferred Grants	2010	2009
	£	£
Balance Brought Forward	59,000	64,000
Grants Received	17,432	-
released to offset depreciation	<u>(9,358)</u>	<u>(5,000)</u>
	<u>67,074</u>	<u>59,000</u>

15 Capital Financing Account	2010	2009
	£	£
Balance as at 1 April	1,340,005	1,363,271
Transfer from Asset Revaluation Reserve	-	-
Financing capital expenditure in the year		
sale of Assets	2,000	-
using revenue balances	11,877	7,104
deferred capital grants released to offset depreciation	9,358	5,000
prior adjustment loan repayments	<u>(8,036)</u>	<u>-</u>
Reversal of depreciation	<u>(78,667)</u>	<u>(69,815)</u>
	<u>1,276,537</u>	<u>1,305,560</u>
Loan repayments	34,272	34,445
Balance at 31 March	<u>1,310,809</u>	<u>1,340,005</u>

Bishop's Stortford Town Council

Notes to the Accounts

31st March 2010

The Capital Financing Account represents revenue and capital resources applied to finance capital expenditure and for the repayment of external loans. It also includes the reversal of depreciation to ensure it does not impact on the amount to be met from precept and the balance from the old Fixed Asset Restatement Account abolished in the 2007 regulations. It does not represent a reserve which the council can use to support future expenditure.

16 Earmarked Reserves

	Balance at 01-Apr-09	Added in the Year	Used to fund Expenditure	Balance at 31-Mar-10
	£	£	£	£
Specific Reserve	65,800	-	-	65,800
Chamber Refurbishment	-	2,897	-	2,897
Town Centre Management	-	2,445	-	2,445
Town Centre Enhancement	-	7,316	-	7,316
Mayor's Allowance Unspent	-	616	-	616
	65,800	13,274	-	79,074

Earmarked Revenue Reserves represents sums set aside from revenue to fund future projects and expenditure.

17 Contingent Liabilities

The council is currently defending a wrongful dismissal case and is reviewing the extent of the potential liability.

18 Capital Commitments

The council has no capital commitments at 31st March 2010.

19 Post Balance Sheet Events

Material events that arise after the balance sheet date and which did not exist at the time must be declared to ensure a fair presentation of the financial statements. The council has no post balance sheet events.

20 Summary of Expenditure

	Democratic, Management and Civic Costs	
	2010	2009
	£	£
Other Costs	259,365	196,401
Analysis of costs broken into principal components		
Administration Costs	113,409	71,680
Management Costs	28,896	24,522
Stationery	6,479	7,807
Postage and Packaging	2,354	3,016
Depreciation Less Deferred Grants	69,309	64,815
Interest Payable	22,303	19,362
Past Service Costs	-	-
Other Costs	16,615	5,200
	259,365	196,401

Rhodes Birthplace Trust

Statement of Financial Activities (Unaudited)

For the Year Ended 31st March 2010

<u>Incoming Resources</u>	Restricted Funds	Unrestricted Funds	Total Funds	2009
Grants Receivable	37,240	285,000	322,240	474,088
Museum	-	17,255	17,255	25,053
Investment Income	154	80	235	8,691
Lettings	-	109,002	109,002	95,289
Events and Car Park	-	186,422	186,422	155,189
Other Income	-	989	989	3,003
Bar Profit	-	52,151	52,151	48,602
	37,394	650,899	688,294	809,914
<u>Resources Expended</u>				
<i>Direct Charitable Expenditure</i>				
Museum	-	31,025	31,025	36,101
Events	-	147,366	147,366	123,223
Lettings	-	(113)	(113)	952
Car Park	-	455	455	812
Direct Charitable Expenditure	4,424	421,860	426,284	342,946
Governance Costs	6,073	21,614	27,686	32,690
Depreciation Charges	10,773	33,906	44,679	44,342
	21,269	656,113	677,382	581,067
<u>Net Incoming Resources</u>	16,126	(5,213)	10,912	228,848
Other Recognised Gains & Losses	-	-	-	-
<u>Net Movement In Funds</u>	16,125	(5,213)	10,912	228,848
Balances at 1st April 2009	3,403,065	587,715	3,990,780	3,761,932
Balances at 31st March 2010	3,419,190	582,502	4,001,692	3,990,780

Rhodes Birthplace Trust

Balance Sheet (Unaudited)

as at 31st March 2010

	<u>2010</u>		<u>2009</u>	
	£	£	£	£
<u>Fixed Assets</u>		3,699,644		3,728,145
<u>Current Assets</u>				
Stocks	5,500		4,650	
Debtors	39,361		19,397	
Cash at Bank and in Hand	452,843		470,406	
	<u>497,704</u>		<u>494,453</u>	
<u>Creditors</u>				
Amounts falling due within one year	<u>(89,470)</u>		<u>(116,848)</u>	
<u>Net Current Assets</u>		408,234		377,605
<u>Long Term Creditors</u>				
Amounts falling due after one year		(106,186)		(114,970)
		<u>4,001,692</u>		<u>3,990,780</u>
<u>Restricted Funds</u>				
Building Appeal Fund		3,419,190		3,403,065
<u>Unrestricted Funds</u>				
Revenue Account		582,502		587,715
		<u>4,001,692</u>		<u>3,990,780</u>

Independent auditor's report to the Members of Bishop's Stortford Town Council

Opinion on the financial statements

We have audited the accounting statements and related notes of Bishop's Stortford Town Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement of Reserves, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Bishop's Stortford Town Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bishop's Stortford Town Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Financial Reporting Standard for Smaller Entities (Effective April 2008), are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting statements 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 accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Financial Reporting Standard for Smaller Entities (Effective April 2008).

We review whether the governance statement reflects compliance with 'Governance and Accountability for Local Councils: A Practitioners' Guide (England) 2010' published by the National Association of Local Councils (NALC) in 2010. We report if it does not comply with proper practices specified by NALC or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounting statements. 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 Council's corporate governance procedures or its risk and control procedures

We read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. 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 accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements and related notes, and

of whether the accounting policies are appropriate to the Council'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 accounting statements 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 accounting statements and related notes.

Opinion

In our opinion the Council accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Financial Reporting Standard for Smaller Entities (Effective April 2008), of the financial position of the Council as at 31 March 2010 and its income and expenditure for the year then ended.

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

Bishop's Stortford Town Council's Responsibilities

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and 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 Council 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 other local government bodies specified by the Audit Commission and published in January 2009. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council'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 and having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, we are satisfied that, in all significant respects Bishop's Stortford Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

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

Paul Dossett

Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

20 September 2010



Grant Thornton

Bishops Stortford Town Council

Audit of Accounts 2009-10
Annual Report to those Charged with Governance

September 2010

Contents

1	Executive Summary	2
2	Detailed Findings	5

Appendices

A	Reporting requirements of ISA 260	12
B	Adjustments to the financial statements	14
C	Management Action Plan	17

1 Executive Summary

ISAUK 260 requires communication of:

- relationships that have a bearing on the independence of the audit firm and the objectivity of the engagement team
- nature and scope of the audit work
- the form of reports expected.

Purpose of the report

- 1.1 This report has been prepared for the benefit of discussion between Grant Thornton UK LLP and Bishops Stortford Town Council (the Council). The purpose of this report is to highlight the key issues arising from the audit of the Council's financial statements for the year ending 31 March 2010.
- 1.2 This report meets the mandatory requirements of International Standard on Auditing 260 (ISA 260) to report the outcome of the audit to 'those charged with governance', designated as the Council. The requirements of ISA260, and how we have discharged them, are set out in more detail at Appendix A. This report also represents our Annual Audit letter to the Council.
- 1.3 The Council is responsible for the preparation of financial statements which record its financial position as at 31 March 2010, and its income and expenditure for the year then ended. We are responsible for undertaking an audit and reporting whether, in our opinion, the Council's financial statements present a true and fair view of the financial position.
- 1.4 Under the Audit Commission's Code of Audit Practice we are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. To reach this conclusion we have carried out work prescribed by the Audit Commission.

Audit conclusions

Financial Statements Opinion

- 1.5 We were presented with draft financial statements and accompanying working papers in advance of the deadline date of 30 June 2010. The working papers were of a good standard and enabled an efficient audit to take place.
- 1.6 We confirm no elector questions or objections were raised on the accounts during the course of our audit.
- 1.7 We anticipate providing an unqualified opinion on the Council's financial statements, following approval of the accounts by the Town Council on 20 September 2010
- 1.8 Further details of the outcome of our financial statements audit are given in Section Two.

Use of Resources Conclusion

- 1.9 In providing our opinion on the financial statements we are required to reach a conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).
- 1.10 Our Value for Money Conclusion is informed by our work on the UoR assessment. In order for us to provide a positive conclusion, the Council has to achieve a 'yes' judgement against relevant Key Line of Enquiry (KLOE) criteria as determined by the Audit Commission. At the time of writing this report, we expect to issue an unqualified VFM conclusion.
- 1.11 The key messages from our review of the Council's use of resources arrangements are:
- The Council demonstrates good financial planning and performance on an annual basis. However, they do not have a comprehensive approach to medium term financial planning. Per discussions with the Chief Executive, potential long term issues are identified and reviewed but there is little value seen at the present time in preparing a detailed plan as the requirements of the Council are unlikely to change materially year on year, unless the council undertakes specifically identified projects which for which planning is separately undertaken. In our view the pressing financial challenged of the future mean that the value of long term planning is very much enhanced.
 - Key governance transparency information is not readily available through the Council's website. For instance, the Council's accounts and our Report to those Charged with Governance for 2008/09 are not available via the website. As no other issues have been noted from the review of the financial reporting theme, we are satisfied that the Council's arrangements are adequate but the Coalition government focus on transparency in the public sector mean that increased focus is needed on the clarity and availability of governance information to the public..
 - The Council have prepared a risk assessment which it contends covers risk management and counter fraud issues. Given the challenges ahead and the heightened focus on fraud in the public sector we recommend that consideration should be given to developing a combined risk management and counter fraud policy.
- 1.12 Further information on the outcome of our Use of Resources audit is contained in Section Two.

The way forward

- 1.13 Matters arising from the financial statements audit have been discussed with the Chief Executive. We have made a number of recommendations, which are set out in the action plan at Appendix C. These have been agreed with the Council.

Use of this report

- 1.14 This report has been prepared solely for use by the Council to discharge our responsibilities under ISA260, and should not be used for any other purpose. We assume no responsibility to any other person. This report should be read in conjunction with the Statement of Responsibilities and the Council's Letter of Representation.

Acknowledgements

- 1.15 We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP

September 2010

2 Detailed Findings

Introduction

- 2.1 This section provides a summary of findings arising from our audit of the financial statements. This includes matters arising from our evaluation of key controls and comment on the Councils overall financial position.

Status of the audit

- 2.2 We carried out our audit in accordance with the Audit Approach Memorandum issued to the Council on 17 May 2010. Our audit is substantially complete, subject to the following finalisation procedures:
- review of the final version of the financial statements
 - obtaining and reviewing the Council's Letter of Representation
 - updating our post balance sheet events review to the date of signing the accounts.

Key risks

- 2.3 From 2009/10 there was a change in the basis of the preparation of the accounts and larger local councils were required to prepare their accounts in accordance with the proper accounting practices found in the Financial Reporting Standard for Smaller Entities (the FRSSE) and in accordance with Part 4 of Governance and Accountability for Local Councils: A Practitioners' Guide 2010 (England). As a result of the change in the basis of preparation of the accounts there were a number of transitional changes that the Council was required to make to the presentation of the financial statements and restatement of the prior year statements was required
- 2.4 Our 2009/10 Accounts Audit Memorandum set out the key risks relating to the audit of the financial statements. As part of our audit we considered the risks identified and have set out in Exhibit One below the outcome of the work completed. Our review of the risks facing the Council has not identified any additional risk areas.

Exhibit One: 2009/10 Key risks

Key risk	Work completed	Further work required
Risk 1		
<p>Financial Reporting Standard for Smaller Entities (FRSSE)</p> <p>From 2009/10, larger local councils must prepare accounts in accordance with the proper accounting practices found in the Financial Reporting Standard for Smaller Entities (the FRSSE) and in accordance with Part 4 of Governance and Accountability for Local Councils: A Practitioners' Guide 2010 (England).</p> <p>The most significant issues to note in relation to the transition are:</p> <ul style="list-style-type: none"> • restating prior year comparators • format and contents of the accounts, in particular the Income & Expenditure Account • the valuation of fixed assets 	<p>We liaised with the Council throughout the accounts preparation process to support the change to preparing financial statements in accordance with the FRSSE and undertook an initial review of the accounts prior to the start of the audit.</p> <p>Our audit procedures focused on those areas most impacted by the change to FRSSE accounting and have provided assurance that the accounts presented as amended are in accordance with reporting requirements</p>	None
Risk 2		
<p>The Council received an 'except for' VFM conclusion in the prior year, in that the authority had not put in place adequate arrangements to manage its risks and maintain a sound system of internal control.</p> <p>We reported to the Council the weaknesses in its arrangements that resulted in the 'except for' conclusion and made recommendations to the Council in order to improve the systems and processes it has in place.</p>	<p>We have completed our Use of Resources assessment. The Council has made improvements and we will be issuing an unqualified conclusion in respect of 2009/10. This is in relation to its medium term financial planning and its arrangements for financial reporting to Members.</p>	<p>Recommendations for improvements in those areas met by discretion have been raised. We will consider these areas again in 2010/11.</p>

- 2.5 The Council should confirm that it is not aware of any additional material risk areas facing the Council, including significant fraud risks.

Audit conclusions

Financial Statements Opinion

- 2.6 We anticipate providing a unqualified opinion on the Council's financial statements, following approval of the accounts by the Council on 20 September 2010.
- 2.7 There were a number of non-material misstatements identified as a result of our audit. A number of non-material adjustments were made to the draft accounts along with a number of presentational and disclosure adjustments which were not considered material to the reported financial performance but should be considered by the Council. Details of the significant adjustments are set out in paragraphs 2.13 to 2.16 below.

Value for Money Conclusion

- 2.8 Our Value for Money conclusion is drawn from our work on the Audit Commission's Use of Resources assessment framework. In order for us to provide a positive conclusion, the Council needs to achieve a 'yes' judgement against criteria determined by the Audit Commission to assess whether it has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our proposed assessment for the Council is summarised below.

Exhibit Two: Provisional 2010 UoR assessment and comparison to 2009

Assessment:
Yes - Adequate
arrangements in place
to secure VFM
No - Inadequate
arrangements in place
to secure VFM

Key Line of Enquiry	2010	2009
1.1 Financial planning and financial health	Yes	Yes
1.2 Understanding costs and achieving efficiencies	Yes	Yes
1.3 Financial reporting	Yes	Yes
2.3 Governance Arrangements	Yes	Not assessed under 2009 UoR
2.4 Risk management and internal control	Yes	No

- 2.9 Our work identified that the Council had made improvements in year to its arrangements to ensure Value for Money under the use of resources assessment. However, some areas were passed using auditor discretion and recommendations have been raised in Appendix C.
- 2.10 To reach our conclusion for each Key Line of Enquiry (KLoE), we have reviewed key documentation including policies, procedures and minutes of Council meetings. We have set out a summary of our findings in Exhibit Three:

Exhibit Three: Summary - Use of Resources

Key Line of Enquiry	Audit Assessment	Summary of Findings
1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	Yes	<p>Overall, the Council demonstrates good financial planning and performance on an annual basis. Medium term financial planning is not prepared in any detail. Work is performed to identify potential long term issues, but there is no value seen in preparing a detailed MTFP as the requirements of the Town Council are stable and do not change significantly year on year. The impact of pressures on public funding were also discussed and have clearly been considered in detail. BSTC are planning to maintain a flat budget and the only potential impact is if they have to start funding services considered essential to the town that had previously been provided by the District Council.</p> <p>Considering these factors and the operating environment of the Council it is considered that this element of the KLOE can be passed with discretion. This also fits with the review of the remainder of the KLOE in which no significant issues were identified.</p>
1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?	Yes	<p>The Council has set a balanced budget and controls its costs through its budget monitoring processes. There is evidence of the Council considers the costs and benefits when making resource allocation decisions.</p>

<p>1.3 Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?</p>	<p>Yes</p>	<p>Performance against the budget is reported to every meeting of the Finance and General Purposes Committee, which is the appropriate committee to receive these budget papers. This committee meets quarterly and therefore it can be considered that budget information is received on a regular enough basis for timely action to be taken where required. No concerns noted over the quality of financial information provided to members and in-year reporting is consistent with external reporting. Accounts meet statutory requirements and there were no material errors noted, although several reclassification adjustments were noted. No concerns noted over timeliness of quality of audit working papers. Review has highlighted that neither the signed accounts, nor the ISA 260 report are available on the Council's website. As this information would be made available on request and as no other issues have been identified from the review, it is considered reasonable to apply discretion in this instance.</p>
<p>2.3 Does the organisation promote and demonstrate the principles and values of good governance?</p>	<p>Yes</p>	<p>The Council has appropriate policies and procedures in place in order to ensure effectiveness governance. There is evidence of constructive working relationships between officers and Members of the Council.</p> <p>A whistleblowing policy has been put in place by the Council.</p>

2.4 Does the organisation manage its risks and maintain a sound system of internal control?	Yes	The Council has made improvements in this area over the last 12 months with the preparation of a risk assessment which is felt to cover risk management and counter fraud. The theme has been considered met, although a recommendation has been raised suggesting that consideration should be given to developing a combined risk management and counter fraud policy. In addition to this, the Council should consider assessing risks for likelihood and impact, along with assigning responsibility for each risk.
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- 2.11 Based on the UoR assessment above, we propose to give an unqualified Use of Resources conclusion.

Matters arising from the financial statements audit

- 2.12 We were presented with draft accounts following their approval by the Council in line with the national deadline.
- 2.13 Matters arising from the financial statements audit are set out below. Where appropriate, we have made recommendations for improvement, as set out in the agreed action plan at Appendix C.
- 2.14 Per the draft accounts, the cash balance included £450,000 of long term deposits. Following a review of these balances, it was found that they all fall due in excess of 12 months and should therefore be disclosed as long term investments.
- 2.15 In the year a strip of land was sold for a profit of £48k. This had previously been included within the accounts as a community asset valued at £1. Additional disclosure was required to be included in the accounts to explain this disposal.
- 2.16 Several other non material adjustments were identified. These have all been disclosed within Appendix B.
- 2.17 A number of other presentational and disclosure issues were identified to management and these have all been processed.

Related Party Transactions

- 2.18 In accordance with the requirements of the FRSSE, the Council has made disclosures within its financial statements of its related party transactions made during the year. We have reviewed these as part of our detailed audit procedures and have gained assurance that these are fairly stated. However, as a result of the audit testing, it was identified that not all members had completed the forms declaring

their interests. The Council should look to ensure that declaration of interest forms are completed for all Board members going forward.

- 2.19 It is important that the Council continues to maintain up-to-date details of Officer and Members interests in potential related party organisations and that any transactions between these and the Council are disclosed where material in the financial statements. Full Council should satisfy itself that it has appropriate arrangements in place for the declaration of interests and that where such transactions do occur and are declared that they comply with the highest standards of corporate governance. Not only must Council members and officers comply with the FRSSE, they should be seen by the local community to be transparent, open and objective in all business details relating to the Council, its staff and its assets.

Financial performance

- 2.20 The Council reported a surplus of £66k and following transfers from other reserves, increasing its General Reserve balance to £619k. We have considered the Council's ability to continue as a going concern taking into account its budget for 2010/11. We have also reviewed the general reserve balance which at its current level appears sufficient and have gained assurance that the Council is able to continue as a going concern.

Annual Governance Statement (AGS)

- 2.21 We reviewed the draft AGS and examined the Council's arrangements and processes for completing the statement. We are satisfied that the AGS complies with guidance and is in accordance with our knowledge of the Council.

Annual report

- 2.22 We reviewed the draft annual report and are satisfied that its content is in accordance with our knowledge of the Council.

Next steps

- 2.23 The Council is required to approve the financial statements for the year ended 2009-10. In forming its conclusions, the Council's attention is drawn to the required Letter of Representation.

A Reporting requirements of ISA 260

The principal purpose of the ISA 260 report is:

To reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and those charged with governance.
To share information to assist both the auditor and those charged with governance fulfil their respective responsibilities.
To provide to those charged with governance constructive observations arising from the audit process.

ISA 260 Reporting requirements	Key messages
Independence	<p>We are able to confirm our independence and objectivity as auditors and draw attention to the following points:</p> <ul style="list-style-type: none"> • We are independently appointed by the Audit Commission. • The firm has been assessed by the Audit Commission as complying with its required quality standards. • The appointed auditor and client service manager are subject to rotation in line with the Audit Commission's requirements. • We comply with the Auditing Practices Board's Ethical Standards. • We have not provided any non audit services in 2009-10.
Audit Approach	<p>Our approach to the audit was set out in our 2009-10 audit plan and Audit Approach Memorandum. We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice.</p> <p>We consider the materiality of items in the financial statements in determining the audit approach and in determining the impact of any errors.</p>

2009/10 reporting adjustment	Key messages
Accounting Policies	<p>The Council has adopted appropriate accounting policies in accordance with the Joint Practitioners' Advisory Group (JAG) Governance and Accountability for Local Councils Practitioners Guide which interprets the Financial Reporting Standard for Smaller Entities (FRSSE) for Larger Local Councils.</p> <p>Full Council should confirm that it is satisfied that the accounting policies adopted are the most appropriate, as required by FRS 18.</p> <p>We have considered the Council's financial plans and consider it appropriate for the Council to continue to account on a going concern basis.</p> <p>Full Council should confirm that it is not aware of any additional material risk areas facing the Council, including significant fraud risks.</p>
Material Risks	<p>We have requested from the Council a Letter of Representation, to state that there are no additional material risks and exposures as at 20 September 2010, which should be reflected in the financial statements.</p> <p>We will also perform our own audit procedures to ensure that all significant risks and exposures to the Council have been recognised in the accounts as at 20 September 2010.</p> <p>We have discussed with management adjustments to the accounts to improve the clarity and presentation of disclosure notes. These adjustments have all been processed by management.</p>
Audit Adjustments	
Other Matters	<p>We have made recommendations in respect of areas for improvement. Recommendations and agreed action are listed in the Action Plan at Appendix C.</p>

B Adjustments to the financial statements

The table below lists all significant audit adjustments which have been processed and agreed with the Council's Responsible Finance Officer.

Adjustment Type

Misstatement - A change to the value of a balance presented in the financial statements.

Classification - The movement of a balance from one location in the accounts to another.

Disclosure - A change to the way in which a balance is disclosed or presented in an explanatory note.

Adjustment Type	£	Accounts balance	Impact on financial statements
Reclassification	£3,000	Other creditors / prepayments	This is the adjustment to remove an element of the 09/10 audit fee from prepayments and to correct the year end accrual for the 10/11 audit fee. It has no I&E impact
Misstatement	£2,500	Bad debt expense (I&E) / Debtors (bad debt provision)	This is the creation of a provision against a £5k rental debtor. It reduces the surplus by £5k.
Misstatement	£500	Bad debt expense (I&E) / Sundry debtors	This is the adjustment to write of a debt outstanding since 2006. It reduces the surplus by £500.
Reclassification	£698	Creditors / Sundry debtors	This is the adjustment to remove the week 53 superannuation payment (relates to 10/11) from both creditors and sundry debtors. It has no I&E impact.
Reclassification	£6,804	Cash / Creditors (pension)	This is the adjustment to reflect the fact that a pension payment was not actually made until after the year end. It has no I&E impact.
Reclassification	£8,042	Cash / Creditors (PAYE/NII)	This is the adjustment to reflect the fact that a PAYE and NII payment was not actually made until after the year end. It has no I&E impact.

Accounting error	£	Accounts balance	Impact on financial statements
Reclassification	£450,000	Long term investments / cash	This is the adjustment to show fixed term deposits as long term investments rather than cash. It has no I&E impact
Reclassification	£989	Profit on disposal / Other expenditure	This is the adjustment to reflect the costs of disposal within the profit on disposal. It has no I&E impact.
Misstatement	£272	Professional fees / Accruals	This is the adjustment to correctly accrue for professional fees. This reduces the surplus by £272.

The table below lists all unadjusted differences which have been agreed with the Council's Responsible Finance Officer.

Category	£	Account's balance	Represent financial statements
Misstatement	£1,221	Interest expense / Accruals	This is the adjustment to accrue for loan interest not yet paid. This reduces the surplus by £1,221.

C Management Action Plan

Rec. No.	Para Ref	Recommendation	Priority H/M/L	Management response	Implementation date and responsibility
1	2.10	<p>Medium Term Financial Planning</p> <p>The Council should consider producing a rolling medium term financial plan to help enable effective financial management. This would cover a period of five years and include indicative forecasts for both revenue and capital expenditure. The Plan should be reviewed on an annual basis.</p>	Medium	<p>At the current point in time it is the opinion of the Chief Executive that there would be little value in this.</p> <p>There are no quantifiable factors which are likely to cause the Council's finances to change materially in the foreseeable future.</p> <p>There are several known factors which could cause a material change in the Council's finance, most notably</p> <ul style="list-style-type: none"> the effect of elections due in May 2011, which could change materially the council view of service provision the knock-on effect of cessation of services provided by other authorities following the comprehensive spending review. The requirement in the medium term (5-10 years) to consider the purchase of additional burial land <p>The first two of these are currently unquantifiable in nature and scale but will become much clearer during the course of 2010/2011. The third is currently unquantified and a study of options will take place during the calendar year 2011.</p> <p>The Council has adequate reserves to meet any short term impact of these factors and therefore it is considered both efficient and effective to re-visit the value of long term financial planning once the factors identified above are clarified.</p>	Review situation September 2011.

2	2.10	Financial Reporting The Council should review the content of its website to ensure that key documentation is accessible. This information should include approved accounts and our Reports to Those Charged with Governance.	Medium	The Audited accounts and supporting reports will be made available through the Council's website shortly after they have been approved by Council.	Nov 2010. Chief Executive
3	2.10	Risk Management The Council should consider developing a combined risk management and counter fraud policy. In addition to this, the Council should consider assessing risks for likelihood and impact, along with assigning responsibility for each risk.	Medium	This recommendation will be implemented.	Chief Executive. May 2011



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