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Annual Report

Introduction & Overview

Swanage Town Council is the parish council for Swanage, Durlston, Herston and Ulwell and is comprised of 12 elected Members. As at 25th June 2010 these are:

North Ward

Councillor W Trite (Town Mayor & Chairman)

Councillor B Audley

Councillor Mrs G Marsh

Councillor M Whitwam

Councillor A Wiggins

South Ward

Councillor Mrs A Patrick (Deputy Mayor)

Councillor C Bright

Councillor L Gloyn-Cox

Councillor M Hadley

Councillor S Poultney

Councillor M Pratt

Councillor G Suttle

Swanage Town Council is classified as a 'larger local council', being a parish council where the greater of income or expenditure for the year exceeds £1 million for three consecutive years. It is among the largest of such councils in England and provides a broad range of services. This is a direct result of the policy of local councillors, upon local government reorganisation in 1974, to continue to provide the services key to the success of a seaside holiday destination. The Town Council is responsible for maintaining the beach and foreshore to European Blue Flag standards, providing a high-quality Tourist Information Centre, beach bungalows for hire and a boat park and slipways. It provides the town's car parks and public conveniences, and until October 2009 also operated Swanage Bay View Holiday Park as a significant revenue-generating activity.

The Town Council also has an extremely important role in enhancing the quality of life for local residents. It maintains an extensive area of parks and gardens, a wetland area and copse. It also provides a wide range of sporting and recreational facilities including allotments, a football club ground, playing fields, tennis courts, bowling and putting greens, children's play areas and a skate park. The Council funds the town's CCTV system and the school crossing patrol for the local first school. It also provides two cemeteries and maintains two closed burial grounds.

In support of these services the Council operates a substantial operations department based at the depot in Kings Road, providing grounds and building maintenance services. Administrative support services are based at the Town Hall, which also houses the offices of the Citizens Advice Bureau, Registrar, Connexions and the Town and Community Partnership. The Town Council provides many of the support services required to facilitate a successful range of festivals and events in the town, and a number of event organisers and local charities receive grants from section 137 expenditure.

The Town Council is also the sole corporate Trustee of three registered charitable Trusts. The King George's Field and James Day (Gift of Public Pleasure Grounds) Trusts have responsibility for protecting and enhancing playing fields and sporting facilities. The De Moulham Trust receives

income from the variation of covenants and approval of plans and makes grants for the benefit of the inhabitants of Swanage.

Financial Review

The following shows a comparison of the budget and out-turn figures in 2009/10 analysed by each service provided by Swanage Town Council. The estimated figures for 2009/10 have been restated to allow for the changes in classifications in the Income & Expenditure Account.

	Budget	Actual	Variance +ve/(-ve)
	£	£	£
Net Expenditure :-			
Car Parks (incl. Co-op Management A/c)	361,915	396,792	34,877
Boat Park	24,885	27,688	2,803
Public Conveniences	(130,215)	(125,561)	4,654
Cemeteries	(240)	2,223	2,463
Parks and Operations (incl. CCTV)	(269,195)	(201,798)	67,397
Beach Gardens	(10,000)	(24,441)	(14,441)
Downs/Miscellaneous Grounds	(11,800)	(15,922)	(4,122)
Beaches & Foreshore	(6,160)	(16,009)	(9,849)
Beach Chalets/Bungalows	46,050	50,124	4,074
Beach Chalets, Burlington Chine	(350)	(31)	319
Caravan Park	372,985	269,310	(103,675)
Tourism/Publicity	(87,770)	(79,891)	7,879
Allotments	2,840	4,256	1,416
Other Buildings	49,425	58,478	9,053
Central Services	(410,150)	(429,139)	(18,989)
Democratic Representation & Management	(19,935)	(13,252)	6,683
Corporate Management	(269,930)	(310,873)	(40,943)
Non-Distributed Costs	(4,240)	(163,001)	(158,761)
Interest Payable	(20,000)	(21,717)	(1,717)
Interest Receivable	1,500	99,850	98,350
Net Operating Costs	(380,385)	(492,914)	(112,529)

The Council's overall financial position improved significantly during 2009/10 resulting in a surplus for the year of £143,929, compared to a deficit of £26,495 in 2008/09, producing an overall general fund balance of £67,079 at 31st March 2010. The Council strives to improve efficiency in order to reduce costs in accordance with its Value for Money policy. However, due to the fluctuations in the income derived from the Council's principal revenue generating activities and uncertainty over the outcome of a number of legal and valuation issues, it has been extremely difficult to budget accurately in recent years. During 2009/10 there was again a significant disparity in the net cost of services originally estimated in February 2009 at £380,385 and the actual costs of £492,914. The factors giving rise to this are detailed below.

In respect of Swanage Bay View Holiday Park, which has traditionally been the strongest revenue generator for the Town Council, the surplus was 28 per cent below expectations. The volatility of this

area of commercial activity has long made this area a difficult one in respect of accurate budget forecasting and the uncertainty over the timing of the disposal of the asset only added to these difficulties in this financial year.

The largest single influence upon this variance was the Council's decision to dispose of the Park on a 105 year lease in return for a capital sum of £7.25 million and an annual rent of £30,000, rather than the £300,000 annual rent included in the original estimates. The disposal of the Holiday Park will, however, significantly reduce uncertainty in future budget forecasting. A capital sum of £6.814 million has been invested and the interest received (£77,005 in 2009/10) will in future help counteract the loss of the surplus generated from the operation of the Holiday Park.

Following the disposal of the Holiday Park the Town Council agreed to the early retirement of the Town Clerk on efficiency grounds. The cost arising from the Council's obligation to the Local Government Pension Scheme was £158,756 (included in Non-Distributed Costs). It is anticipated that this figure will be recovered from savings in staff costs over the next three to five years. During 2009/10 the costs relating to Central Services (which include the salaries and wages costs of the Town Hall staff, computer services, legal fees, insurance, and health and safety costs) remained largely static, having increased from £426,263 in 2008/09 to £429,139 in 2009/10.

The poor weather during the summer of 2009 had the potential to affect adversely a number of seasonally related income streams. However, evidence suggests that the 'staycation' phenomenon of British families holidaying in this country has offset this. The £380,710 income from off-street car parking (excluding £16,082 Co-op Management A/c) showed a significant increase both from 2008/09 (£316,888) and from the original estimate of £361,915. This increase incorporates £19,188 received as a result of a successful re-claim of output VAT in relation to past Excess Charge Tickets, but also reflects a significant increase in usage of the Town Council's long-stay car parks in the shoulder months of April to June and September.

The cost of Tourism & Publicity was £79,891, in line with the original estimate and a reduction of 24 per cent on the £105,603 cost in 2008/09. These savings have largely been derived from the withdrawal of the Town Council's contribution to the District Council's holiday guide and a significant reduction in salaries and wages costs as a result of reduced staffing in the winter period.

In respect of Beach Gardens the original estimate was based on the assumption that the sports facilities would have been leased out during the year. However, following a review of this decision at the Special Meeting of the full Council held on 14th December 2009 the facilities were retained in-house. The net cost of the service increased from £19,233 in 2008/09 to £24,441 in 2009/10, in large part due to the tennis club retaining their membership fees in order to invest in improving the tennis courts and pavilion.

The overall cost of Parks and Operations (excluding CCTV) was 17 per cent below estimate and reduced from £242,017 in 2008/09 to £201,798 in 2009/10. This was largely due to tighter control on spending in respect of a number of budget headings including wages (following the retirement of two members of staff), materials, refuse disposal, tools and equipment.

Corporate Management costs (including audit fees, a proportion of management costs and impairment) were 15 per cent higher than forecast. This was principally the result of an additional £30,019 in fees payable in the year of account to the Audit Commission in relation to an objection made in respect of the 2007/08 accounts by a representative of the Swanage Bay View Owners' Association. It is anticipated that the reduced risk to the Town Council's income arising from the

disposal of the Holiday Park will result in a reduction in the audit fees payable to approximately £20,000 in 2010/11.

The Council's one source of guaranteed income is the parish precept, a local tax levied as part of the Council Tax, amounting to £570,000 in 2009/10 (£412,500 in 2008/09). This figure increased significantly in 2009/10 to address the budget deficit brought forward from the previous year and to establish an appropriate general fund balance.

Statutory Functions and Service Delivery

The Town Council is fully committed to improving the quality of the delivery of its public services. During 2009/10 the Council did not experience any major change in statutory functions, although it has ceased to operate Swanage Bay View Holiday Park under the Local Government (Miscellaneous Provisions) Act 1976. The Town Council has no plans to expand into new areas of service delivery, but it does intend to develop its existing services. During the current financial year a new natural burial ground will be opened adjacent to Godlingston cemetery. The Council is also actively searching for sites to provide additional allotment land to address the extensive allotment waiting list. The Town Council will also consider exercising enforcement powers in respect of dog fouling under a new Dog Control Order.

Other service improvements planned for 2010/11 include the provision of new changing facilities and public toilets at King George's Field and the improvement of lighting and signage in Town Council car parks. Public consultation is to be undertaken in respect of the future of Swanage seafront and it is anticipated that from 2011/12 new revenue-generating opportunities, such as increasing the number of beach huts, may be opened up as part of the stabilisation work.

Capital Programme and Planning

The Capital Programme actual expenditure for the 2009/10 financial year is as follows:-

	Funded from capital receipts £	External Funding £
Town Hall Annexe-Office Refurbishment	19,536	
Recreation Ground-Play Equipment	24,595	
Drainage-Sandpit Field	11,548	
Footpath Resurfacing-Prince Albert Gardens	13,840	
Footpath Resurfacing-The Downs	11,879	
Beach Gardens-Tennis Court Refurbishment	7,850	9,000
TOTAL	89,248	9,000

The Council faces particular challenges in respect of maintaining its substantial open space areas and ageing buildings. Outstanding schemes are regularly re-assessed and consideration given to any emergency repairs or work required to meet health and safety obligations.

During 2009/10 a detailed Asset Management Plan was developed to help ensure that adequate investment is made in the Council's property assets so that they remain fit for their required purpose and support the delivery of high-quality public services. In conjunction with this a thorough review of the capital programme was undertaken in late 2009 and schemes were prioritised across the next five

years. The Town Council's key priorities remain the seafront stabilisation scheme and the provision of new changing facilities for the playing fields at King George's Field.

Internal sources of funding for such projects include a proportion of the capital receipt received for the disposal of Swanage Bay View Holiday Park and the Town Council's Repairs and Renewals Reserve. During 2009/10 the Council allocated £16,500 to this reserve and the balance as at 31st March 2010 was £83,753. The Town Council will also look to establish other specific reserves for long-term projects. Smaller schemes, below the Town Council's de minimus level of £5,000, will be funded from revenue. The Town Council will also be seeking contributions from external sources and is receiving assistance from Purbeck District Council (PDC) in identifying appropriate grant bodies.

Fixed Asset Acquisitions and Disposals

The Council's Asset Management Plan has been established to ensure that the resources tied up in land and buildings are kept to a minimum and that expenditure is used effectively and efficiently to provide value for money. The Town Council holds assets both for its operational purposes and for the benefit of the local community and will look to dispose of assets that are not required for these purposes. Proceeds from any such disposal may be used to acquire new assets to improve service delivery.

The disposal of Swanage Bay View Holiday Park in October 2009 followed discussions with the Council's external auditors, ongoing since 2004, in respect of the legality or otherwise of caravan sales. Although, on the basis of advice received, the Council believed that it had the required powers to buy and sell caravans it was not possible to reach agreement on this matter with the Council's external auditor. The Council's disposal of the park was therefore informed by the recognition that unless tested in the courts it was not possible to remove uncertainty about the legality of entries in the Council's accounts in relation to the sale or provision of caravans. The accounts for 2009/10 contain £221,834 (£119,427 in 2008/09) income received from the sale and provision of caravans, on which a gross surplus of £116,748 was made in 2009/10 (£69,051 in 2008/09).

The capital receipt derived from the 105-year lease disposal of Swanage Bay View Holiday Park has been invested in the short term with Lloyds TSB, in line with current government investment guidelines, *Guidance on Local Government Investments*, which emphasise security and liquidity above yield.

Borrowing

During 2009/10 the Town Council did not enter into any new short or long-term borrowing and following the receipt of the significant capital sum from the disposal of the Holiday Park it is not anticipated that any new borrowing will be required in the foreseeable future. Outstanding long-term borrowing was reduced by £66,591 to £25,469 as at 31st March 2010 (£92,060 as at 31st March 2009).

The Town Council has also repaid the remaining £300,000 of unsanctioned temporary borrowing incurred in the 1990s, which under agreement with the District Auditor has been repaid from the capital receipt derived from the disposal of Swanage Bay View Holiday Park.

Accounting Statements

The following statements are contained within the Annual Statement of Accounts:

Annual Governance Statement

The Annual Governance Statement outlines the governance framework and the system of internal control that the Council has in place to ensure that it meets its obligations and monitors its performance.

Statement of Accounting Policies

This explains the basis of preparation of the figures in the accounts and also explains the particular policy followed where there is more than one acceptable basis.

Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Town Council and the Town Clerk.

Income and Expenditure Account

This reports the income and expenditure for the year on Council services.

Statement of Movement of Reserves

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

Statement of Total Recognised Gains and Losses (STRGL)

This statement identifies all gains and losses experienced by the Council during the year including any gains or losses that are not reflected in the Income and Expenditure Account.

Balance Sheet

This sets out the financial position of the Council at 31st March 2010. It shows the Council's balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

Auditor's Report

This report is issued by the Council's external auditor, the Audit Commission, and summarises the findings from the audit. It includes an assessment of the financial statements contained within this document and also an assessment of the Council's use and management of resources in delivering value for money.

Further Information

Further information is obtainable from the Town Clerk and Responsible Finance Officer at the Town Hall, Swanage or by e-mail admin@swanage.gov.uk. This reflects the Council's policy of providing 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 local press.

Signed
Chairman & Town Mayor

Date

Annual Governance Statement

1. Scope of Responsibility

Swanage Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for in line with regulations and proper practices, and that it is used economically, efficiently and effectively. The Town 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.

In discharging these overall responsibilities, Swanage Town Council is responsible for putting in place proper arrangements for the governance of its affairs, and the stewardship of the resources at its disposal. The Town Council has a duty to ensure that a sound system of internal control is in place and to make appropriate arrangements for the management of risk.

This statement explains how Swanage Town Council delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of Regulation 4(2) of the Accounts and Audit (Amendment) Regulations 2006, which require the Council to publish a statement on internal control.

2. The Purpose of the System of Internal Control

The system of internal control is a core part of the Council's governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

3. The Internal Control Environment

The Council's arrangements for ensuring that an effective internal control system is in place include its adoption of financial regulations and standing orders, the stewardship of the Town Clerk and Responsible Finance Officer, reporting by the internal and external auditors, administrative procedures (including the segregation of duties so far as is possible in a small organisation), the provision of management information, annual budgets and forecasting, the provision of reports comparing actual and budgeted expenditure, and the scrutiny provided by the Finance and Performance Management Committee.

Internal audit is an independent and objective assurance service and is based on an audit needs assessment. The Council's internal audit function, carried out by Accounts & Audit Services Ltd, complies with all recognised standards and regulations. On appointment the internal auditor issues a letter of engagement and the Town Clerk, in his capacity as the Responsible Finance Officer under Section 151 of the Local Government Act 1972, reviews and approves the annual risk based audit plan. The internal auditor also undertakes proactive fraud detection work, which includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by internal audit are reported to management and the Finance & Performance Management Committee.

External audit and inspection is provided by the Audit Commission.

The Council's system of internal control comprises the following elements:

A system for the establishment and monitoring of the achievement of the Council's objectives based on its corporate and strategic objectives and key targets

The Council seeks to achieve this through its Corporate Performance Plan which is approved by members and includes corporate and strategic objectives and key targets. This was last reviewed in 2008 and, following the disposal of Swanage Bay View Holiday Park, it will be revised in 2010. This is a key document on which all of the other strategic planning documents are built upon, including the annual budget, asset management plan and capital programme.

The Finance and Performance Management Committee receives quarterly budget monitoring reports and considers the Council's response to any significant variances. It is within its remit to monitor progress against the Council's corporate and strategic objectives and key targets.

The facilitation of policy and decision making through robust reporting and monitoring mechanisms

The Council is required by statute to maintain and to adhere to its financial regulations and standing orders. These were last reviewed and adopted in May 2006, having been revised in accordance with the National Association of Local Council model. These set down clear rules and procedures for the running of the business of meetings and compliance is monitored by the Town Clerk and Responsible Finance Officer.

Policy decisions are made by the full Town Council either at its monthly policy and planning meetings, or by receiving recommendations from committees at its monthly evening Council meetings. The decision making process is informed by detailed briefing notes prepared by Council officers.

Processes to ensure compliance with policies, procedures, laws and regulations

The Council monitors its compliance with policies, procedures, laws and regulations through reporting to the Finance and Performance Management Committee by officers and both internal and external auditors. The Town Council's finance officers ensure that financial statements and reports are prepared in accordance with the budget and the council's Corporate Performance Plan.

The Council has adopted a formal complaints procedure and a whistle blowing policy which has been incorporated within the staff handbook. The handbook contains all key personnel policies, standards, procedures and codes of conduct. The Council has also adopted the Model Code of Conduct, helping to ensure the highest standards of public life are upheld by Town Councillors.

A corporate risk management process based on a strategic risk assessment

The development of a risk management culture across the Council is deemed to be a key objective. The Council has adopted a Risk Management Strategy that identifies the Council's approach to treasury management issues and an assessment of risk informs the annual internal audit plan. The Council has also introduced an Anti-Fraud and Corruption Policy.

The Council has engaged external consultancy services in respect of health and safety, and this is a standing item at Council Management Meetings. The Town Council has adequate insurance cover in place.

Effective arrangements to secure economy, efficiency and effectiveness in the use of the Council's resources

The Council uses its Corporate Performance Plan and budgeting processes to ensure economy, efficiency and effectiveness in the use of its resources. The internal auditor 'objectively examines, evaluates and reports on the adequacy of internal control' as a contribution to this aim.

The Council also reviews the District Auditor's annual use of resources assessment when published.

The Council has a Procurement Strategy, a Value for Money Policy and 2009/10 has seen the development of an Asset Management Plan with the aim of optimising the use of the Town Council's assets, both in terms of service provision and financial return. The Town Council has made its investments in line with the government *Guidance on Local Government Investments* which emphasises security and liquidity above yield.

The Council's financial management arrangements are based on a clear medium term financial strategy and transparent accountabilities

The Council's medium term financial strategy is traditionally outlined in the Annual Estimates Report. In determining its revenue commitments and capital programme, a number of factors are taken into account. These include both internal and external funding sources, changes in legislation, advances in technology, changing demand for services by local residents, businesses and visitors. It also takes account of any feedback from consultations with stakeholders in order to attempt to meet their needs or aspirations.

The robustness of the budget critically depends on the maintenance of a sound financial control environment including effective financial management in each of the Council's service areas. Each member of the Town Council's management team has clearly identified accountability for specific budgets and is allocated responsibility for implementing recommendations arising from the internal auditor's reports.

A performance management framework based on agreed action plans and exception reporting to Councillors

The Finance and Performance Management Committee monitors the Town Council's performance and receives relevant reports. The Committee is required to ensure that corrective action plans are put in place for any key issues identified. Performance management is overseen operationally by the Town Clerk and members of the Council's management team.

4. Maintaining and Reviewing the Effectiveness of the System of Internal Control

The Finance and Performance Management Committee has responsibility for overseeing and reviewing the effectiveness of the Town Council's governance framework and system of internal control. Its membership is comprised of the mayor, deputy mayor and the chairmen of the Council's standing committees. It receives the internal auditor's interim reports on a regular basis together with his annual report. The committee also monitors progress in implementing the Audit Commission's annual Action Plan which was incorporated in the Annual Governance Report for 2006/07, published in January 2009. During 2009/10 the Committee also agreed an improved format for the Council's management accounts to aid its budget monitoring function. The committee can refer any matter it sees fit to the full Council.

Under Regulation 6 of the Accounts and Audit (Amendment) (England) Regulations 2006 the Town Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control, which was last undertaken in May 2009. This review is informed

by senior managers within the Council who have responsibility for the development and maintenance of the internal controls, the work of the internal auditor and also by comments made by the external auditors and other review agencies and inspectorates.

Presentation of the internal auditor's reports to the Committee provides members with an opportunity to comment on the scope and appropriateness of the auditor's work. The Committee also monitors the implementation of recommendations and in November 2009 the internal auditor presented a special report on this issue. Whilst the internal audit function is unable to give absolute assurance, the results of the reviews completed during the year have resulted in an overall opinion that in all material respects:

- Key central systems and internal control arrangements continue to be effective.
- Agreed policies, regulations and Standing Orders are complied with.
- Managers are aware of the importance of maintaining internal controls and accept recommendations made by Internal Audit to improve internal controls.
- Adequate arrangements are in place to deter and detect fraud.

The Audit Commission's Annual Governance Report and Annual Audit Letter are considered by the Finance and Performance Management Committee or the full Council, if deemed appropriate. Unfortunately, due to an extensive delay in the issuing of Annual Audit Letters and Governance Reports it has not proved easy for the Committee to monitor the Council's compliance with the relevant Value for Money criteria. It is anticipated that this situation will be resolved by October 2010 and that the Committee can implement any recommendations made by the District Auditor in a timely fashion in years to come.

During 2010/11 the Finance and Performance Management Committee will meet quarterly and together with budget monitoring and the receipt of reports from the internal auditor, standing items on the Committee's agenda will include the revised corporate performance plan, a review of policy documents, the scrutiny and review of Council decisions and consideration of the District Auditor's Value for Money report. Members are committed to upholding good governance and it is anticipated that the work of this committee will contribute to continued improvement in the Council's governance arrangements.

5. Significant Internal Control Issues

The internal audit has not identified any significant internal control issues. Of 24 audit reports compiled by the internal auditor 8 identified no areas where audit recommendations were required. Implementation of the recommendations that have been made will be monitored by the Finance and Performance Management Committee.

Should the Council receive either from their independent internal auditor or from their external auditors, the Audit Commission, or any other agency a report on any matter which is considered to be a significant internal control issue, such matters will be investigated by the Town Clerk and reported to the Finance and Performance Management Committee as soon as practicable to seek guidance and instruction on any action to be taken.

6. Core Principles of Corporate Governance

The Town Council's governance framework also adheres to the six core principles of effective governance:

- 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 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.

7. Statements of Assurance

In line with the requirements set out in *Governance and Accountability for Local Councils*, Swanage Town Council has:

- approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.

The Town Council approved the accounting statements at its meeting held on 25th June 2010.

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

The internal auditor's report for 2009/10 concluded that 'key central systems and internal control arrangements continue to be effective'. The Finance and Performance Management Committee reviewed its effectiveness on an ongoing basis principally through the receipt of the internal auditor's reports and implementation of the external auditor's action plan.

- taken all reasonable steps to assure itself 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 its finances.

The Town Council has taken all reasonable steps in the above respects, principally by ceasing to operate Swanage Bay View Holiday Park from October 2009.

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

In accordance with the Accounts and Audit Regulations the opportunity for electors' to exercise their rights of inspection in respect of 2008/09 were advertised on 4th June 2009.

- 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.

The Town Council has taken appropriate steps to manage the risks facing the Town Council, including strengthening the system of internal control, responding to reports from

the internal and external auditors, disposing of Swanage Bay View Holiday Park and maintaining adequate insurance cover.

- 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.

The Town Council has maintained an adequate and effective system of internal audit throughout the year and reviewed its effectiveness through the scrutiny exercised by the Finance and Performance Management Committee. During 2010 the review process will be strengthened by utilising the guidelines set out between pages 36 and 40 of Governance and Accountability for Local Councils.

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

The Finance and Performance Management Committee has considered and agreed the recommendations of the internal auditor throughout the year, together with a special report on the implementation of his previous recommendations. The Committee has also monitored the implementation of all points contained in the external auditor's most recent action plan, published in January 2009.

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

The Town Council has considered and disclosed in its accounting statements all matters relevant to its business.

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

The Town Council has complied with the Charities Acts, completed and sent all appropriate returns to the Charity Commissioners and arranged an independent examination of the trust's accounts where required, in respect of the De Moulham Trust, James Day (Gift of Public Pleasure Grounds) Trust and King George's Field (Swanage) Charitable Trust.

Signed
Acting Town Clerk & Responsible Finance Officer

Date

Signed
Chairman & Town Mayor

Date

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:-

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Town Clerk;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Town Clerk's Responsibilities

The Town Clerk, as the Responsible Finance Officer (RFO), is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Accounting Standards Boards Financial Reporting Standards for Smaller Entities effective April 2008 (FRSSE) and Part 4 of Governance and Accountability for Local Councils: A Practitioners' Guide 2010 (England).

In preparing this statement of account, the Town Clerk has:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the FRSSE and Part 4 Guidance.

The Town Clerk has also:-

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Town Clerk's Certificate

I hereby certify that the statements of account for the year ended 31st March 2010 required by the Accounts and Audit Regulations 2003 are set out on the following pages.

I further certify that the statement of accounts presents fairly the financial position of Swanage Town Council at 31st March 2010, and its income and expenditure for the year ended 31st March 2010.

Signed

Date

Acting Town Clerk & Responsible Finance Officer

Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31st March 2010. From 2009/10 CiPFA disapplied the Statement of Recommended Practice (SORP) for larger local councils and as of 1st April 2009 the Council adopted the Accounting Standards Boards Financial Reporting Standards for Smaller Entities effective April 2008 (FRSSE) and Part 4 of Governance and Accountability for Local Councils: A Practitioners' Guide 2010 (England). The financial statements have been prepared in accordance with these standards and guidance and the comparative period has been restated in the newly adopted format.

Changes in Accounting Policy/Format of the Financial Statements

With the adoption of the FRSSE and Part 4 there have been some fundamental changes in the presentation of the accounts, particularly the Income & Expenditure Account. The Council is no longer obliged to produce a Cashflow Statement within the body of the accounts nor a Statement of Movement on the General Fund Balance but must now include a Statement of Movement of Reserves. Any movements on the General Fund that are not included in the Income & Expenditure Account, such as transfers to or from reserves, are now included within this statement and are shown in a separate note to the accounts. The comparative figures for all statements have been restated in the newly adopted format.

Under the FRSSE, the Council has been able to use transitional arrangements in adopting or retaining specific accounting policies. The Council has adopted the recommended policy of not revaluing its tangible fixed assets, but has under transitional arrangements retained the carrying amounts brought forward from 2008/09. No prior period adjustments have therefore been necessary. The Council has also retained its Capital Grants Deferred Account under transitional arrangements, which will cease once all grants have been fully amortised. Any capital grants received from 1st April 2009 will be deducted from the cost of the capital expenditure, with the net cost to the Council being shown within the accounts.

The main change in the presentation of the accounts is in the Income & Expenditure Account. The income of the Council is separated between the income received from the precept, charges for services and other sources. Expenditure is classified as either a direct service cost or Democratic, Management and Civic costs, with sub headings for salaries and wages and "other" costs. In using these classifications the main areas of expenditure are more apparent on the face of the financial statements and further subdivisions are given in a note to the accounts. Under the SORP the costs of overheads and support services were charged to those service areas that benefited from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice (BVACOP). This recharging obligation has been removed with the application of the FRSSE and Part 4, with only costs that are directly attributable to a service area being charged against that service. This has resulted in certain charges, such as depreciation and impairment, being charged as a management cost with all employment costs of managers and administration staff also falling within this category. These changes in the classification of costs and presentation of the financial statement has resulted in comparative periods being restated into the new format however no opening balances have been affected.

In preparing the financial statements the following accounting principles have been applied:

Going Concern

The Council carries out all its functions as a going concern. Where there is any material uncertainty about this presumption, this has been disclosed.

Prudence

The Council determines any amount of any item on a prudent basis i.e. a degree of caution has been exercised when making estimates under conditions of uncertainty so that assets are not overstated and liabilities not understated.

Accruals

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

Relevance

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

Consistency

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

Comparability

The financial statements have been prepared with consistent and adequate disclosure to allow comparability. Accounting policies and estimation techniques are consistent with the FRSSE and have been applied consistently within the same financial statements and from one financial period to the next. Where there has been a material change in accounting policy the amounts for the current and corresponding periods have been restated on the basis of the new policy by making prior period adjustments.

Reliability

The financial information provided is reliable and:

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

Understandability

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

Materiality

Materiality is a threshold test applied to determine the usefulness of the financial information contained in the Statement of Accounts. An item of information is material if its mis-statement or omission might reasonably be expected to influence assessments of stewardship and economic decisions, or comparisons with other entities, based upon the financial statements.

The Council has also applied the following accounting policies:

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.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Initial Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use and then written down to its recoverable amount if necessary.

Valuation: the Council has adopted a policy of not revaluing its tangible fixed assets and has retained the book amounts, which reflects previous revaluations and impairment. This is permitted under the transitional provisions contained in paragraph 19.3 of the FRSSE. The last date of valuation was 1st April 2006.

Investment properties: are held on the balance sheet at market value and valuations are made at least annually.

Depreciation: depreciation has been provided for on all tangible fixed assets with a determinable finite life by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

Depreciation is not provided on the land element of the operational land & buildings valuation (35%). The depreciation on the buildings element (65%) being calculated by writing off the cost or revalued amount (less the land element) over the useful life of the asset. Depreciation is calculated on a straight line basis with no residual value being assumed.

Vehicles, plant and equipment are depreciated on a straight line basis by allocating the cost less the estimated residual value of the asset over its useful life.

Community and Infrastructure Assets are not depreciated.

No depreciation is charged in the year of acquisition, and a full year is charged in the year of disposal.

The following useful lives have been applied to determine depreciation:

Operational Buildings	10-40 Years
Public Conveniences	5 Years
Vehicles, Plant & Equipment	5 - 10 Years

Disposals: when the Council disposes of an asset for a value above the de minimus level and the proceeds of which are a capital receipt within the meaning of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003, any gains or losses are reported in the Income & Expenditure Account under Exceptional Items. Receipts are appropriated to the Usable Capital Receipts Reserve from the Income & Expenditure Account and can then only be used for new capital investment.

The Council has set a £5,000 de-minimus asset value level, for the recording of assets in the asset register and the calculation of depreciation.

Capital Receipts

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

Charges to Revenue for Fixed Assets

The Income & Expenditure Account is debited with depreciation attributable to the assets used by all relevant service areas to record the real cost of holding fixed assets during the year. In applying the FRSSE and Part 4, depreciation is now reported under Democratic, Management and Civic Costs, rather than the individual service area.

The Council is not required to raise precept to cover depreciation or amortisations and therefore in order to reach an accurate Net Surplus or Deficit for the year the annual depreciation charge is reversed out from the Income & Expenditure Account, by crediting the Income & Expenditure Account and debiting the Capital Financing Account.

Grants and contributions

Revenue: Revenue grants and subsidies are credited to revenue accounts and accrual is only made for amounts known to be receivable at the end of the accounting period. Government grants are only taken to the income and expenditure account when the conditions for its receipt have been met and there is reasonable assurance that it will be received.

Capital: Where the acquisition of a fixed asset is financed wholly or in part by a government grant or other contribution, the amount of the grant is deducted from the purchase price of the asset.

Under SORP guidance the Council adopted a policy of deferring capital grants which are then amortised over the useful life of the asset. Therefore the Council will continue with its policy of depreciating the gross value of the asset and releasing the associated capital grant to the relevant service revenue account until the Capital Grants Deferred Account has been fully amortised. This is permitted under transitional arrangements from the SORP to the FRSSE and Part 4 guidance.

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 provides the relevant goods or services.
- Where the Council has raised an invoice for services to be provided in the next accounting period this amount is included in the current liabilities section of the balance sheet under creditors as a receipt in advance (see note 14). Where an account remains unpaid or part paid the balance outstanding is included in the current assets section of the balance sheet (see sundry debtors note 13).
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Exceptions to this are regular quarterly payments (e.g. telephone, electricity).

Provisions

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. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that an authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities & Contingent Assets

Contingent liabilities and contingent assets are liabilities or assets arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. Contingent liabilities and assets are not recognised in the financial statements and will be separately disclosed in a note to the financial statements.

Reserves

The Council sets aside specific amounts as reserves to meet general and specific future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the Income & Expenditure Account. When revenue expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Operating Surplus or Deficit in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance in the Statement of Movement of Reserves so that there is no net charge against council tax for the expenditure.

The following reserves are those which represent useable resources:

-General Fund Balance: this represents the cumulative surplus on the Council's Income and Expenditure account.

-Specific reserves included in the Balance Sheet are:-

- the Repairs & Renewals Reserve which is used to accumulate funds and even out expenditure for capital purposes over a number of years
- the King George's Field, Pavilion fund is used to accumulate funds reserved for this specific building project
- the Festive Lights fund is used to meet the future cost of repairs and replacement
- De Moulham Estate Back Roads fund is used to accumulate funds to meet the Council's repairing obligations. Funding is sourced through developers contributions and an annual charge to residents

Certain reserves are kept to manage the accounting processes for tangible fixed assets, and do not represent usable resources for the Council:

-Capital Financing 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.

The Council also administers funds on behalf of third parties however all transactions relating to these third parties are excluded from the Council's balance sheet.

Pensions

Employees of the Council are members of the Local Government Pension Scheme (LGPS), administered by Dorset County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, although the LGPS is a defined benefits scheme it is not possible to identify clearly the share of the underlying assets and liabilities that relate to the Council's employees. It is therefore not possible to determine a fair value of the scheme attributable to the Council's employees for the purposes of Section 10 of the FRSSE. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the service revenue accounts are charged with the employer's contributions payable in the year.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement on the grounds of efficiency. 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.

Post Balance Sheet Events

Post balance sheet events are favourable or unfavourable events that occur between the balance sheet date and the date when the financial statements are authorised for issue. This is taken to be the date when the Responsible Finance Officer certifies the statement as "presents fairly" and makes them available to members for approval.

Adjusting events: are events that provide evidence of conditions that existed at the balance sheet date and, if material, changes will be made to the financial statements.

Non-adjusting events: are events that are indicative of conditions that arose after the balance sheet date and no adjustments will be made to the financial statements, instead disclosure will be made by way of a note to the financial statements.

Exceptional Items, Extraordinary Items and Prior Period Adjustments

Exceptional Items: All exceptional items shall be recognised in the income & expenditure account within the relevant service area and shall be disclosed by way of a note to the financial statements. The following items are exceptions to this rule and will be disclosed separately within the income & expenditure account:

- gain or loss on the sale or termination of an operation
- costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the Council's operations
- gain or loss on the disposal of fixed assets. This shall be accounted for in the year in which the disposal occurs as the difference between the net sale proceeds and the net carrying amount;

Extraordinary Items: which are extremely rare, shall be shown separately below the Net Operating Surplus or Deficit for Year.

Prior Period Adjustments: If there is a material change in accounting policy the amounts for the current and corresponding periods shall be restated on the basis of the new policies by making prior period adjustments. These shall be made by restating the comparative figures for the preceding year and opening balances of reserves will be adjusted accordingly.

Acquired or Discontinued Operations

Where the Council has acquired or discontinued operations within the year of account, the net surplus or deficit attributable to that service area will be identified separately within the income and expenditure account under exceptional items.

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs (HMRC) and all VAT paid is recoverable from it.

Leases

Finance Leases: 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.

Stocks

Stocks are included in the Balance Sheet at the lower of cost or net realisable value.

Overheads

In applying the FRSSE, the Council is no longer under an obligation to comply with BVACOP in recharging central service overheads to other service areas. All central service costs are now shown under Democratic, Management and Civic Costs in the Income & Expenditure Account. Any other management costs that are not directly attributable to a service area have also been included under this heading, this includes depreciation, impairment and management employee costs. Comparative figures for 2008/09 have been restated in this new format.

Service Contracts

The Council has wide ranging responsibilities in the delivery of its direct services. The Council is currently reviewing its operations and where deemed appropriate, in order to secure efficiency improvements, will seek to contract out either its functions and/or services.

Group Accounts

Each local authority is required to show within its own accounts the accounts of any other organisations over which it has a significant level of control, influence or interest. An exercise has been undertaken analysing the relationship this authority has with its various partnering/co-working entities and no significant control, influence or interest was deemed present.

Trusts

The Council acts in the capacity of Corporate Trustee of three registered charitable trusts whose financial activities for the year are detailed in note 21 of Notes to the Financial Statements.

INCOME & EXPENDITURE ACCOUNT

2008/09 (Restated) £		Note	2009/10 £
	Income		
412,500	Precept		570,000
286,753	Rental, Interest & Investment Income		394,374
619,479	Charges made for Services		667,074
311,063	Other Income or Contributions		295,530
1,629,795			1,926,978
	Expenditure		
	<i>Direct Service Costs:</i>		
(519,538)	Salaries and Wages		(486,722)
(7,324)	Grant-aid expenditure		(6,035)
(724,858)	Other direct service costs	2	(665,394)
	<i>Democratic, Management and Civic Costs:</i>		
(279,566)	Salaries and Wages		(294,673)
(719,608)	Other Democratic, Management and Civic Costs	3	(653,042)
(2,250,894)			(2,105,866)
	Exceptional Items:		
300,076	Discontinued operations: Surplus for the year from Caravan Park	4	255,974
643	Gain on the disposal of fixed assets	5	4,866,976
(320,380)	Net Operating Surplus or (Deficit) for Year		4,944,062
(29,390)	Statutory charge for Capital	6	(66,591)
376,807	Reversal of annual depreciation and impairment of fixed assets	6	176,954
(643)	Reversal of gains on the disposal of fixed assets		(4,866,976)
(11,658)	Reversal of Capital Grants Deferred Amortisation		(11,658)
14,736	Net Surplus for Year (to General Fund)		175,791

The Statement of Movement of Reserves

Reserve	Balance 1 April 2009	Net movement in year	Balance 31 March 2010	Note
	£	£	£	
Capital Financing Account	5,773,747	(1,888,254)	3,885,493	Note 16
Usable Capital Receipts	64,435	6,724,378	6,788,813	Note 17
Earmarked Reserves	89,768	31,862	121,630	Note 18
General Fund	(76,850)	143,929	67,079	Note 19
Total	<u>5,851,100</u>	<u>5,011,915</u>	<u>10,863,015</u>	

Statement of Total Recognised Gains and Losses

2008-09	2009-10
£	£
320,380 Surplus/(deficit) for the year on the Income and Expenditure Account	4,944,062
0 Surplus/(deficit) on the revaluation of fixed assets	0
0 Actuarial gains or losses on pension fund assets or liabilities	0
0 Any other gains or (losses) required to be included in the STRGL	67,853
<u>320,380</u> Total recognised gains/(losses) for the year	<u>5,011,915</u>

The gain of £67,853 relates to the capital cost of the play equipment at King George's Play Area, Phase III, which was donated to the Council by Play In Swanage.

Notes to the Core Financial Statements

1. Prior Period Adjustments

Replacement of the Capital Adjustment Account and Revaluation Reserve with the Capital Financing Account

As at 31 March 2009		Transfer from CAA & RR to CFA	As at 31 March 2009 Restated
£		£	£
5,773,747	Capital Adjustment Account (CAA)	(5,773,747)	0
0	Revaluation Reserve (RR)	0	0
0	Capital Financing Account (CFA)	5,773,747	5,773,747
<u>5,773,747</u>		<u>0</u>	<u>5,773,747</u>

2. Direct Service Costs-Analysis of "Other" Expenditure

2008/09		2009/10
£		£
(9,900)	Stocks	(9,658)
(144,844)	Overheads (Utility Bills, Rates etc)	(168,916)
(169,198)	Hired Services	(164,883)
(135,543)	Repairs, Maintenance & Equipment	(69,429)
(223,442)	Charges, Fees and Payments (incl. Co-op car park settlement)	(225,209)
(22,291)	Vehicle & Plant Costs	(15,828)
(19,640)	Advertising/Printing/Stationery	(11,471)
<u>(724,858)</u>	Total	<u>(665,394)</u>

3. Democratic, Management & Civic Costs-Analysis of "Other" Expenditure

2008/09		2009/10
£		£
(78,991)	Professional Fees/Services	(69,625)
(95,123)	District Audit Fees	(74,123)
(64,438)	Insurance	(56,586)
(78,212)	Management & Administration Costs	(86,661)
(4,210)	Retirement Costs	(163,001)
(3,644)	Members & Civic Expenses	(4,375)
(18,183)	Interest Payable and similar charges	(21,717)
(206,851)	Impairment	0
(169,956)	Depreciation	(176,954)
<u>(719,608)</u>	Total	<u>(653,042)</u>

4. Exceptional Items:

Detail of the Income & Expenditure Account for discontinued operations

The Council disposed of Swanage Bay View Holiday Park on 15th October 2009, on a 105 year lease. This service area has been one of the Council's principal areas of activity and as such has traditionally contributed greatly to the general fund. The surplus generated from this activity has been shown separately under exceptional items within the Income & Expenditure Account and the table below summarises the activities of the holiday park:

2008/09 £		2009/10 £
	Income	
752,771	Rental, Interest & Investment Income	410,283
475,579	Charges made for Services	530,459
137,216	Other Income or Contributions	83,732
1,365,566		1,024,474
	Expenditure	
(378,266)	Salaries and Wages	(225,949)
(123,951)	Stocks	(165,306)
(233,209)	Overheads (Utility Bills, Rates etc)	(120,922)
(109,582)	Hired services	(51,347)
(60,492)	Repairs, Maintenance & Equipment	(32,951)
(144,787)	Charges, Fees & Payments (incl furnished lets)	(167,507)
(1,498)	Vehicle & Plant Costs	(438)
(13,705)	Advertising, Printing & Stationery	(4,080)
(1,065,490)		(768,500)
300,076	Surplus for the year from discontinued operations	255,974

5. Gain on the disposal of Fixed Assets

	£	£
Caravan Park		
Receipt	7,250,000	
Carrying Amount	(2,846,350)	
*Gain on Disposal	4,403,650	
Less Costs of Sale	(137,774)	
Net Gain on Disposal		4,265,876
Residual Freehold Land & Buildings		600,000
Other Assets		
Receipt	1,400	
Carrying Amount	(300)	
Gain on Disposal		1,100
Total gain on the disposal of fixed assets		4,866,976

*The gain on the disposal of the caravan park is attributed to following asset classifications:

- Land & Buildings- £ 3,562,025
- Vehicles, Plant & Equipment - £491,625
- Goodwill - £350,000

6. Depreciation and the Statutory Charge for Capital

The Council is required to make an adjustment within its Income & Expenditure Account for depreciation and borrowing. The depreciation charged in the year totals £176,954 (with further details given in note 10) and this charge is reversed from the income & expenditure account so that there is no double charge on the precept. The Council is also required to make a charge to the income & expenditure account for borrowing: the "Appropriate Amount". The Council has charged to the income & expenditure account the amount of interest accrued for the year of account on all PWLB loans and made a further charge for the principal paid on PWLB loans. Interest for the year on PWLB loans totalled £3,889 and is included in the interest under Democratic, Management and Civic Costs heading in the Income & Expenditure Account. The Statutory charge for capital is therefore deemed to be the Principal paid on loans in the year, which totals £66,591 in 2009/10, see note 15.

7. Pensions

Swanage Town Council participates in the Local Government Pension Scheme (LGPS). This is classified as a 'defined benefits pension scheme'. The fund is administered by the Dorset County Council Pension Fund in which Swanage Town Council is pooled as a 'small scheduled body'.

The latest actuarial valuation was completed as at 31st March 2007 by a qualified independent actuary. In 2009/10 the Council paid an employer's contribution of £116,055 (£127,724 in 2008/09) representing 19.6% (19.6% in 2008/09) of employees' pensionable pay into the Dorset County Council superannuation fund. This fund provides members with benefits based on pay and service. At the date of the last valuation the overall pension fund was 92.5% funded.

The contribution rates for Swanage Town Council are set by the actuary, Barnett Waddingham, at the triennial valuation as part of a pooled group of smaller scheduled bodies (i.e. other Town Councils and Parish Councils). Being pooled does not make it possible to determine a fair value of the scheme attributable to the Council's employees. Consequently the Council has been unable to apply section 10 of the FRSSE and has accounted for pensions on a defined contribution basis i.e. the cost of the scheme is equal to the contributions payable to the scheme for the accounting period and is recognised within the Income & Expenditure account.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded to former employees who have retired early, together with the related increases. In 2009/10 these amounted to £163,001 (£4,210 in 2008/09), representing 27.53% of pensionable pay. This increase was as a result of the early retirement of the Town Clerk on efficiency grounds, with all costs attributable being incurred in the year of retirement. At the balance sheet date a total of £170,657 remained outstanding to Dorset County Council in relation to the LGPS, added years and early retirement costs. This total is carried in the balance sheet as a creditor.

8. Audit Fees

The Audit Commission are the Council's appointed external auditors and the following fees have been incurred in relation to external audit and other work undertaken by the Audit Commission.

2008/09		2009/10
£		£
*41,917	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	36,000
31,208	Fees payable in respect of other services provided by the appointed auditor	32,359
<u>73,125</u>		<u>68,359</u>

*restated to give actual costs, stated as £36,000 in 2008/09 accounts as based on estimated costs

The fees payable to the Audit Commission in respect of other services are comprised of £30,019 charged in the year for work carried out by the Audit Commission in relation to an objection to the 2007/08 accounts made by a representative of the Swanage Bay View Owners' Association. The total costs to date of this objection are £38,019, with £8,000 being provided for in 2008/09. A further £2,340 has been charged by the Audit Commission in relation to legal costs incurred regarding legal opinion over the legality of the caravan park.

The audit fees charged to the accounts in the financial year includes the current year's anticipated audit fees and any adjustments relating to previous years due to differences in actual fees charged and provisions that were made in relation to these costs. Due to these adjustments the audit fees within the Council's income & expenditure account is £74,123, with £5,764 having been adjusted for previous year's audits.

9. Related Party Transactions

The Council is required to disclose material transactions with related parties-bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows 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 party's ability to bargain freely with the Council.

The De Moulham Trust

The Council acts as the Corporate Trustee of the De Moulham Trust. During the 2009/10 financial year the De Moulham Trust made a donation of £9,000 to the Council as a contribution towards the refurbishment of the tennis courts at Beach Gardens, within the De Moulham Trust Estate.

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. Contracts were entered into in full compliance with the Council's standing orders. During the year the following significant financial transactions occurred with companies in which members had an interest:

- **Avenue Garage**-Cllr S Poultney is the proprietor of Avenue Garage with whom the Council contracts the servicing and maintenance of its vehicles. Expenditure incurred on the contract in the year totalled £12,786 with £1,150 outstanding at year end and is included in note 14.
- **Kingston Kontractors**-Cllr B Audley is the proprietor of Kingston Kontractors who provide grounds maintenance contractual services. Expenditure incurred on the contract in the year totalled £11,626 with no sums outstanding at year end.

Some elected members are appointed as Council representatives, or representatives in their own right, of voluntary or charitable bodies in receipt of support from the Council. Due consideration has been given to the statutory register of interests in disclosing the related party transactions. The Register of Members' Interests is open to public inspection.

10. Tangible Fixed Assets and Depreciation

	<u>Operational Assets</u>				<u>Non-Operational Assets</u>	Total
	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community	Investment Properties	
	£	£	£	£		
Cost or Valuation						
As at 1 April 2009	6,728,474	299,001	8,020	28,000	0	7,063,495
Additions/Enhancements	664,653	24,595	0	0	0	689,248
Donated Assets	0	67,853	0	0	0	67,853
Disposals	(3,057,974)	(57,343)	0	0	0	(3,115,317)
Reclassifications	(600,000)	0	0	0	600,000	0
As at 31 March 2010	3,735,153	334,106	8,020	28,000	600,000	4,705,279
Depreciation						
As at 1 April 2009	(336,228)	(149,605)	0	0	0	(485,833)
Charge for 2009/10	(141,825)	(35,129)	0	0	0	(176,954)
Reclassifications	0	0	0	0	0	0
Disposals	219,999	48,668	0	0	0	268,667
As at 31 March 2010	(258,054)	(136,066)	0	0	0	(394,120)
Balance Sheet amount as at 31 March 2010	3,477,099	198,040	8,020	28,000	600,000	4,311,159
Balance Sheet amount as at 1 April 2009	6,392,246	149,396	8,020	28,000	0	6,577,662

In accordance with the Council's accounting policy on fixed assets, certain minor equipment purchases are not included above as they fall either individually or collectively, below the materiality level which has been set at £5,000. Such expenditure is charged to revenue.

The Council received a donation of £9,000 from the De Moulham Trust towards the refurbishment of the tennis courts at Beach Gardens. This sum has been deducted from the cost of the capital works in accordance with Part 4 guidance and the net capital cost to the Council is reflected in the above note.

Following the disposal of the caravan park, the Council retained ownership of the freehold of the land and buildings. This has effectively given rise to a further £600,000 gain from the disposal of the caravan park in the form of an addition to freehold land & buildings based on a valuation of the lease element of £30,000 receivable per annum for the 105 year term of the lease. As the Council is receiving a rental of £30,000 per annum this freehold asset has been reclassified as an investment property, in accordance with FRSSE guidance.

11. Capital Commitments

As at 31st March 2010 the Council had a further commitment for capital expenditure of £3,000 for the refurbishment of the tennis courts at Beach Gardens.

12. Leases

The Council paid the following operating lease rentals during the year:-

2008/09		2009/10
£		£
28,708	IT Equipment & Photocopiers	24,161
4,165	Vending Machines	1,666
<u>32,873</u>		<u>25,827</u>

The Council is committed to make payments of £48,900 in future years under the terms of its current leases. Of the future cash payments required under these leases, £22,455 is due to be paid in 2010/11. The note below analyses the payments due in 2010/11 between those leases that expire in that year and those that expire in two to five years

	Lease Expires	
	2010/11	Years 2 to 5
	£	£
IT Equipment & Photocopiers	2,110	20,345

The Council acts as a lessor in leasing out land & buildings to third parties. The leases are operating leases with ownership remaining with the Council. The net book value of the assets is included in the Balance Sheet and lease income is included in the Income & Expenditure Account.

Asset Classification	Rent	Gross	Accumulated	Net Amount
	Receivable	Amount of		
	2009/10	Assets Held		Held
	£	£	£	£
General Properties	104,875	800,000	66,520	733,480
General Parks & Areas	36,183	120,000	0	120,000
Total	<u>141,058</u>	<u>920,000</u>	<u>66,520</u>	<u>853,480</u>

The Council also receives a rental of £30,000 per annum on the freehold of the land & buildings at Swanage Bay View Holiday Park, which was disposed on a 105 year finance lease. The asset is classified as an investment property with a gross book value of £600,000. The rent received in 2009/10 was £13,336, being part a part year rental.

13. Debtors

2008/09		2009/10
£		£
Amounts falling due in one year :-		
0	HMRC-VAT	65,723
460,280	Sundry Debtors	182,016
0	Provision for Bad/Doubtful Debtors	(10,000)
7,307	Payments in Advance	5,640
<u>467,587</u>	Total	<u>243,379</u>

14. Creditors

2008/09		2009/10
£		£
(199,040)	HMRC-VAT/Interest	(244,858)
(20,113)	HMRC-PAYE/NI	(13,872)
(285,304)	Sundry Creditors	(506,901)
(856,523)	Receipts in Advance	(116,046)
(1,360,980)	Total	(881,677)

Part 4 guidance does not require interest due to be paid on long term loans at the balance sheet date to be shown in the loans account. The interest due has therefore been included under creditors and comparative figures have been adjusted.

15. Long Term Borrowing

2008/09		2009/10
Restated		£
£		£
	Analysis of Loans by Type	
(92,060)	Public Works Loans Board (PWLB)	(25,469)
(92,060)	Total Outstanding	(25,469)
	Analysis of Loans by Maturity	
	Amount due to be repaid within:	
(66,591)	Less than 1 year	(16,591)
(16,591)	1 – 2 years	(8,308)
(8,362)	2 – 5 years	(81)
(147)	5 – 10 years	(152)
(369)	10+ years	(337)
(92,060)	Total Outstanding	(25,469)
3 Loans	Range of interest rates payable:	2 Loans
		3% - 7.625%

Part 4 guidance requires an analysis of the maturity profile of any long term borrowing, identifying amounts due to be repaid within the years as outlined above. The guidance does not require that interest due to be paid on long term loans at the balance sheet date is shown in this account. The interest due has been included under creditors and comparative figures have been adjusted.

16. Capital Financing Account

The Capital Financing Account provides a balancing mechanism between the rates at which assets are depreciated and are financed through the capital controls system.

The Capital Financing Account shows the amount of capital expenditure financed, in the sense of "paid for" from capital receipts and revenue. It also contains the depreciation charge for the year, as well as the capital grants and other external contributions used to finance capital expenditure that is then written off to match the depreciation of an associated asset or for the repayment of external loans. It includes the reversal of depreciation, to ensure that it does not impact on the amount to be met from the precept, and capital grants used to finance capital expenditure, which is written off to match the depreciation of the financed asset. It does not represent a reserve that can be used to support future expenditure.

2008/09		2009/10
£		£
6,041,454	Balance brought forward	5,773,747
68,052	Capital expenditure	89,248
0	Residual Freehold of caravan park	600,000
(169,956)	Reversal of depreciation	(176,954)
29,390	Loan repayments financed from the General Fund	66,591
0	Loan repayments financed from Capital Receipts	300,000
11,658	Capital Contribution written down	11,658
0	Donated Assets	67,853
0	Sale of Assets	(2,846,650)
(206,851)	Reversal of Impairment	0
5,773,747	Balance carried forward	3,885,493

Under transitional arrangements from the SORP to the FRSSE and Part 4, the Capital Adjustment Account (as per SORP) has been renamed the Capital Financing Account. During this transition any balance held on the Revaluation Reserve should be accumulated into the opening balance of the Capital Financing Account (see note 1).

17. Usable Capital Receipts Reserve

2008/09		2009/10
£		£
107,684	Balance brought forward	64,435
643	Capital receipts	7,113,626
	Less:	
0	Repayment of temporary borrowing	(300,000)
(43,892)	Capital receipts used for financing Assets	(89,248)
64,435	Balance carried forward	6,788,813

18. Earmarked Reserves & Other Funds

	Balance 1 April 2009	Net Contributions to/(from) Reserve	Balance 31 March 2010
	£	£	£
Earmarked Reserves			
Repairs & Renewals Fund	67,253	16,500	83,753
King George's Trust Pavilion	6,958	0	6,958
Festive Lights	2,036	144	2,180
De Moulham Estate Back Roads	13,521	15,218	28,739
Total	<u>89,768</u>	<u>31,862</u>	<u>121,630</u>

The following funds are administered by the Council on behalf of third parties, with all funds being held in the Council's bank account. These funds have been excluded from the Council's Balance Sheet.

	Balance 1 April 2009	Net Contributions to/(from) Fund	Balance 31 March 2010
	£	£	£
De Moulham Trust*	113,342	(113,342)	0
Swanage Town & Community Partnership	32,409	(74)	32,335
James Day Trust	776	116	892
Burlington Chine Chalets	47	0	47
Mayor's Appeal	386	190	576
Total	<u>146,960</u>	<u>(113,110)</u>	<u>33,850</u>

*All funds held on behalf of the De Moulham Trust were transferred to the Trust's own bank account in the year.

19. The General Fund

2008/09		2009/10
£		£
(50,355)	General Fund Balance brought forward	(76,850)
14,736	Net Surplus or Deficit for Year	175,791
(17,071)	Transfers (to)/from Earmarked Reserves	(31,862)
(24,160)	Capital expenditure charged in-year to the General Fund Balance	0
<u>(76,850)</u>	General Fund Balance carried forward	<u>67,079</u>

20. Capital Grants Deferred Account

2008/09		2009/10	
£		£	
(56,221)	Balance brought forward	(44,563)	
0	Capital Grants Applied	0	
11,658	Capital Grants Written Down	11,658	
<u>(44,563)</u>	Balance carried forward	<u>(32,905)</u>	

Under SORP guidance the Council adopted a policy of deferring capital grants which are then amortised over the useful life of the asset. The Council has determined to continue with its policy of depreciating the gross value of the asset and releasing the associated capital grant to the relevant service revenue account until the Capital Grants Deferred Account has been fully amortised. This is permitted under transitional arrangements from the SORP to the FRSSE and Part 4 guidance. The asset for which the grant is currently being held is the play equipment at King Georges Field, Phases I & II.

21. Trust Funds

Funds for which the Council acts as Corporate Trustee:

	Income	Expenditure	Net Gain/(Loss)
	£	£	£
De Moulham Trust <i>Established in 1990 as a gift of land and holding of Trust land covenants</i>	31,300	12,313	18,987
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	319	203	116
King George's Field <i>Deed of dedication entered into 5th May 1951</i>	0	0	0

Charitable Funds held by Trusts:

	Balance 1 April 2009 £	Net Contributions to/(from) Fund £	Balance 31 March 2010 £
De Moulham Trust	*186,374	18,987	205,361
James Day Trust	776	116	892

*Restated to include all monies held on the Solicitor's client account.

22. Investments

The Council's investments are disclosed in the balance sheet at historic cost. The Council has two short term material investments held with Lloyds TSB at the balance sheet date. These investments have a guaranteed return with £1,814,000 invested for 6 months at 1.6% maturing on 25th April 2010 and £5,000,000 invested for 1 year at 3%, maturing on 25th October 2010. As at 31st March 2010 interest accrued on these investments totalled £77,005 and has been recognised in the Income & Expenditure Account. The Council also has two investments with HM Treasury totalling £1,528.

23. Contingent Liabilities

Indemnities in Business Sale Agreement

The business sale agreement between the Council and Kleinwort Benson (Guernsey) Limited contained indemnities protecting the buyer from any loss suffered as a result of any action or omission by the Council in respect of future pitch fee increases. The maximum exposure is presently £600,000 which decreases by £150,000 after the first year and then £100,000 each year until 14th October 2014, when all indemnities will cease. A further £50,000 indemnity was entered into in respect of costs and expenses incurred in disputes with an Owners' Association.

Commission on Caravan Sales at Swanage Bay View Holiday Park

In autumn 2009 the Town Council received objections from a small number of caravan owners in relation to the commission charged in respect of the sale of their caravans at Swanage Bay View Holiday Park. The owners referred their case to Dorset Trading Standards who informed the Council in April 2010 that they did not believe that it would be in the public interest to pursue the matter further. The Council has nevertheless recognised these disputes as potential legal claims and has taken appropriate advice. Should any claims relating to this matter proceed to court it is likely that costs will be less than £50,000.

24. Post Balance Sheet Events

Any events after the balance sheet date have been considered up to the date of the authorisation of the accounts. The date that the Statement of Accounts has been authorised for issue has been taken to be when the Responsible Finance Officer certifies the statement as "presents fairly" and makes them available to members for approval. The date of authorisation to issue is 25th June 2010.

VAT on Car Parking Income

The Council first lodged a claim for VAT in respect of Car Parking income in 2002 and has been submitting regular disclosures to HMRC since this time. For the period from March 1998 to September 2007 the Council either declared a voluntary disclosure of errors on VAT returns or withheld a total of £798,774. There were no liabilities to HMRC outstanding at year end in respect of this issue, pending resolution of the case.

The Council is protecting its position in respect of any potential claim. Following the issuing of advice from the Advocate General to the European Union during 2008, the Council, on the receipt of advice from its own counsel has changed its legal stance. The Council now seeks to ally its position with the principles and judgement arising from the determination of the Isle of Wight tribunal case. This applies in respect of a demand from HMRC seeking recovery of VAT withheld in 2004. In May 2009 the HMRC rejected the Council's claim, and consistent with its legal position the notice issued has been appealed by the Council.

The Council since 1st October 2007 has also withheld the element equivalent to VAT amounting to £235,623. The Council informed HMRC of its current position with regards to the withholding of

VAT and an assessment for £235,623 plus £9,236 interest was issued in May 2010. The sum of £244,859 was paid to HMRC on 24th June 2010. The Council is to submit to HMRC, on a monthly basis, details of the amount of VAT being withheld and an assessment will be raised quarterly by HMRC. The Council will therefore not be liable to further interest or penalty payments. The Council will continue to appeal all assessments received from HMRC. All appeals made to a Tribunal will be stood over until such a time as the Isle of Wight case is finalised.

The Auditor's Report

Independent auditor's report to the Members of Swanage Town Council

Opinion on the accounting statements

I have audited the accounting statements and related notes of Swanage 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 Swanage 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.

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.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my 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).

I 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. I report if it does not comply with proper practices specified by NALC or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the content of the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Council's 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

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

I am 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 me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies and published in January 2009. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Qualified Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In doing so I identified the following:

- the Council did not have a medium term financial plan;
- the Council did not have a formal policy on reserves;
- a treasury management policy was not in place during 2009/10;
- the Council did not have appropriate arrangements to prepare accounts that met statutory requirements, financial reporting standards and gave a true and fair view of the financial performance and position of the Council without the need for material amendments following audit; and
- the Council did not have a risk management strategy approved by the Council.

Having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, I am satisfied that, in all significant respects, Swanage Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 except for:

- planning its finances effectively to deliver its strategic priorities and secure sound financial health;
- financial reporting that is timely, reliable and meets the needs of internal users stakeholders and local people; and
- managing its risks and maintaining a sound system of internal control.

Certificate

I certify that I 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.

Simon Garlick

District Auditor

Collins House, Bishopstoke Rd, Eastleigh, Hants, SO50 6AD

Glossary of Terms

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements.

Accruals

Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Amortisation

The gradual reduction or elimination of a value over a defined period.

Assets

Something of worth and is measurable in monetary terms. These are divided into current assets and fixed assets.

Balance Sheet

A statement of recorded assets, liabilities and other balances of the Council at the date specified.

Capital Expenditure

Expenditure on the acquisition of fixed assets which will be of use, or benefit to the Authority in providing its services beyond the year of account or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt

Money received from the sale of fixed assets or other money received towards capital expenditure.

Cash Flow Statement

A statement summarising the inflows and outflows of cash arising from transactions between the Council and third parties for revenue and capital purposes.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

Creditors

Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Debtors

Amounts due to the Authority for goods and services provided within the accounting period but not received at the balance sheet date.

Defined Benefit Scheme

These include final salary schemes. The principle is that the members are entitled to a particular level of benefit depending on their length of service and their salary. It is the pension benefit which is defined and it is then necessary to ensure that the contributions from both the employer and the employee are sufficient to provide that benefit.

Defined Contributions Scheme

A pension scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, over the passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Events after the Balance Sheet Date

Events, both favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Finance Lease

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Fixed Assets

Assets that can be expected to be of use or benefit to the Authority in providing its services for more than one accounting period.

General Fund

The main account of the Authority which records the cost of service provision.

Income & Expenditure Account

An account which records the Authority's day to day income and expenditure on items such as salaries and wages and running costs of service provision.

Leasing

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period.

Liquid Resources

Current asset investments that are readily disposable without disrupting the business of an Authority e.g. cash or equivalent.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Operational Assets

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Precept

The amount which a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.

Precepting Authority

Local Authorities which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.

Provisions

Amounts set aside for future liabilities which cannot accurately be quantified.

Public Works Loan Board (PWLB)

A government agency that lends money to public bodies for capital purposes.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- (i) one party has direct or indirect control of the other party, or
- (ii) the parties are subject to common control over the same source, or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts set aside in the accounts for the purpose of defraying future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Section 151 Officer

Officer appointed by Council to act as the Responsible Finance Officer of the Council with legal responsibilities under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Act 1988 to ensure that expenditure incurred by the Council is lawful and that expenditure does not exceed resources.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use.