

St Neots

Town Council



Annual Report and Financial Statements

For the Year Ended
31 March 2010

Presented to the Town Council on the 30th September 2010

Chairman of the Council
And Town Mayor

Councillor Gordon S. E. Thorpe

Chairman of Audit
Committee

Councillor Mr Barry Chapman

Town Clerk

Mrs Helen King

Responsible Finance Officer

Mrs Beverley Porter

Auditors

Grant Thornton UK LLP

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ANNUAL REPORT

This Statement of Accounts bring together the major financial statements of the Council and consists of:-

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These accounts referred to above are supported by the Statement of Accounting Policies.

This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position, including the year's budget, as summarised on page 4;

Financial Reporting Standard for Smaller Entities (the FRSSE)

From 2009/10, larger local councils must prepare accounts with the proper accounting practices found in the Financial Reporting Standard for Smaller Entities (the FRSSE) and in accordance with Part 4 of Governance and Accountability for Local Councils: A Practitioners Guide 2010 (England).

As a result of the change in the basis of preparation of the accounts there have been transitional changes that the Council has been required to make to the presentation of the financial statements, and restatement of the prior years statements has been required.

Fixed Assets

1. Under FRSSE Land, properties and other operational assets should be included in the balance sheet at historical cost. The conversion of this has been considered to produce inaccurate values and to be unnecessarily time consuming. The Council has decided to bring forward the cost of the Land and Properties at the brought forward value. All other assets are show at historical cost.

Further Information

Further information about the accounts is available from the Council Offices, The Priory, St Neots Cambs. PE19 2BH. This is part of 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, and the Councils notice boards.

Councillors

A list of all the Town Councillors, who serves on each committee and their representation on outside bodies, is shown below. During the Year the Council had 18 Councillors, they can be contacted via the St Neots Town Council.

<u>Wards</u>	<u>Committees</u>	<u>Appointments to Outside Bodies</u>
<u>Eaton Ford</u>		
Mrs B Arnold	Planning Committee, Personnel Committee & Playground Review Working Party	St Neots Library Liaison Group
Mrs J E Bird	Planning Committee, Policy & Resources Committee & Personnel Committee	Environmental Agency (Flood Warning Liaison), St Neots Volunteer Bureau, Newton & Hatley & Churches Together
Mr B S Chapman	Audit Committee	Anglia in Bloom & St Neots Museum Management Committee
Mr D Harty		
<u>Eaton Socon</u>		
Mr D A Giles	Personnel Committee	Citizens Advice Bureau, Environmental Agency (Flood Warning Liaison), Town Twinning Liaison Group, Little Barford Power Station Committee, The Pightle Millennium Green & Tree Wardens (HDC)
Mrs J M Hayward	Planning Committee, Policy & Resources Committee	Eaton Socon Community Association & Huntingdonshire Inter-Town Forum
Mr O Reynalds		
Mr G S E Thorpe (Mayor)	Audit Committee, Personnel Committee & Emergency Planning	Cambridgeshire Association of Local Councils, Huntingdonshire Inter-Town Forum, Town Centre Management Committee, Jubilee Hall Management Committee, St Neots Common Rights Proprietors, LSP (CALC) & St Neots Ascension Fair
<u>Eynesbury</u>		
Mrs D E Collins	Planning Committee, Policy & Resources Committee, Emergency Planning & Personnel Committee	Environmental Agency (Flood Warning Liaison), Jubilee Hall Management Committee, St Neots Community Drugs Project, Proud 2 B Loud & Eynesbury Neighbourhood Management Group
Mr J C Cooper-Marsh	Audit Committee	St Neots Ascension Fair
Mr L Roberts	Policy & Resources Committee	Tree Wardens (HDC) & Anglia in Bloom
Mr D Terry	Planning Committee, Personnel Committee Appeals Panel & Playground Review Working Party	St Neots Library Liaison Group & Eynesbury Neighbourhood Management Group
Mr P K Ursell	Policy & Resources Committee, Audit Committee & Personnel Committee Appeals Panel	St Neots Rugby Club & Eynesbury Neighbourhood Management Group
Mr S Van de Kerkhove	Policy & Resources Committee	Town Twinning Liaison Group
<u>Priory Park</u>		
Ms K E Cooper	Audit Committee	Environmental Agency (Flood Warning Liaison)
Mr A Cummings (Deputy Mayor)	Planning Committee & Playground Review Working Party	Huntingdonshire Inter-Town Forum, St Neots Museum Management Committee & Little Barford Power Station Committee
Mr R W J Eaton	Policy & Resources Committee & Personnel Committee	
Mrs L Ottolangui	Planning Committee	St Neots Library Liaison Group

Budget Comparison for the year ended 2010

The following shows a comparison of the budget and out-turn figures for 2009/10

Main Influences on Income & Expenditure

The trading account below shows the main net expenses of the council compared to the budget. The main cost centres of the council are: Central Administration, Cemeteries & Churchyards, Play Areas & Open Spaces, Depot and Operational Services, Community Services, Grants & Donations, Highways & the Environment, Town Promotion, The Eatons Community Centre and The Priory Centre.

Performance against the 2009/10 Budget For the Year ended 31st March 2010

<u>2009</u>	<u>2010</u>		<u>Budget</u>
<u>Net</u>	<u>Net</u>		<u>Variance</u>
<u>Expenditure</u>	<u>Expenditure</u>	<u>Budget</u>	
£	£	£	£
759,873 Precept	803,576	803,576	-
(20,650) Corporate Management	(14,500)	(14,500)	-
(16,874) Democratic Representation	(13,591)	(15,780)	(2,189)
(280,416) Central Administration	(213,103)	(249,092)	1 (35,989)
34,320 Other Costs and Income	(16,115)	(19,727)	(3,612)
(4,833) Cemetery and Churchyard	(522)	(4,021)	(3,499)
(5,477) Play Areas and Open Spaces	(8,699)	(8,790)	(91)
(166,510) Depot & Operational	(173,832)	(191,094)	2 (17,262)
(47,171) Community Services	(33,867)	(36,291)	(2,424)
(33,877) Grants & Donations	(16,931)	(21,400)	(4,469)
(7,992) Highways and The Environment	(14,070)	(13,678)	392
- Eaton Socon Community Centre	(6,765)	(11,000)	(4,235)
(24,103) Town Promotion	(2,323)	(12,931)	3 (10,608)
(140,226) Priory Centre-Staffing	(134,143)	(166,253)	4 (32,110)
(56,367) Priory Centre-Premises Cost	(64,417)	(65,250)	(833)
(13,552) Priory Centre-Supplies/Service	(11,332)	(16,622)	(5,290)
(23,929) Priory Centre-Running Costs	(10,433)	(11,800)	(1,367)
23,500 Priory Centre-Other Costs/Inc.	23,500	23,500	-
53,125 Priory Centre Bar & Catering	44,007	48,229	4,222
125,421 Priory Centre-Functions	120,723	104,781	5 (15,942)
(9,526) Statutory Charge for Capital (Loan Repayments)	(25,072)	(42,520)	6 (17,448)
(10,741) Revenue Expenditure funded by Capital Under Statute	(5,899)	(5,899)	-
(88,705) Net Transfer to the Earmarked Reserve	(105,337)	(78,438)	26,899
45,290 Net Surplus or (Deficit) for the Year	120,855	(5,000)	(125,855)

The budget was set, in order that there would be no reduction made on the General Reserve, however two virements were made, during the year that were to be funded from the General Reserves, these being £2,000 Riverside Festival and £3,000 Freedom of Information.

Budget Comparison for the year ended 2010 Continued

The savings of the budget over actual expenditure are mostly due to the:

1 Reductions in cost of Central Administration:	£	35,989	The largest variances being:-
General Administration	£	17,197	Reduction in Staff, Insurance & Subscriptions
Legal Fees	£	6,251	Repayment of Legal Fees
HDC Rents and Swimming Pool	£	7,314	Not previously being included in the budget
2 Reductions in cost by the Operation Team:	£	17,262	The largest variances being:-
Staffing	£	6,276	A reduction in staffing levels
Rates	£	4,132	Due to a revaluation by HDC after budget
Vehicle & Depot	£	3,043	Lower maintenance costs than expected
3 Reductions in cost in Town Promotion:	£	10,608	The largest variances being:-
Town Centre Management recharge fee	£	5,500	Not previously being included in the budget
Riverside Festival	£	3,648	Riverside Festival surplus
Reductions in cost by the Priory Centre:	£	51,320	The largest variances being:-
4 Priory Centre Staffing	£	32,110	a reduction in staffing levels
5 Priory Centre Functions	£	15,942	an increase in Hall hire than budgeted
6 Reductions in cost of Loan Repayments:	£	17,448	£ 17,448 Due to the loan being drawn down later than envisaged

Capital Projects

The main capital project was the building of Eatons Community Centre which was completed in December 2009

	Estimated Costs	Payments Made	Variance
	£	£	£
The estimated total build for the Eatons Community Centre Build was	1,235,018	1,202,145	1 32,873
Contingency	50,000	-	2 50,000
	<u>1,285,018</u>	<u>1,202,145</u>	<u>82,873</u>
This was to be financed by:			
Earmarked Reserve	658,948	576,960	3 81,988
Loan from Public Works Loan Board	450,000	450,000	-
Grants	175,185	175,185	-
	<u>1,284,133</u>	<u>1,202,145</u>	<u>81,988</u>

The shortfall of £885 was to be funded from the General Reserves if the full £50,000 contingency fund was required

	£
Payments made on this project were	
2007/08	51,826
2008/09	180,171
2009/10	<u>794,963</u>
	1,026,960
Paid by Grants received	<u>175,185</u>
	<u>1,202,145</u>

The project has come in under its original estimated build cost by £32,783 (1). The main reason being that the main contractor has not fully invoiced for the original quote by some £15,863 along with a late finish penalty of £12,575 which was imposed by the council. The contingency fund of £50,000 has not been required. (2)

As the project has been completed under the budget this means that the contingency fund has remained untouched and the balance in the Earmarked reserves of £81,988 (3) reflects this. (See note 20)

During 2009/10 a number of projects had been budgeted for that could not be commenced or were only partially completed, the remaining balances have been transferred to the Earmarked Reserve. (See note 20)

Grants Received: Under the guidelines of FRSSE, grants received to fund the building of the Eatons Community Centre have been used to offset the cost of the build. The grants received, are been shown below and amount to £175,185 for the years 2009 and 2010 combined.

	<u>2009</u>	<u>2010</u>
	£	£
Huntingdon District Council	19,500	5,685
Cambridgeshire County Council	-	100,000
WREN	-	50,000
	<u>19,500</u>	<u>155,685</u>

Long Term Borrowing

The Council has taken a loan of £450,000 from the Public Works Loan Board in order to fund the building of the Eaton Community Centre. The loan is over a 30 year period at a fixed rate of 4.56% pa. The balance at 31st March 2010 is £442,500

A loan of £295,883 to be repaid over a 40 year period was received from Huntingdonshire District Council in 1980. The balance on the loan at 31st March 2010 is £105,810

A lease purchase agreement for Equipment for the Operations Depot, of £41,735 to be repaid over a 5 year period was agreed with ING Lease UK Ltd in April 2008. The balance at 31st March 2010 is £26,857. This is shown as a finance lease in the notes to the accounts.

Principle Activities of the Council

The ongoing services provided by the St Neots Town Council include (in alphabetical order):

Allotments, Anglia in Bloom Entry, Bus Shelters, Cemeteries and Churchyards, Christmas Lights, Comment on Local Planning Proposals and Policy, Community Services, Eatons Community Centre, Environmental Improvements, Farmers Markets, Footway Lighting, Grant Aid to Local Organisations, Play Areas and Open Spaces, Priory Centre, Play Group within the Priory Centre, St Neots Town Festival and War Memorials

Allotments

Two allotment sites are provided by the council to encourage residents to grow their own fruit and vegetables. The allotments have been oversubscribed for a number of years; the Council at present does not hold sufficient suitable land to provide allotments for every resident who wants one. In 2009/10 the Council has attempted to meet demand by providing half-sized allotments and identifying allotments that are not being used by their tenants. The Council will continue to pursue additional sites that may be used for allotments.

Anglia in Bloom

This summer St Neots Town Council entered the Anglia in Bloom competition and achieved a Silver Gilt award, this will also mark our fourth entry in the Anglia in Bloom competition.

Bus Shelters

The Council maintains a number of bus shelters throughout the town. In 2009 new shelters were provided in Hardwick Road and Sandfields Road, and a shelter in Howitts Gardens was replaced. The Council will continue to actively maintain its shelters and will monitor any new requirements as they emerge. The Council will also maintain informal links with bus operators to help enhance the services in the town

Cemeteries and Churchyards

The Town Council maintains to a high standard the closed churchyards and cemeteries and provide burial facilities for the residents of St Neots. The town's cemeteries are nearing capacity and the Council is in the process of opening a new Lawn Cemetery, which opened in May 2010 to offer additional plots for the next 5 years

Community Services

The Town Council continues to embark upon the provision of community facilities throughout the town. Presently we have two centres whereby a variety of community groups meet, network, and youth provisions. This enhances the physical and social wellbeing of our residents. The Council also supports the local Museum with help with its running costs to encourage active heritage and community groups and supports the annual Ascension Fair which is run by the TCI, along with providing monthly Summer Band Concerts in the Riverside Park. The Town Council annually holds a Christmas event which incorporates the switching on of the Christmas decorations and a stage with community groups performing within the town. The Town Council erects heritage plaques within our town to encourage tourism.

Eatons Community Centres

It has long been an aspiration of the Town Council to provide a Community Centre for the Eatons area of the Town. This has been realised in this year, the Eatons Community Centre opened in January 2010, this facility offers a community centre along with pre-school facilities for residents. The facility was opened by the Duchess of Gloucester.

Environmental Improvements

The Council bids for jointly funded schemes in conjunction with Cambridgeshire County Council. In 2009 measures on the southern half of Nelson Road were funded. The Council will continue to identify possible improvements and bid for funding.

Farmers Markets

The Council will continue to support and promote the Farmers' Market, and one-off international Markets. We will encourage new market traders to join. The market is held on the second and fourth Saturday of every month and is well attended.

Grant Aid to local organisations

The Town Council recognises the invaluable work of voluntary bodies and charities in the town. Each year the Council sets aside a sum for Grant Aid. This is used to provide grants for groups based in and serving the town, for projects which might otherwise not be possible, and to support artistic and sporting endeavours. The Council will maintain this scheme. Applications are invited up to March 31st each year, and the Grants committee recommends the awards to be made in June/July.

Play Areas and Open Spaces

In order to enhance the development of the young within the town, the Town Council provides and maintains play equipment in safe play areas. The Council is responsible for 12 play sites around and in the Town. In 2007 a phased programme of refurbishment and enhancement was commenced. It is intended to refurbish all the play areas. In 2007/8 a new play area was provided in Duck Lane, and three areas were refurbished. The Council will continue this programme with Saxongate to be replaced in the year 2010/11. There will be additional playground sites provided in new developments such as Loves Farm. The Council will actively pursue Developer Contributions funding for these sites. Play Areas, Open spaces, Village and Town Greens are maintained to a high standard of recreation for all ages to enjoy. This is carried out by the in house Operations Team. The town council provides two football pitches for residents. We maintain traditional village greens with signage and notice boards; this encourages village events and keeps awareness to residents of the Town Council services, thus building community spirit within our town

Priory Centre

To provide a much needed community centre for St Neots, this offers a programme of events that meet the perceived needs of the residents. We organise and promote professional and amateur shows and events. The centre is open 7 days a week. The bar function provides an excellent facility. The variety of function rooms can cater for 30 to 400 users depending on the room hired, and provide an excellent venue for a number of leisure activities such as private functions, meeting rooms, ballroom dancing, bingo, bridge, yoga classes and many other activities.

Play Group within the Priory Centre

The toddler's gym is administered by the Priory Centre; this operates during term time on a Monday, Wednesday and Friday. This is to encourage parents to take part in activities and play with their children.

St Neots Town Festival

In 2009 the long-established St Neots Carnival, which is run by a voluntary group, was able to take part in this year's festival celebrations. The Council provided a Festival in the riverside area, on the August bank holiday weekend. The event was considered a fantastic success. The Council will aim to organise and promote an enlarged Festival in future year, in conjunction with a revitalised Carnival committee, and will continue to support the event for future years.

Street Lights

We provide street lighting in areas not served by the district or county councils this enhances the physical and mental wellbeing, by discouraging crime or a fear of crime; this makes the streets and pathways a safer place for the residents.

War Memorials

We maintain and refurbish the three war memorials located in St Neots, Eaton Socon and Eynesbury. The Council is currently applying for grants in order to be able to fully refurbish all three memorials

STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

- 1 To make arrangements for the proper administration of its financial affairs
- 2 To secure that one of its officers has the responsibility for the administration of those affairs. At this Council, that officer is the Responsible Finance Officer.
- 3 To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 4 To approve the Statement of Accounts by the 30th June 2010

The Responsible Finance Officers' Responsibilities

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

In preparing the statement of accounts, the RFO has:

- 1 Selected suitable accounting policies and then applied them consistently.
- 2 Made judgements and estimates that were reasonable and prudent.
- 3 Complied with the code.

The RFO has also:

- 1 Kept proper accounting records which were up to date.
- 2 Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Finance Officers Certificate

I certify that the statement of accounts presents a true and fair view of the financial position of St Neots Town Council at 31st March 2010, and its income and expenditure for the year ended 31st March 2010.

Signed..... Responsible Finance Officer

Approved..... Town Mayor

Date 30th September 2010

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council considers that it has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the COPRA/SOLACE (Chartered Institute of Public Finance/Society of Local Authority Chief Executives) Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.stneots-tc.gov.uk or can be obtained from The Council Offices, The Priory, St Neots. The town council update the constitution when new changes have been adopted.

This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of an Annual Governance Statement.

2. Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which an authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It 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 St Neots Town 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. A governance framework has been in place at St Neots Town Council for the year ended 31st March 2010 and up to the date of signing the Statement of Accounts on the 30th September 2010.

3. The Council's Governance Framework

The Town Council has a Constitution, which comprises (inter alia) of:

Standing Orders / scheme of Delegation.	Financial Regulations.
Staff / Member Code of Conduct.	Code of Corporate Governance.
Counter Fraud and Corruption Strategy.	Risk Management Strategy.
Whistle blowing Policy.	Equality & Diversity Policy.
Anti Bullying Policy.	Health & Safety Policy Procedure.
Complaints Policy & Procedure.	Stress Management Policy.
FOI Publication Scheme & Records Management Policy.	

The Constitution is regularly reviewed and updated on an annual basis. The latest review was in May 2010.

The Council published its Forward Plan in March 2010. The Council has identified and communicated the Council's vision of its purpose and intended outcomes for citizens and service users through the Forward Plan. The current Forward Plan covers the period 2007 to 2011 with a revised version being published in March 2010.

The Town Council's Audit Committee has been created to take on the core functions of an Audit Committee as identified in CIFPA's "*Audit Committees – Practical Guidance for Local Authorities*".

The Council has an Audit Committee that analyses the risk, its impact and the relevant existing controls. The Committee will monitor that: All risks assessments are conducted in line with the agreed criteria; Identified risk is actioned in the most appropriate way; New Services or initiatives undergo risk assessment.; It will ensure that the Council operates efficiently and effectively; Adheres to relevant legislative requirements. The Council's Policies have also regularly been reviewed.

The Council's Standing Orders details protocols relating to the Committees. Decision making and financial delegations are also clearly stated within these. (The Town Council retains a Committee system rather than Executive/Scrutiny regime as in principal authorities).

The Model Code of Conduct for Members has been adopted by Council and Members received training in 2007/08. Members were invited to attend a refresher course in 2009/10 and 10 Members attended.

Standing Orders and Financial Regulations are regularly reviewed. The latest review was completed in May 2010.

The Town Clerk and Responsible Financial Officer continue to review ongoing training and opportunities to network with appropriate colleagues to ensure that they are in a position to implement all services in accordance with current statute.

Furthermore, the Responsible Financial Officer and Town Clerk positions are separate to give a further counter-check on internal arrangements.

The Council has a Whistle Blowing Policy and reviewed its Complaints Procedure during 2009/10

The Town Council works closely with Members and will seek, upon request or where a need has otherwise been determined, to provide appropriate development support/training. Senior officers meet regularly and training needs are picked up as and when identified.

The Council has a robust Health & Safety Policy which has been thoroughly reviewed this year.

The Council seeks to establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation by:

(a) The Town Council uses Priorities, a local newsletter which is published four times a year, to communicate with residents.

(b) The Council seeks views from the community by questionnaire and its website.

(c) As a third tier local Council, with active Members, the Council is fortunate to have good access to local people and opinion formers. The Town Council will follow its Code of Corporate Governance when dealing with partners and other community groups. This is particularly important given the Government's commitment to rolling-out locality-based services.

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the system of internal control is informed by the work of the Town Clerk and Responsible Financial Officer who have responsibility for the development and maintenance of the governance environment, the annual Internal Audit report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process agreed by the Council which is applied in maintaining and reviewing the effectiveness of the governance framework includes:-

Reporting of the monthly financial information to the Policy and Resources Committee and Budget Holders on their budgetary position, along with quarterly reports to the Audit Committee

Reporting on any issues to Full Council, relating to non-compliance with the Council's Procurement Policy, Corporate Governance Policy and Standing Orders and Financial Regulations and to ensure use of resources in an economical, effective and efficient way.

Approval through the relevant budget holders of budget plans, their subsequent collation for consideration by the Policy & Resources Committee and Full Council to set the budget and precept for the following year.

Responsibility, through the Audit Committee and reporting to the Full Council, for receiving regular reports on work in progress and work to be programmed for the future by internal audit and external audit.

Reporting to the Audit Committee any recommendations made by the Internal Auditor suggesting improvements to the effectiveness of the systems of internal control. This results in a plan of action being agreed with the relevant officer within a reasonable period to address weaknesses and to ensure the agreed action is undertaken.

Internal Audit's Opinion

During 2009/10 the Council appointed Kinnard Hill as their Internal Auditor. Their work covered the following areas: Asset controls, Risk management arrangements, VAT, Debtors, Stock control, Budgetary controls, Tenders, Payroll controls, Payment controls, Income controls and Previous years internal audit findings. Their comments and recommendations have been taken on board and a full report was given to the Audit Committee on the 29th July 2010. The Internal Auditor issued an opinion that if the existing approach is maintained, they are able to provide adequate assurance that the system risks are being properly managed. A copy of the full report is available upon request from the Town Council offices.

5. Significant Governance Issues

We propose over the coming year to take steps to address and further enhance our governance arrangements. We are satisfied that the steps taken, have addressed the need for the improvements that were identified in our review of effectiveness.

The external auditor raised a number of recommendations arising from the 2008/09 audit. Due to time constraints of the 2007/08 audit with the 2008/09 audit following closely behind, a number of the recommendations are the same as the 2007/08 report. To date the Council has taken the following actions to address issues raised in the report.

The Council has introduced a system whereby the Corporate Governance Policy is reviewed annually.

A comprehensive review of all Policies, Aims, Objectives and Performance Indicators has been performed to ensure that they meet good governance requirements.

A protocol for Member/Officer relationships has been adopted and will be reviewed.

A review of financial reporting arrangements has been completed.

Issues relating to the handling of cash are monitored and randomly audited throughout the year.

Procedures for writing off bad debts have been tightened.

The Council has reviewed and update the Forward Plan.

The Council has reviewed and updated the Asset Management Plan along with the lease arrangements.

Developed a process of budget management with training for managers.

6. Actions Taken/Proposed to deal with Significant Internal Control Issues

This part of the Statement outlines actions taken, or proposed, to deal with significant control issues identified.

Arising from the Action Plan for Accounts & Use of Recourses prepared by the Council's external auditors for the year ended 2008/09, the following aspects of the Council's internal control systems will continue to receive the Council's consideration for review and improvement during 2009/10.

Risk Management and Internal Control: The Council has developed and adopted a risk management strategy which will ensure the identification and effective management of all risks and in particular its significant business risks. The Council currently has a risk register in place which is monitored twelve monthly and reported to Council. The latest review was reported to the Audit Committee on the 20th January 2010. The Council has recently completed a full and in depth review of its Constitutions and Policies contained therein. In addition to this a replacement internal auditor was appointed at the meeting of the Audit committee on the 10th December 2009.

Financial Reports: The Council has improved the finance reports that are supplied to the Members along with monthly management reports to budget holders. This has resulted in more effective budget management and monitoring, and has allowed variances to budgets to be identified at an early stage and allowed appropriate action to be taken.

We are satisfied that these steps will address the need for improvements that were identified in our annual review and will review their implementation and operation as part of our next annual review.

Internal & External Audit: There is a process in place for monitoring progress made against the recommendations raised by internal and external audit in their reports and progress is reported on implementation to Members.

7. Approval of Statement

We have been advised on the implications of the result of the review of the effectiveness of the Governance framework by the Town Clerk and Responsible Financial Officer and a plan to address weaknesses and ensure continuous improvement of the system is in place.

This statement was approved at a meeting of the Full Council held on 30th September 2010 when authority was granted for the Mayor and Responsible Finance Officer to sign.

Town Mayor

Responsible Finance Officer

Dated 30th September 2010

ST NEOTS TOWN COUNCIL
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010

Restated			
2009	Note	Income	2010
£			£
759,873		Precept	803,576
-		Grants Received	-
66,615		Rental, Interest & Investment Income	32,420
317,524		Charges made for service	308,095
27,615		Other Income and Contributions	27,501
1,171,627		Total Income	1,171,592
		<u>Expenditure</u>	
		<u>Direct Service Costs</u>	
(246,366)		Salaries & Wages	(245,543)
(64,877)		Grant-aid Expenditure	(49,886)
(328,244)		Other Costs	(318,012)
		<u>Democratic, Management and Civic Costs</u>	
(250,506)		Salaries & Wages	(190,139)
(223,075)	1	Other Costs	(212,375)
(1,113,068)			(1,015,955)
-		Exceptional Items	-
(93,407)		Gains of losses on disposal of fixed assets	-
(34,848)		Net Operating Surplus or (Deficit) for the Year	155,637
95,703		Reversal of annual depreciation	101,526
(17,873)		Statutory Charge for Capital (Loan Repayments)	(25,072)
93,407		Reversal of Gains of losses on disposal of fixed assets	-
(2,394)		Capital Expenditure charged in the year to the General Fund	(5,899)
(88,705)		Net Transfer to the Earmarked Reserve	(105,337)
45,290		Net Surplus or (Deficit) for the Year	120,855

Note to the Income & Expenditure Account

1 Other Costs: Democratic, Management & Civic Costs

2009		2010
£		£
62,283	Administration Cost	45,879
32,878	Management Costs	23,101
9,097	Printing, Postage & Stationery	9,652
95,703	Depreciation	101,526
8,841	Interest Payable	17,232
3,021	Past Service Cost	3,172
11,252	Town Promotion	11,813
223,075		212,375

Please see note Performance against Budget on page 4 for a full breakdown of costs.

STATEMENT OF MOVEMENT OF RESERVES

<u>Reserve</u>	Balance at 31-Mar-09 £	Movement In £	Movement Out £	Balance at 31-Mar-10 £	Note
Capital Financing Account	1,921,884	879,497	(551,526)	2,249,855	18
Capital Receipts Reserve	3,932	-	-	3,932	
General Fund Balance	213,780	120,855	-	334,635	19
Earmarked Reserve	655,387	555,337	(848,526)	362,198	20
	<u>2,794,983</u>	<u>1,555,689</u>	<u>(1,400,052)</u>	<u>2,950,620</u>	

ST NEOTS TOWN COUNCIL
BALANCE SHEET
AS AT 31ST MARCH 2010

<u>Restated</u>				<u>2010</u>	
<u>2009</u>				<u>£</u>	<u>£</u>
<u>£</u>	<u>Notes</u>			<u>£</u>	<u>£</u>
	10	Tangible Fixed Assets:			
1,416,325		Operational Land & Buildings		2,391,945	
231,997		Assets Under Construction		-	
40,265		Community Assets		40,265	
77,061		Vehicles, Plant & Equipment		67,204	
352,634		Infrastructure Assets		325,606	
<u>2,118,282</u>		Net book value			2,825,020
		Long Term Assets			
114		Investments		114	
3,000		Debtors		1,000	
<u>3,114</u>					1,114
		Current Assets			
6,163	14	Stock		4,699	
66,108	15	Debtors		55,695	
4,448		Prepayments		6,956	
912,323		Cash and Bank		788,931	
<u>989,042</u>					856,281
		Current Liabilities			
(165,216)	16	Creditors & Accruals		(140,053)	
(17,572)	17	Short Term Borrowing & Finance Lease		(33,506)	
<u>(182,788)</u>					(173,559)
806,254		TOTAL CURRENT ASSETS LESS LIABILITIES			682,722
		Long Term Liabilities			
(132,667)	17	Long Term Borrowing			(558,236)
<u>2,794,983</u>		TOTAL ASSETS LESS LIABILITIES		<u>2,950,620</u>	
		Represented By;			
1,921,884	18	Capital Financing Account			2,249,855
3,932		Capital Receipts Reserve			3,932
213,780	19	General Fund Balance			334,635
655,387	20	Earmarked Reserve			362,198
<u>2,794,983</u>				<u>2,950,620</u>	

NOTES TO THE ACCOUNTS

These accounts were authorised for issue on the 30th June by the Town Council. This is the date to which any post-balance sheet events have been considered.

1. STATEMENT OF ACCOUNTING POLICIES

General

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – The Financial Reporting Standard for Smaller Entities (the FRSSE). From 2009/10, larger local councils must prepare accounts with the proper accounting practices found in the Financial Reporting Standard for Smaller Entities (the FRSSE) and in accordance with Part 4 of Governance and Accountability for Local Councils: A Practitioners Guide 2010 (England). Fixed assets are measured at depreciated historical cost, and where the acquisition or construction of a fixed asset is funded wholly or in part by capital grants, the value of the asset is recorded net of these contributions

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:

1. Customer and Client Receipts

Customer and Client receipts in the form of sales, fees, charges and rents are accrued and accounted for in the period to which they relate.

2. Employee Costs

The full cost of employees is charged to the accounts for the period within which the employee worked.

3. Interest

All interest receipts are credited to the Income and Expenditure Account

4. Supplies and Services

The cost of supplies and services are accrued and accounted for in the period during which they were consumed or received. Accruals are made for all material sums unpaid at the year end for goods or services received or works completed. For 2009/10 all sums over £500 have been accrued. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for tangible fixed assets.

1. The Capital Receipts Account, which represents the balance of capital receipts and capital contributions that are available to finance capital expenditure.

2. The Capital Financing Account, which represents revenue or capital resources applied to finance expenditure of a capital nature or for the repayment of external loans and the reversal of depreciation to ensure it does not impact on the amount to be met from precept.

Earmarked Reserves

The Council maintains earmarked reserves to meet general and specific future expenditure. The purpose of the Council's earmarked reserves is to set aside and accumulate funds for future projects, without charging the whole cost of the expenditure to the budget in the year it is expended. A list of current projects is shown in note 20

Local Government Pension Scheme

Pension Costs are disclosed on a defined contribution basis and are fully explained in the relevant Note to the Accounts. The Council's employees are members of the Cambridgeshire County Council Pension Fund, a multi-employer scheme which is part of the Local Government Pension Scheme. As separate Contribution rates are not specified, it is not possible to identify specific assets to the Council in respect of the liability to pay future pensions. Pensions are therefore accounted for on a defined contribution basis and the employer's contribution to the scheme certified by the schemes actuary is charged to the Council's Income and Expenditure Account.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Practice 2008 (BVACOP).

Democratic, Management and Civic Costs

Costs relating to the council's status as a multi-functional democratic organisation are accounted for as a separate heading in the Income and Expenditure Account.

Support Services

Allocated using the most appropriate charging basis. The Council's own Time Recording System has been used for guidance

Fixed Assets

Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year. In 2010/11 a de minimis value of £1,000 will be introduced for capitalisation of fixed assets.

Measurement

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the statements of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS). The closing balances are stated on the following basis:

1. Under FRSS Land, properties and other operational assets should be included in the balance sheet at historical cost. The conversion of this has been considered to produce inaccurate values and to be unnecessarily time consuming. The Council has decided to bring forward the cost of the Land and Properties at the brought forward value. All other assets are shown at historical cost.
2. Infrastructure assets are included in the Balance Sheet at historical cost.

Prior year gains on the revaluation of fixed assets previously credited to a Revaluation Reserve have been credited to the Capital Financing Account Under the FRSS no further revaluations are required to be carried out.

The Council's policy is to carry out a maintenance programme so that, as far as possible, its fixed assets' useful life remains the same.

Depreciation

In 2009/10, depreciation was charged on buildings, vehicles, plant, fixtures and fittings, play equipment and infrastructure.

Fixed Assets Continued

3. Depreciation is provided for on all fixed assets which have a finite useful life, (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Depreciation is charged by allocating the cost (or revalued amount) less estimated residual value of the asset as fairly as possible to the periods expected to benefit from their use.
- Infrastructure assets, play equipment, vehicles, plant and equipment are depreciated over their expected useful economic lives on a straight line basis which range from 4 to 10 years
- Newly acquired assets are depreciated from the beginning of the year, although assets in the course of construction are not depreciated until they are brought into use. With the exception of the newly completed Eatons Community Centre which has been depreciated from the time of completion.
- Depreciation is not provided on freehold land
- Land and buildings, depreciation is calculated on the straight-line method over the expected life of the asset which range from 20 to 40 years
- Depreciation is based on the amount at which the asset is included in the Balance Sheet.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Charges to Revenue for Fixed Assets

To record the real cost of holding fixed assets during the year, the depreciation charge is debited to the Income & Expenditure account under the heading of Direct Service Costs - Other Costs. This is later reversed out after showing the Net Operating Surplus or (Deficit) for the Year by way of an adjusting transaction with the Capital Financing Account for the difference between the two.

Leases

Operating leases. The Council leases a vehicle for the operations team. Operating lease rental is charged to revenue in the year it is payable under the terms of the lease.

Finance leases. The Council has a finance lease. They are capitalised and included in the fixed assets shown on the balance sheet. They are accounted for using the policies applied to tangible fixed assets.

External Loan Repayments

The loan principle repayments and the interest charged have been charged to the Income & Expenditure account as per the FRSSE. The principle repaid is later reversed out after showing the Net Operating Surplus or (Deficit) for the Year by way of an adjusting transaction with the Capital Financing Account.

Stocks and Work in Progress

Stocks are valued at cost or net realisable value, whichever is the lower.

Capital Receipts

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

1 Continued

Grants

Revenue grants are accrued and credited to income in the same period in which the related expenditure was charged. Where the acquisition or construction of a fixed asset is funded wholly, or in part, by capital grants, the value of the asset is recorded net of these contributions.

2 Trading Operations - Priory Centre

The Council leases and manages the Priory Centre generating rental income from lettings and other income from bars and catering. As part of the Council's policy to support community and cultural events in the town, the Centre is subsidised by both St Neots Town Council and Huntingdonshire District Council. The trading objective is to restrict the deficit within the budget set.

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Turnover	(273,895)	(252,660)
District Council Funding	<u>(23,500)</u>	<u>(23,500)</u>
Income	(297,395)	(276,160)
Expenditure	<u>323,426</u>	<u>308,255</u>
Trading Deficit	26,031	32,095
Interest paid on Long Term Loan	<u>5,998</u>	<u>1,625</u>
	32,029	33,720
Loan Repayments	<u>9,526</u>	<u>9,859</u>
Net Deficit	<u><u>41,555</u></u>	<u><u>43,579</u></u>

The values above are shown net of depreciation charges

3 Interest and Investment Income

The interest figure arises principally from the investment of earmarked receipts and revenue balances including reserves and provisions. Any interest on Capital Receipt is transferred to General Reserves.

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Barclays Bank	<u>37,163</u>	<u>1,117</u>

4 Pension Costs

Employees of the St Neots Town Council may participate in the Cambridgeshire County Council Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

In 2009/10 the Council paid an employer's contribution of £15,783 representing 18.2% of employees pensionable pay into Cambridgeshire County Council's pension fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's actuary based on triennial actuarial valuations. The rate for 2009/10 was determined on the basis of contribution rates set in the 2007 valuation. The latest (2007) valuation of the Pension Fund concluded that to meet future funding required, minimum higher rates of 17% from 1st April 2008, 18.2%, from 1st April 2009 and 19.3% from 1st April 2010, is required to meet estimated liabilities in accordance with Government regulations. Due to reduced returns, the new contribution rates are no longer adequate to cover 100% of the liabilities.

The valuations, for the purposes of FRS17, are based on the latest formal valuation as at 31st March 2007 and rolled by Hymans Robertson, the independent actuaries to the County Council Fund. Liabilities are valued using the projected unit which assesses the future liabilities of the fund discounted to their present value as at 31st March 2010.

5 Staffing

During 2009/10 the Council employed an average 27 of permanent staff (15 full and 12 part-time). All administrative, professional, technical & clerical (APT&C) are paid on nationally agreed pay scales. The number of employees whose salary was £50,000 or more in bands of £10,000 were:

Band	2009 Qty	2010 Qty
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-

6 Leases

Land and Buildings – the Town Council leases the Priory Centre from Huntingdonshire District Council. This lease has been accounted for as an operating lease. The lease is due to expire in 2027. A peppercorn payments in respect of this lease is £1 pa. A number of other land and building sites, including six play areas, are leased on a peppercorn basis from Huntingdonshire District Council. The lease is due to expire in 2014

Annual Financial Commitments under Operating Leases

Other Land & Buildings	2009 £	2010 £
Obligations expiring within one year	-	-
Obligations expiring within two and five year	20,000	20,000
Obligations expiring after five years	1	1
	20,001	20,001

Council as Lessor – the Council has granted leases to five local organisations. These are accounted for as operating leases.

Council as a lessor - with regards to the Council's activity as a lessor, the Council received rentals to the value of £43,219 in 2009/10. The gross value of assets held for use in operating leases was £373,480. The Museum and Jubilee Hall have a gross value of £373,480, with an accumulated depreciation charge of £20,192. The remaining four operating leases are all accounted for as Community Assets within the Council's balance sheet and as such have no recorded value and are not subject to any depreciation charge.

On Lease from the St Neots Town Council	Lessee	Location	Purpose	Annual Rent Payable £	Year of Expiry
	Huntingdon District Council	Priory Centre	Priory Centre	23,500	2027
	St Neots Table Tennis Club	Land at Riversmead	Club Building	2,750	2036
	St Neots Museum Ltd	Museum, New Street	Museum	6,000	2020
	Eynesbury Rovers FC	Banks Field	Pitches	300	Annual
	Eaton Socon Ex Service Club	School Lane, Eaton Socon	Club Building	7,800	2013
	Jubilee Hall Trust	Jubilee Hall	Community Centre	1,196	Annual
	Reserve Forces & Cadets	Land at Riversmead	ATC Building	900	2030

7 Members' Allowances

Pursuant to the Local Authorities (Members Allowance) regulations 2003. The Council decided not to pay a Parish Basic Allowance to Members. Instead a budget of £1,000 was established to enable Councillors, who do not receive an allowance as a serving Councillor on a principle authority, to claim out of pocket expenses, (Not exceeding £100 per annum) from the Parish Basic Allowance budget, in respect of costs incurred in the discharge of their duties.

	2009 £	2010 £
Members Allowances	265	346

8 Related Party Transactions

During the year transactions with related parties arose as follows:-

		2009	2010
		<u>£</u>	<u>£</u>
Receipts			
Huntingdonshire District Council	Precept	759,873	803,576
Huntingdonshire District Council	Priory Centre	23,500	23,500
St Neots Museum	Rent	6,000	6,000
St Neots Swimming Pool	Administration Fees	1,980	1,425
		<u>791,353</u>	<u>834,501</u>
Payments			
Cambridgeshire County Council	Pension	28,767	21,180
Huntingdonshire District Council	Priory Centre	20,948	16,670
St Neots Museum	Grant	30,000	30,000
		<u>79,715</u>	<u>67,850</u>

9 Audit Costs

In 2009/10 St Neots Town Council incurred the following fees relating to external audit and inspection

2009	2010
<u>£</u>	<u>£</u>
<u>20,200</u>	<u>10,500</u>

The 2009 value includes an amount of £10,000 relating to the 2007/08 audit.

10 Fixed Assets

Movements in fixed assets during the year were:

	Land & Buildings	Community Assets	Vehicles Fix / Fittings & Plant / Equip	Play Equipment & Infrastructure	Assets under Construction	Total
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Value at 1st April	1,506,337	40,265	319,687	517,487	231,997	2,615,773
Additions	-	-	13,301		794,963	808,264
Transfers	1,026,960				(1,026,960)	-
Disposals	-	-	(1,897)	-	-	(1,897)
Value as at 31st March	<u>2,533,297</u>	<u>40,265</u>	<u>331,091</u>	<u>517,487</u>	<u>-</u>	<u>3,422,140</u>
Depreciation						
Value at 1st April	90,012	-	242,626	164,853	-	497,491
Disposals	-	-	(1,897)	-	-	(1,897)
Depreciation for the year	51,340	-	23,158	27,028	-	101,526
	<u>141,352</u>	<u>-</u>	<u>263,887</u>	<u>191,881</u>	<u>-</u>	<u>597,120</u>
Value as at 31st March						
Net Book Value at 31/03/2010	<u>2,391,945</u>	<u>40,265</u>	<u>67,204</u>	<u>325,606</u>	<u>-</u>	<u>2,825,020</u>
Net Book Value at 31/03/2009	<u>1,416,325</u>	<u>40,265</u>	<u>77,061</u>	<u>352,634</u>	<u>231,997</u>	<u>2,118,282</u>

Included within the net book value of vehicles, plant and equipment, is £30,418 (2009 - £41,735) relating to assets held under lease purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,659 (2009 - £5,659). The Finance Lease was taken out for equipment for the newly formed Operational Services division. St Neots Town Council also lease the Priory Centre Town Council Offices from Huntingdonshire District Council under a finance lease for a peppercorn fee of £1. These assets are carried at a cost of £127,114 (2009: £141,380) with accumulated depreciation of £4,418 (2009: £9,848).

11 Fixed Asset Valuation

The freehold properties which comprise the authority's property portfolio were valued at the 1st April 2007 by the District Valuation Office. The valuations have been made in accordance with the RICS Valuation Standards 6th Edition as published by the Royal Institution of the Chartered Surveyors. Copies of the valuations are held on file at the Council Offices, The Priory, St Neots. PE19 2BH. The revaluation resulted in a net increase of £228,000 to the value of the Council's land and building assets.

12 Capital Commitments

At the 31st March 2010 the Council has the balance of the retention due to DeJaks builders of £16,575, this has been included in the assets of the Council and is also included in the long term liabilities.

13 Financing of Capital Expenditure on Fixed Assets

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Capital Reserves	-	
Earmarked Reserves	174,855	352,365
Public Works Loan Board	-	450,000
Finance Lease	41,735	-
Creditors & Accruals	46,161	-
General Fund	3,576	5,899
	<u>266,327</u>	<u>808,264</u>

14 Stocks

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Priory Centre Bar Stocks	<u>6,163</u>	<u>4,699</u>

15 Debtors

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Trade Debtors	45,414	48,610
Vat recoverable Debtor	20,694	7,085
	<u>66,108</u>	<u>55,695</u>

16 Creditors

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Trade Creditors	41,816	47,635
Payroll Taxes and Social Security	10,027	-
Sundry Creditors & Accruals	86,909	53,287
Receipts in Advance	26,464	39,131
	<u>165,216</u>	<u>140,053</u>

17 Long Term Liabilities

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Huntingdonshire District Council	105,810	95,606
ING Lease UK Ltd	26,857	18,555
Public Works Loan Board	-	427,500
Dee Jaks Retention	-	16,575
Total amount of Liabilities	<u>132,667</u>	<u>558,236</u>

Short Term Liabilities

	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Huntingdonshire District Council	9,859	10,204
ING Lease UK Ltd	7,713	8,302
Public Works Loan Board	-	15,000
Total amount of Liabilities	<u>17,572</u>	<u>33,506</u>

In August 2009 a loan of £450,000 was received from the Public Works Loan Board in order to fund the building of the Eaton Community Centre. The loan is over a 30 year period at a fixed rate of 4.56% pa.

A loan of £295,883 to be repaid over a 40 year period was received from Huntingdonshire District Council in 1980 to finance the building of the Priory Centre. The total cost of the building was £636,994.58. A town development grant of £33,151 was received in 1986/87, leaving a balance of £603,843.58 to be financed over 40 years, shared between the Huntingdonshire District Council with 49% being charged to St Neots Town Council, with a final repayment date of 31st March 2019. The interest rate is variable, the rate used for the 2009-10 year is 1.40% (2008/09 4.79%)

In April 2008 a finance lease of £41,735 to be repaid over a 5 year period was received from ING Lease UK Ltd. This was to provide the Equipment required to set up the operations depot. The interest rate of 3.97% being set for the duration.

18 Capital Financing Account

	Restated <u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Balance brought forward	1,685,039	1,921,884
Revaluation Reserve transfer balance	244,107	-
Financing capital expenditure in the year:		
using Earmarked Reserves	174,855	848,526
using Revenue Reserves	2,394	5,899
Loans received	-	(450,000)
Loans fund principle repayments	17,873	25,072
Disposal of fixed assets	(93,407)	-
Revaluation of assets during the year	(16,193)	-
Reverse depreciation on revalued assets	2,919	-
Depreciation charge for the year	(95,703)	(101,526)
Capital Financing Account Carried Forward	<u>1,921,884</u>	<u>2,249,855</u>

The Capital Financing Account and the Revaluation Reserve have been merged to form one account

19 General Fund Balance

	Restated <u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Balance as at 1st April	168,490	213,780
Increase / (Decrease) in the General Fund Balance	45,290	120,855
Balance as at 31st March	<u>213,780</u>	<u>334,635</u>

20 Earmarked Reserve	<u>2009</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Balance as at 1st April	741,537	655,387
Loans Received	-	450,000
Transfers		
Transferred from General Reserve via Budget	188,895	128,662
Transfer to General Reserve	<u>(100,190)</u>	<u>(23,325)</u>
Net Transfer	88,705	105,337
Less:		
Amount used to finance capital expenditure		
Rolling Projects	(6,963)	
Eaton's Community Centre. Equipment	-	(7,402)
Eaton's Community Centre	(134,010)	(841,124)
Play Areas	<u>(33,882)</u>	
	<u>(174,855)</u>	<u>(848,526)</u>
Balance as at 31st March	<u><u>655,387</u></u>	<u><u>362,198</u></u>

Projects with a balance in excess of £5,000 are:

	Opening Balance	Loan Received	Budget 2008/09	Transfers	Spend in 2009/10	Closing Balance
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Christmas Lights	1,858			7,510		9,368
Depot Expansion/Equip	14,498					14,498
Eatons Community Centre	473,112	450,000			(841,124)	81,988
Eatons Community Fit Out	25,000		49,000		(7,402)	66,598
Environmental Schemes	10,000					10,000
Carried	10,000			3,600		13,600
Market Stalls	5,000					5,000
Portable Staging	7,270					7,270
Priory Centre Capt Projects	27,000					27,000
Professional Fees	-			16,444		16,444
Replacement Van	4,115			12,000		16,115
Traffic Management	9,594					9,594
Upgrade Play areas	26,975					26,975
War Memorials	1,275			10,000		11,275
Youth Provision	-			10,000		10,000
Other projects of less than £5,000	39,690			(3,217)		36,473
	<u>655,387</u>	<u>450,000</u>	<u>49,000</u>	<u>56,337</u>	<u>(848,526)</u>	<u>362,198</u>

21 Post Balance Sheet Events

At the 30th of September 2010 there have been no post balance sheet events.

AUDITORS' REPORT TO ST NEOTS TOWN COUNCIL

Independent auditor's report to the Members of St Neots Town Council

Opinion on the financial statements

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

Respective responsibilities of the Responsible Finance Officer and auditor

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

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

We report to you our opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Financial Reporting Standard for Smaller Entities (Effective April 2008).

We review whether the governance statement reflects compliance with 'Governance and Accountability for Local Councils: A Practitioners' Guide (England) 2010' published by the National Association of Local Councils (NALC) in 2010. We report if it does not comply with proper practices specified by NALC or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounting statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

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

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

St Neots Town Council's Responsibilities

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

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies specified by the Audit Commission and published in January 2009. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and identified the following:

- the Council does not have a medium term financial plan;
- financial and non-financial performance reporting is not integrated; and
- key financial information including financial statements is not published on the Council's website

Having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, we are satisfied that, in all significant respects St Neots Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 except that it did not put in place arrangements for:

- planning its finances effectively to deliver its strategic priorities and secure financial health; and
- ensuring that its financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people.

Certificate

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

Paul Winrow
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP
30 September 2010