



# **Report and Financial Statements**

**Year ending 31<sup>st</sup> March 2012**

# Farnham Town Council

## Financial statements for the year ended 31 March 2012

### Explanatory Foreword

Farnham Town Council's financial statements for the year ended 31 March 2012 are set out on the pages attached and consist of the following:

- **The Income & Expenditure Account**, showing income and expenditure on all services.
- **The Balance Sheet**, setting out the Council's financial position at the year end.
- **Notes to the Accounts**, providing information on amounts included in the statements.

This foreword provides a brief summary of the more important aspects of Farnham Town Council's activities and its financial position.

### Basis of preparing the financial statements

As the Council's income is less than £6,500,000, the Council's accounts follow the CIPFA Accounting Guidance for medium-sized councils. The balance sheet therefore excludes the value of fixed assets such as premises, equipment and infrastructure and the cost of services excludes depreciation. The accounts also exclude adjustments that would be necessary to meet accounting standard FRS 17, which relates to the accounting treatment for retirement benefits, as compliance is not required.

### External Auditor's Opinion

The External Auditor's Opinion is provided on an Annual Return provided to the Council's Auditors:

BDO LLP  
Arcadia House  
Ocean Village  
Southampton  
SO14 3TL

The figures provided in these statements are consistent with those provided in the Annual Return.

### Outturn for the year

The outturn for the year is set out in the Income & Expenditure Account on page 3 and may be summarised as follows:

	£
Cost of services	984,725
Income received	-129,095
Net spending	<u>855,630</u>
Precept on Waverley Borough Council	<u>878,400</u>
Amount added to balances for the year	<div style="border: 1px solid black; padding: 5px; display: inline-block;">22,770</div>

## Capital expenditure

The funding for capital expenditure in the 2011/12 year was all from revenue and balances (there was no borrowing in the year).

## Statement of responsibilities for the Statements of Accounts

The Council is required to:

- Make arrangements for the administration of its financial affairs;
- Ensure that one of its officers (referred to as the Responsible Financial Officer) is responsible for the administration of those affairs. At Farnham Town Council, that officer is the Town Clerk.
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

The Responsible Financial Officer is responsible for preparation of the Council's statements of accounts in accordance with the CIPFA Accounting Guidance so far as applicable to this Council, to present fairly the financial position of the Council at 31 March 2012 and its income and expenditure for the year then ended. In preparing the statements of accounts, the Responsible Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements that were reasonable and prudent; and
- Complied with the Guidance.

The Responsible Officer has also:

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



Councillor Jill Hargreaves  
Town Mayor (2011-12 year)

Farnham Town Council  
Council Offices  
South Street  
Farnham  
Surrey  
GU9 7RN

June 2012

**Farnham Town Council**  
**Income & Expenditure for the year ended 31 March 2012**

<b>Services</b>	<b>Year ended 31 March 2012</b>			<b>2010/11</b>
	<b>Expense</b>	<b>Income</b>	<b>Net</b>	<b>Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1 Parks, Gardens and Open Spaces	339,065	12,765	326,300	310,693
2 Allotments	40,083	8,211	31,872	12,661
3 Tourism and Farmers Market	140,034	28,471	111,563	72,145
4 Cemeteries	129,551	63,177	66,374	65,169
5 Administration	180,161		180,161	268,006
6 Grants	49,923		49,923	57,423
7 Infrastructure costs	29,617		29,617	23,372
8 Other	76,291	16,471	59,820	39,796
<b>Net cost of services</b>	<b>984,725</b>	<b>129,095</b>	<b>855,630</b>	<b>849,265</b>
			<b>£</b>	<b>£</b>
Precept on the Borough Council			-878400	-875,939
<b>Surplus(-) for the year</b>			<b>-22,770</b>	<b>-26,674</b>
<b>Movement on General Fund balance and reserves:</b>				
Balance brought forward			972,245	945,571
Surplus for the year			22,770	26,674
Balance carried forward			995,015	972,245


## Farnham Town Council Balance Sheet at 31 March 2012

	Notes	31 March 2012		31 March 2011	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	1, 3				
<b>Current assets</b>					
Investments		1,000,000		930,000	
Debtors (including VAT recoverable)	4	31,636		31,443	
Bank		53,911		97,881	
			1,085,547		1,059,324
<b>Current liabilities</b>					
Creditors and accrued expenses	5		-90,532		-87,079
<b>Total assets less current liabilities</b>			<b>995,015</b>		<b>972,245</b>
<b>Capital and reserves</b>					
Earmarked Reserves	6		526,000		532,287
Non Earmarked Reserves			469,015		439,958
			<b>995,015</b>		<b>972,245</b>

The Notes on pages 6 to 9 also form part of the financial statements.

The Council falls within the Audit Commission's 'lighter touch' audit regime and so the external audit opinion is provided on the Annual Return, which includes a summary of the Income and Expenditure Statement and Balance Sheet.

The above statement presents fairly the financial position of the Council as at 31 March 2012 and reflects its income and expenditure for the year. These financial statements reflect statements that were approved at a meeting of the Council held in June, 2012

  
.....  
Town Mayor

  
.....  
Responsible Financial Officer

# **Farnham Town Council**

## **Notes to the Financial Statements for the year ended 31 March 2012**

### **I. Principal accounting policies**

#### **Accounting convention**

The financial statements have been prepared in accordance with the CIPFA Accounting Guidance for Local Councils, which is recognised by statute as representing proper accounting practices, as applied to the accounts of local councils.

#### **Fixed assets**

The Council's financial statements are not required to include the value of fixed assets on the balance sheet or depreciation in the Income & Expenditure Account. The acquisition, creation or enhancement of fixed assets is charged to revenue each year, and disposal proceeds are credited to a capital receipts reserve if not immediately used to fund capital expenditure.

Fixed assets are valued in the Notes to the Financial Statements on the bases 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:

- Land, operational properties and equipment, infrastructure and community assets are valued at the lower of purchase price, net current replacement cost and net realisable value. Assets not subject to formal valuation in the year have replacement values increased annually by a percentage approximating to general inflation.
- Certain community assets are the subject of restrictive covenants as to their use and/or future disposal. Assets considered to have no appreciable realisable value are stated at zero value.

#### **Debtors and creditors**

The Council's financial statements are maintained on an accruals basis. Amounts due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

#### **Stocks and work in progress**

Stocks of office supplies and for grounds maintenance have been treated as consumed because their value was not material.

#### **Reserves**

The Council maintains certain operational reserves to meet general and specific future expenditure. The purpose of the Council's reserves is explained in Note 6.

#### **General administration and support service costs**

Central administrative support costs are reallocated direct to the services concerned, so far as they can reasonably be ascertained. The remaining administrative costs, including those relating to the democratic process, are shown as a separate service cost in the Income & Expenditure Account.

**Farnham Town Council**  
**Notes to the Financial Statements for the year ended 31 March 2012**  
**(continued)**

**2. Pension costs**

The Council's staff members are eligible to become members of the Surrey Superannuation Fund, which is administered by Surrey County Council. The Council's contributions during the year ended 31 March 2012 were 18.8% of pensionable salaries, together with additional employer pension fund cost during the year of £4,419.

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. These contributions are determined by the Fund's actuary on a triennial basis and are set to meet 100% of the liabilities of the Fund, in accordance with relevant government regulations.

**3. Fixed assets**

**£**

Operational land and buildings (on historic cost basis)

Council Offices	1,075,480
Other Public Buildings	426,094
Wrecclesham Community Centre	500,000
Depot	108,211

Vehicles and equipment

Vehicles	32,024
Audio and Visual Systems	21,304
Christmas Decorations	94,394
Civic Insignia	46,065
Grounds Equipment	27,372
Computers, telephones and office equipment	70,730
Other	11,750

Infrastructure assets

Bus shelters	44,995
CCTV	43,324
Boards and Signs	13,303
Litter bins	14,700
Seats	2,782

Community assets

Cemeteries	571,291
Allotments and Gardens	30,857

Total value	3,134,676
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**Farnham Town Council**  
**Notes to the Financial Statements for the year ended 31 March 2012**  
**(continued)**

**4. Debtors and prepayments**

	2012	2011
Debtors	£	£
Value added tax	19,546	16,121
	12,090	15,322
	31,636	31,443

**5. Creditors and accrued expenses**

	2012	2011
Creditors	£	£
Income in advance	71,682	77,373
	18,850	9,706
	90,532	87,079

**6. Earmarked Reserves and Non earmarked Reserves**

Category	Balance at 31.3.12	Comments
Election and By-election Fund	£20,000	To cover Election and By-election costs. WBC invoices after an election.
Legal Expense fund	£10,000	To cover unforeseen legal costs.
New Equipment	£35,000	Planned equipment upgrades.
Wrecclesham Community Centre	£26,000	To fund required building works.
Bus Shelters and Street Furniture	£25,000	Infrastructure to be developed.
Additional CCTV equipment	£40,000	To fund programmed investment.
Gostrey Meadow and public space enhancements	£25,000	Includes bandstand and war memorial.



Planning	£15,000	Provision for Neighbourhood Plan.
Environment	£10,000	Provision for Air Quality and other initiatives.
Cemetery Chapels	£150,000	Major repairs are required to the Chapels.
Cemetery Enhancements	30,000	Programme of works to footpaths.
Cemeteries	£20,000	Other identified costs.
IT investment	£15,000	To fund required investment/ upgrades.
Farmers Market	£2,000	Equipment replacement.
Tourism Development	£20,000	To fund improved services.
Public Conveniences	£20,000	Upgrade to improve public conveniences.
Town Hall	£63,000	To fund required building works.
<b>Total Earmarked</b>	<b>£526,000</b>	
<b>Non Earmarked</b>	<b>£469,015</b>	FTC Policy states that the general reserves should not dip below 50% of the total annual precept or operating expenditure.
<b>Total Reserves</b>	<b>£995,015</b>	

## 7. Contingent liabilities

There were no contingent liabilities at 31 March 2012 (2011: none).