

**EAST GRINSTEAD
TOWN COUNCIL**

*Statement of Accounts for the Year Ended
31st March 2009*

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East Grinstead Town Council

Statement of Accounting Policies

31st March 2009

General

The accounts have been drawn up in accordance with proper accounting practices for smaller relevant bodies as laid down in "Governance and Accountability in Local Councils - a Practitioner's Guide 2008 which meets the requirements of the Accounts and Audit Regulations 2003, incorporating Accounts and Audit (Amendment) (England) Regulations 2006.

Capital expenditure

In accordance with the recommendations of the CIPFA guidelines this council has set a *de minimus* level of £5,000 below which expenditure is not capitalised.

All expenditure above the *de minimus* level 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. Fixed assets are valued on the basis recommended by CIPFA and in accordance with the statements on asset valuations principles and guidance notes issued by the Royal Institute of Chartered Surveyors. The closing balances are stated on the following basis:

- Non operational properties have been valued to Open Market Value whilst Operational properties have been valued to Open Market Value for Existing Use or, where this could not be assessed because there was no market for the subject asset, the properties were valued at Depreciated Replacement Cost, subject to the prospect and viability of the occupation and use.
- Other operational assets are included in the balance sheet at historic cost net of depreciation.

Differences arising on the valuation of fixed assets are charged to the fixed asset restatement reserve. Revaluation of fixed assets is planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, should they occur.

The Council's policy is to carry out a maintenance programme so that, as far as possible, its fixed assets' useful lives remain the same. As a result it is considered that any depreciation charge on the buildings would be immaterial. Therefore, in 2008/2009 depreciation was only chargeable on vehicles, plant, furniture and equipment above the *de minimus* level and on no other assets of the authority. The depreciation charge was credited against the fixed assets. Depreciation on Vehicles and Plant is calculated using the straight line method at a rate of 20%.

Amounts set aside from revenue to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations on the face of the Income and Expenditure Account and in Note 16.

Debtors and Creditors

The revenue accounts of the council are maintained on an accruals basis in accordance with the code. That is sums 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.

Cost of Support Services

The cost of management and administration which is controlled by the Finance and General Purposes Committee is allocated to all services on an agreed basis.

Reserves

The council maintains certain reserves to meet specific future expenditure. The purpose of the council's reserves is explained in note 16.

The system of capital accounting requires the establishment of two reserve accounts in the balance sheet (neither of which represent reserves which the council can use to support future expenditure):

- the fixed asset restatement account, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets, and
- 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 charge of depreciation to ensure it does not impact on the amount to be met from precept.

Risk Management and Anti fraud & corruption policies

The council is examining the major risks it faces and confirms that systems are under constant review so as to mitigate those risks.

Post Balance Sheet Events

Events between the balance sheet date and the date that the Financial Statements are approved are considered by the council in accordance with SSAP17.

East Grinstead Town Council
Income and Expenditure Account
For the Year Ended 31st March 2009

<u>Year Ended</u> <u>31st March 2008</u>		<u>Year Ended</u> <u>31st March 2009</u>
<u>Net</u> <u>Expenditure</u>	<u>Note</u> <u>Services</u>	<u>Net</u> <u>Expenditure</u>
£		£
82,829	Democratic Representation & Management	93,046
46,427	[7] Corporate Management	85,223
130,214	East Court Estate	136,620
133,238	Community Grants and Partnership	118,244
21,110	Planning & Economic Development	22,740
30,631	Tourist Information Services	12,639
51,094	Cemetery Services	31,888
110,846	Public Open Spaces	44,150
<u>29,147</u>	[16] Capital expenditure	<u>37,781</u>
635,536	NET COST OF SERVICES	906,854
(34,826)	[2] Interest and Investment Income	225,297
(17,517)	Transfer from General Fund	681,557
<u>17,807</u>	[16] Transfer to Earmarked Reserves	<u>(27,206)</u>
<u>601,000</u>	NET CHARGE TO PRECEPT	<u>660,890</u>

Statement of Movement on the General Fund Balance
For the Year Ended 31st March 2009

<u>Year ended</u> <u>31st March 2008</u>		<u>Year ended</u> <u>31st March 2009</u>
(17,517)	Transfer to/(from) the Income and Expenditure Account	(26,746)
<u>425,430</u>	General Fund Balance brought forward	<u>407,913</u>
<u>407,913</u>	[16] GENERAL FUND BALANCE CARRIED FORWARD	<u>381,167</u>

East Grinstead Town Council
Balance Sheet
as at 31st March 2009

	31 st March 2008				31 st March 2009
£	£	Note		£	£
			Tangible Fixed Assets		
			Operational Assets		
5,471,383		[9]	Land & Buildings	3,985,300	
<u>17,850</u>		[9]	Vehicles & Plant	<u>14,230</u>	
	5,489,233		Total Fixed Assets		3,999,530
	80,000	[18]	Pension Asset/(Liability)		(216,000)
	<hr/>		Total Long-Term Assets		<hr/>
	5,569,233				3,783,530
			Current Assets		
47,777		[14]	Debtors	26,199	
<u>503,682</u>			Cash & Bank Funds	<u>523,346</u>	
	<hr/>				
	551,459		Total Assets		<u>549,545</u>
	<hr/>				<hr/>
	6,120,692				4,333,075
			Current Liabilities		
(77,681)		[15]	Creditors	(69,286)	
<u>(12,379)</u>			Receipts in Advance	<u>(12,319)</u>	
	<hr/>				
	(90,060)		Total Assets less Current Liabilities		<hr/>
	<hr/>				<hr/>
	6,030,632				4,251,470
	<hr/>		Total Assets less Liabilities		<hr/>
	<u>6,030,632</u>				<u>4,251,470</u>
 Represented By					
	(4,853,510)	[16]	Fixed Asset Restatement Account		(3,367,427)
	(635,773)	[16]	Capital Financing Account		(632,153)
	(53,436)	[16]	Earmarked Reserve		(86,723)
	(407,913)	[16]	General Fund Balance		(381,167)
	(80,000)	[18]	Pension Reserve		216,000
	<hr/>				
	<u>(6,030,632)</u>				<hr/>
					<u>(4,251,470)</u>

Signed..... Signed..... Signed.....
Chairman Finance & General Purposes Responsible Finance Officer Town Clerk

Date..... Date..... Date.....

East Grinstead Town Council
Cash Flow Statement
For the Year ended 31st March 2009

		Year ended 31st March	
		2008	2009
Surplus for the year	[4]	(17,517)	(26,746)
Non-cash Transactions			
Contribution to Earmarked Reserves	[4]	<u>17,805</u>	<u>33,285</u>
		<u>288</u>	<u>6,539</u>
Increase/decrease in :-			
Debtors	[14]	(18,505)	21,578
Creditors	[15]	27,904	(8,393)
Receipts in Advance		<u>1,101</u>	<u>(60)</u>
		<u>10,500</u>	<u>13,125</u>
<i>Total increase in cash and cash equivalents</i>		<u>10,788</u>	<u>19,664</u>
2. Increase in Cash and Cash Equivalents		£	£
Opening Balance		492,894	503,682
Closing Balance		<u>503,682</u>	<u>523,346</u>
<i>Movement in Year</i>		<u>10,788</u>	<u>19,664</u>

East Grinstead Town Council
Notes to the Accounts
31st March 2009

1. Section 137 Expenditure

Section 137 of the Local Government Act 1972 (as amended) enables the council to spend up to the product of £5.86 per head on the electoral roll in any one year for the benefit of the people in its area on activities or projects not specifically authorised by other powers. The total amount available for this purpose in 2008/2009 was £111,949.

Expenditure was incurred for the following purposes:

	2007/2008	2008/2009
	£	£
Revenue Community Grants	4,448	5,440
Tourist information	2,079	2,972
Civic Newsletter	4,442	3,401
	<hr/>	<hr/>
	10,969	11,813
	<hr/>	<hr/>

2. Interest on Bank Deposits

The interest figure arises from the investment of revenue balances including reserves and provisions as follows:

	Revenue	Capital & Revenue Projects	Total
	£	£	£
Bank Interest	24,639	2,567	27,206

3. Publicity

Section 5 of the Local Government Act 1986 requires the Council to disclose expenditure on publicity. The broad details of this expenditure is:-

	2007/08	2008/09
	£	£
Civic Newsletter	4,442	3,401
Hall Facilities	345	1,219
Public Notices	121	156
Press & Public Relations	1,350	1,700
	<hr/>	<hr/>
	6,258	6,476
	<hr/>	<hr/>

4. Budget

The following shows a comparison of the budget and out-turn figures (before Depreciation adjustments) in 2008/09 analysed by the approved cost centres that conform with the Best Value Accounting Code of Practice.

<u>Revised Estimated - net Expenditure</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	£	£	£
Democratic Representation	87,680	93,046	(5,366)
Corporate Management	80,700	85,223	(4,523)
East Court Estate	127,140	115,994	11,146
Community Grants & Partnerships	131,490	118,244	13,246
Economic Development	24,810	22,740	2,070
Tourist Information Services	30,960	29,546	1,414
Cemetery Services	61,560	55,824	5,736
Public Open Spaces	121,650	123,159	(1,509)
Capital & Revenue Projects	68,500	37,781	30,719
Interest & Investment Income	(30,000)	(27,206)	(2,794)
(Total Variance for Year)			50,139
Transfer from General Reserves	(43,600)	(26,746)	(16,854)
Transfer to Earmarked Capital Reserves		33,285	(33,285)
	<hr/>	<hr/>	<hr/>
Net Charge to Precept	660,890	660,890	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Staffing

During 2008/09 the council employed an average of 24 permanent staff, some full-time and some part-time. All administrative, professional, technical and clerical staff (APT & C) and outdoor staff are paid on nationally agreed pay scales.

The Town Clerk is paid on Town Clerk's salary scale SCP65 above threshold, within a national salary scale that is agreed annually by the National Association of Local Councils and the Society of Local Council Clerks.

1 officer received a salary in the band of £60,000 to £70,000 in the year.

6. Audit Fees

During the year the council paid fees to Mazars LLP the council's auditors as follows:

	2007/2008	2008/2009
Fees payable in respect of external audit services carried out by the appointed auditor	<u>£2,500</u>	<u>£2,500</u>

7. Related Parties/ Agency Income

The council had the following material transactions with related parties:

1. As part of its continuing support, the council paid a grant of £80,400 (2007/2008 £80,400) to Chequer Mead Community Arts Centre Registered Charity Number: 108890 which was formed on the 6th April 2005.

2. Transactions with the West Sussex County Council Pension Fund are detailed in Note 18 to the Accounts.
3. The council received a Best Value Grant of £Nil (2007/08 £30,000) from "Communities and Local Government".
4. The council received £52,320 (2007/08 £50,847) from partnership initiatives with Mid-Sussex District Council and West Sussex County Council.

8. Operating Leases

Vehicles & Plant

Undischarged obligations in respect of operating leases which expire within 1 year £2,545

9. Fixed Assets

	Land and Buildings £	Vehicles and Plant £	TOTAL £
Cost or Valuation			
At 1 April 2008	5,471,383	75,336	5,546,719
Fixed Asset Restatement	(1,486,083)		(1,486,083)
Additions		5,000	5,000
Disposals		-	-
At 31 March 2009	<u>3,985,300</u>	<u>80,336</u>	<u>4,065,636</u>
Depreciation			
At 1 April 2008	-	57,486	57,486
Charge for year	-	8,620	8,620
Disposals		-	-
At 31 March 2009	<u>-</u>	<u>66,106</u>	<u>66,106</u>
Net Book Value			
At 31 March 2009	<u>3,985,300</u>	<u>14,230</u>	<u>3,999,530</u>
At 31 March 2008	<u>5,471,383</u>	<u>17,850</u>	<u>5,489,233</u>

The item of capital expenditure during the year was:-

	£
Steam Cleaner	<u>5000.00</u>

10. Capital Commitments

At the 31st March 2009 there were no significant orders for future capital.

11. Financing of Capital Expenditure

The addition to fixed assets in the year was financed as follows:-

	£
Earmarked Reserves	<u>5,000.00</u>

12. Information on Assets Held

Fixed assets owned by the council include:-

Operational Land and Buildings

East Court	-valued on existing use
Meridian Hall	-valued on depreciated replacement cost
Chequer Mead Arts Centre	-valued on depreciated replacement cost
Cemetery Buildings (including workshops)	-valued on existing use
Cemetery	
Old Court House	-valued on market value

Vehicles, Plant, Furniture and Equipment

Building contents

Vans - 3

Tractor - 1

Trailer - 1

Digger - 1

Dumper - 1

Ride-on Mower - 1

Quad Bike sprayer - 1

Infrastructure Assets

Bus Shelters - 10

Street Lights

Community Assets

East Court Playground

East Court Garden of Remembrance

War Memorials - 2

Recreation Grounds - 1

Allotment Sites - 2

Civic Regalia

13. Fixed Asset Valuation

The freehold properties which comprise the authority's property portfolio (including building contents) were valued as at 1st January 2009 by DVS (Valuation Office Agency) on the under mentioned bases in accordance with the Appraisal and Valuation Standards 6th Edition of the Royal Institution of Chartered Surveyors. The Property Asset Restatement in 2008/09 amounted to £1,486,083 which is largely due to a reduction in the value of Chequer Mead Arts Centre amounting to £1,030,000. This substantial reduction is occasioned by the status of the tenancy. In 2004/05 the occupational lease was disregarded as the standing tenant was a trust in liquidation. In 2008/09 a long lease to a new trust with 22 years remaining life has been taken into account.

Plant and machinery that forms part of the building is included in the valuation.

Properties regarded by the council as operational were valued on the basis of open market value for existing use or where this could not be assessed because there was no open market for the subject asset, at the depreciated replacement cost.

Vehicles, plant and equipment above the *de minimus* value of £5,000 have been listed at historic cost, less depreciation to date.

14. Debtors

	31 st March 2008	31 st March 2009
	£	£
Chequer Mead Community Arts Centre	760	358
Parish Halls	14,314	2,487
Henry Smith's Charity	0	2,508
Sundry Debtors	32,703	20,846
	<u>47,777</u>	<u>26,199</u>

15. Creditors

	31 st March 2008	31 st March 2009
	£	£
Other Local Authorities	17,465	20,702
Sundry Creditors – Revenue	60,216	48,584
	<u>77,681</u>	<u>69,286</u>

16. Reserves

The council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2008 £	Net Movement in Year £	Balance 31 March 2009 £	Purpose	Notes
Fixed Asset Restatement Account	(4,853,510)	1,486,083	(3,367,427)	Store of gains on revaluation of fixed assets	[1]
Capital Financing Account	(635,773)	3,620	(632,153)	Store of capital resources set aside to meet past Expenditure	[2]
Earmarked Reserve	(53,436)	(33,287)	(86,723)	Resources available to finance future specific projects	[3]
General Fund	(407,913)	26,746	(381,167)	Resources available to meet future running costs	[4]
Pension Reserve	(80,000)	296,000	216,000	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet.	[5]
TOTAL	<u>(6,030,632)</u>	<u>1,779,162</u>	<u>(4,251,470)</u>		

Notes

- [1]. The system of accounting for local councils requires the establishment of a fixed asset restatement account. The balance on this represents the value of assets included in the balance sheet. This balance is increased or reduced when assets are revalued or disposed of.
- [2]. The capital financing account represents revenue and capital resources applied to finance capital expenditure on fixed assets or for the repayment of external loans. It also includes the reversal of depreciation to ensure it does not impact on the amount to be met from precept. It does not represent a reserve which the council can use to support future expenditure.

The movements on the reserve during 2008/09 were :-	£
Funding from Earmarked Reserves	(5000)
Less Depreciation	8,620
	<hr/>
	(3,620)
	<hr/>

[3]. Earmarked Reserves

	31 st March 2008	Contribution to Reserves	Capital Receipts	Other Contributions	Reserves Expended	Transfer on Reserves	Balance at 31st March 2009
	£	£	£	£	£	£	£
Earmarked Capital Reserves							
Investment Interest	-			2,567	(125)	(2,442)	-
Jetwasher		5,000			(5,000)		
East Court Enhancements		3,000	-			1,884	4,884
Meridian enhancements	6,315	30,500			(14,373)	558	23,000
Youth facilities	15,000						15,000
Memorial Wall	13,255				(12,733)		522
Parish Halls Development		30,000			(5,550)		24,450
	<u>34,570</u>	<u>68,500</u>		<u>2,567</u>	<u>(37,781)</u>	<u>-</u>	<u>67,856</u>
Earmarked Revenue Reserves							
Pensions Reserve	18,867						18,867
	<u>18,867</u>			-			<u>18,867</u>
	<u>53,437</u>	<u>68,500</u>		<u>2,567</u>	<u>(37,781)</u>		<u>86,723</u>

The earmarked reserves are used to finance or part-finance specific projects which are part of the council's capital and revenue projects programme. To comply with FRS12 reserves for non past obligating events are included in earmarked revenue reserves set aside for future expenditure.

- [4]. Statement of Movement on the General Fund Balance on P.3
- [5]. Pension Scheme - note 18 to the Accounts.

17. Trust Funds

The council administers a number of Charities, namely the Chequer Mead Community Arts Centre, the Parish Halls - East Grinstead, the Sidney Betchley Charity and the Henry Smith's Charity. In accordance with previous auditors instructions the accounts of these charities are kept entirely separate from the accounts of the council and are not incorporated within the Balance Sheet.

	Net assets as at 31/03/2009
Chequer Mead Community Arts Centre Trust	£184,207
The Parish Halls - East Grinstead	£22,352
The Sidney Betchley Charity	£1
The Henry Smith's Charity	£8,574

18. Pension Schemes

East Grinstead Town Council participates in the West Sussex County Council Local Government Pension Scheme who acts as an Administrating Authority. The Local Government Pension Scheme is a defined benefit scheme based on final pensionable salary.

In 2008/09 the council, in accordance with the percentages advised by the actuary and shown below, paid an employer's contribution of £54790 to the West Sussex County Council Superannuation Fund. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the fund. Changes in contribution rates as a result of that valuation took effect from 1st April 2008. East Grinstead Town Council's contribution rate over the accounting period was 16.1%. The contribution rates certified for the East Grinstead Town Council at the 31 March 2009 valuation are as follows:

2009/2010	16.1% of pensionable salary
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In accordance with Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17) East Grinstead Town Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

The latest formal valuation was carried out as at 31st March 2004, and has been updated by independent actuaries to the West Sussex County Council Pension Fund to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 31st March 2009. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value.

The main assumptions used for the purposes of FRS 17 are as follows:

	31st March 2008	31st March 2009
Price increases	3.6%	3.1%
Salary increases	5.1%	4.6%
Pension increases	3.6%	3.1%
Discount	6.9%	6.9%
Rate of return on Equities	7.7%	7.0%
Rate of return on Bonds	5.7%	5.4%
Rate of return on Property	5.7%	4.9%
Rate of return on Cash	4.8%	4.0%

The Value of the West Sussex County Council Superannuation Fund Assets of which the East Grinstead Town Council Fund is a part are valued at fair value, principally market value for investments, and comprise:

	31st March 2008	31st March 2009
	£(000)	£(000)
Equities	969	779
Bonds	230	211
Property	107	89
Cash	<u>50</u>	<u>33</u>
Total	<u>£1,356</u>	<u>£1,112</u>

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the Fund as a whole at 31st March 2009.

The following amounts in respect of East Grinstead Town Council were measured in accordance with the requirements of FRS 17:

	31st March 2008	31 st March 2009
	£(000)	£(000)
Estimated assets in West Sussex County Council Pension Fund (A)	1,356	1,112
Estimated Liabilities in West Sussex County Council Pension Fund ¹	<u>1,276</u>	1,328
Present Value of Unfunded Liabilities ²	-	<u>-</u>
Total Value of Liabilities (B)	<u>1,276</u>	<u>1,328</u>
Net Pension Asset (Liability) (A) –(B)	80	(216)

¹The Actuaries estimate for the purposes of FRS 17 that this liability comprises approximately

	31st March 2008	31st March 2009
Employee member	£ 878,000	£949,000
Deferred Pensions	£145,000	£ 140,000
Pensions	<u>£253,000</u>	<u>£239,000</u>
	<u>£1,276,000</u>	<u>£1,328,000</u>

²It is assumed that all unfunded pensions are payable for the remainder of the member's life. On death of the member, any spouse will receive a pension equal to 50% of the member's pension at the time of death of the member.

The movement on the Net Pension Asset (Deficiency) during 2008-2009 can be broken down as follows:

	Year to 31st March 2008	Year to 31st March 2009
Opening Pension Asset (Deficit)	£120,132	£79,025
Employers Contribution	£47,893	£54,790
Current Service Cost	(£66,000)	(£58,000)
Expected Return on Assets	£101,000	(£98,000)
Interest on Pension Scheme Liabilities	(£70,000)	(£90,000)
Actuarial Gain/(Loss)	£(54,000)	(£107,000)
Further adjustment to actuarial valuation		£3,185
Closing Pension Asset (Deficit)	<u>£79,025</u>	<u>(£216,000)</u>

19. Further Information

Further information about the accounts is available from the Council Offices, East Court, College Lane, East Grinstead. 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.