



# **Report and Financial Statements**

**Year ending 31<sup>st</sup> March 2013**

# **Farnham Town Council**

## **Financial Statements for the year ended 31 March 2013**

### **Explanatory Foreword**

Farnham Town Council's Financial Statements for the year ended 31 March 2013 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 does not therefore need to include the value of fixed assets such as premises, equipment and infrastructure, although they are included for completeness. The cost of services excludes depreciation and 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.

### **New financial system**

During the year Farnham Town Council changed accounting systems from the Edge financial system Advantedge to the RBS Omega financial package. This was accompanied by a review of financial codes to assist with year-on-year comparisons and staff allocations to services; and with the financial analysis of total spend across services on specific activities (eg utilities). Inevitably the two systems treated some matters in different ways leading to some anomalies in the first year when comparing against the prior year. For ease of comparison year on year, the figures on page 4 have been calculated by service committee.

### **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 4 and may be summarised as follows:

	£
Cost of services	1,002,867
Income received	-148,966
Net spending	853,901
Precept on Waverley Borough Council	938,117
Amount added to balances for the year	84,216

## Capital expenditure

The funding for capital expenditure in the 2012/13 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 2013 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; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.



Councillor Stephen Hill  
Town Mayor (2012-13)

June 2013

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

# Farnham Town Council

## Income & Expenditure for the year ended 31 March 2013

Expenditure by Working Groups	Year ended 31 March 2013			2011/12
	Expense £	Income £	Net £	Net £
1 Strategy & Finance (excluding precept)	498,276	10,042	488,234	461,514
2 Community Enhancement	250,570	28,234	222,336	269,954
3 Tourism & Events *	136,220	28,909	107,311	68,318
4 Cemeteries	117,800	81,781	36,019	55,806

\*included Jubilee expenditure

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<b>Net cost of services</b>	1,002,867	148,966	853,901	855,592*
			£	£
Precept on the Borough Council			938,117	878,400
<b>Surplus(-) for the year</b>			-84,216	-22,808*

### Movement on General Fund balance and reserves:

Balance brought forward			995,015	972,207
Surplus for the year			84,216	22,808*
Balance carried forward			1,079,232	995,015

\* Net cost of services for 2011/12 corrected from £855,630 to £855,592 and surplus restated as £22,808



# Farnham Town Council

## Balance Sheet at 31 March 2013

	Notes	31 March 2013		31 March 2012	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	1, 3	-	-	-	-
<b>Current assets</b>					
Investments		1,100,000		1,000,000	
Debtors (including VAT recoverable)	4	27,800		31,636	
Bank/Petty cash		84,580		53,911	
Mayor's charity funds held by council		3,859			
<b>Total current assets</b>			<b>1,216,239</b>		<b>1,085,547</b>
<b>Current liabilities</b>					
Creditors and accrued expenses including commercial card and Mayor's charity funds	5		137,006		90,532
<b>Total assets less current liabilities</b>			<b>1,079,232</b>		<b>995,015</b>
<b>Capital and reserves</b>					
Earmarked Reserves	6		610,000		526,000
General Reserves			469,232		469,015
<b>Total reserves</b>			<b>1,079,232</b>		<b>995,015</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 2013 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, 2013



**Town Mayor**



**Responsible Financial Officer**

# **Farnham Town Council**

## **Notes to the Financial Statements for the year ended 31 March 2013**

### **1. 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 set out in 'Governance and Accountability – A Practitioners' Guide' 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 original purchase price, or the value at first recording of the asset. These values remain unchanged until disposal.
- 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 recorded at their historic cost value or given a £1 nominal 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 2013**  
**(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 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	428,094
Wrecclesham Community Centre	500,000
Depot	110,484

Vehicles and equipment

Vehicles	32,024
Audio and Visual Systems	21,304
Christmas Decorations	95,024
Civic Insignia	46,065
Grounds Equipment	29,263
Computers, telephones and office equipment	81,063
Other	14,768

Infrastructure assets

Bus shelters	44,995
CCTV	43,324
Boards and Signs	14,547
Litter bins	15,900
Seats	2,781

Community assets

Cemeteries	571,291
Allotments and Gardens	30,857

Total value

3,157,264

**Farnham Town Council**  
**Notes to the Financial Statements for the year ended 31 March 2013**  
(continued)

**4. Debtors and prepayments**

	2013	2012
	£	£
Debtors	9,000	19,546
Value added tax	17,653	12,090
Prepayments	1,147	0
	27,800	31,636

**5. Creditors and accrued expenses**

	2013	2012
	£	£
Creditors	39,551	71,682
Pensions/PAYE/NIC creditor	8,805	0
Income in advance	12,271	18,850
Accruals	67,952	0
HSBC Commercial Card	4,568	0
Mayor's charity funds held by Council	3,859	0
	137,006	90,532

**6. Earmarked Reserves and General Reserves**

Category	Balance at 31.3.13	Comments
Election and By-election Fund	£27,000	To cover Election and By-election costs. WBC invoices after an election.
Legal Expense fund	£10,000	To cover unforeseen legal costs.
New Equipment	£45,000	Planned equipment upgrades including vehicles.
Wrecclesham Community Centre	£46,000	Provision for 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 lighting/ power upgrades and bandstand .



## Earmarked Reserves and General Reserves (continued)

Category	Balance at 31.3.13	Comments
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	£40,000	Programme of works to footpaths and memorials.
Cemeteries	£35,000	Other identified costs including future provision.
IT investment	£15,000	To fund required investment/ upgrades.
Farmers' Market	£2,000	Equipment renewals fund.
Tourism Development	£20,000	To fund improved services.
Public Conveniences	£20,000	Upgrade to improve public conveniences.
Town Hall	£85,000	To fund agreed building works scheduled for 2013.
<b>Total Earmarked</b>	<b>£610,000</b>	
<b>General</b>	<b>£469,232</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>£1,079,232</b>	

## 7. Contingent liabilities

There were no contingent liabilities at 31 March 2013 (2012: none).