

**EAST GRINSTEAD  
TOWN COUNCIL**

*Statement of Unaudited Accounts for the Year Ended  
31<sup>st</sup> March 2012*

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## East Grinstead Town Council

### Statement of Accounting Policies

31st March 2012

#### **General**

This council is defined as a ‘smaller body’ under the Accounts and Audit Regulations 2011 which require the completion of an Annual Return which comprises ‘inter alia’ an external audit report. These unaudited financial statements 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 2010 and, whilst not required to be statutorily disclosed, are designed to present fairly the financial position and results of operations of the council.

#### **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 2011/2012 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 14.

### **Debtors and Creditors**

The revenue accounts of the council are maintained on an accruals basis. 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 14.

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.

### **Pension Scheme**

These accounts are prepared in accordance with proper accounting practices for smaller relevant bodies (see 'General' above) which do not require the council to account for their employees' retirement benefits. However, the council continues to show the funding of its own employees' retirement benefits, calculated by the actuaries as a share of the Local Government Pension Scheme, under Note 16 to the Accounts.

### **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 2012**

<b>Year Ended 31<sup>st</sup> March 2011</b>				<b>Year Ended 31<sup>st</sup> March 2012</b>	
<b>Net</b>				<b>Net</b>	
<b><u>Expenditure</u></b>	<b><u>Note</u></b>	<b><u>Services</u></b>	<b><u>Expenditure</u></b>	<b><u>Income</u></b>	<b><u>Expenditure</u></b>
£			£	£	£
78,056		Democratic Representation & Management	87,327		87,327
89,995		Corporate Management	78,210		78,210
109,913		East Court Estate	281,235	166,154	115,081
40,384		Community Support	42,791		42,791
23,287		Planning	18,503		18,503
38,970		Economic Development & Tourism	54,757	12,955	41,802
30,699		Cemetery Services	69,094	58,922	10,172
113,721		Civic Pride	156,300	45,871	110,429
80,400	[7]	Charities	98,000		98,000
<u>61,776</u>	[14]	Capital expenditure	<u>23,918</u>		<u>23,918</u>
<b>667,201</b>		<b>NET COST OF SERVICES</b>	<b>910,135</b>	<b>283,902</b>	<b>626,233</b>
(11,432)	[2]	Interest and Investment Income			(18,670)
36,007		Transfer to General Fund			50,455
<u>(4,776)</u>	[14]	Transfer to Earmarked Reserves			<u>33,582</u>
<b><u>687,000</u></b>		<b>NET CHARGE TO PRECEPT</b>			<b><u>691,600</u></b>

**Statement of Movement on the General Fund Balance**  
**For the Year Ended 31st March 2012**

<b><u>Year ended</u></b>		<b><u>Year ended</u></b>
<b><u>31st March 2011</u></b>		<b><u>31st March 2012</u></b>
36,007	Transfer from the Income and Expenditure Account	50,455
<u>378,761</u>	General Fund Balance brought forward	<u>414,768</u>
<b><u>414,768</u></b>	<b>[14] GENERAL FUND BALANCE CARRIED FORWARD</b>	<b><u>465,223</u></b>

**East Grinstead Town Council**  
**Balance Sheet**  
**as at 31st March 2012**

	31 <sup>st</sup> March 2011				31 <sup>st</sup> March 2012
£	£	Note		£	£
			<b>Tangible Fixed Assets</b>		
			<b>Operational Assets</b>		
3,985,300		[9]	Land & Buildings	3,985,300	
<u>25,737</u>		[9]	Vehicles & Plant	<u>17,404</u>	
	<u>4,011,037</u>		<b>Total Fixed Assets</b>		<u>4,002,704</u>
	4,011,037		<b>Total Long-Term Assets</b>		4,002,704
			<b>Current Assets</b>		
39,047		[12]	Debtors	41,093	
624,425			Cash & Bank Funds	<u>733,127</u>	
	<u>663,472</u>		<b>Total Assets</b>		<u>774,220</u>
	4,674,509				4,776,924
			<b>Current Liabilities</b>		
(87,275)		[13]	Creditors	(74,765)	
<u>(19,501)</u>			Receipts in Advance	<u>(22,073)</u>	
	(106,776)				(96,838)
	<u>4,567,733</u>		<b>Total Assets less Liabilities</b>		<u>4,680,086</u>
	4,567,733				4,680,086
 <b>Represented By</b>					
	3,367,427	[14]	Fixed Asset Restatement Account		3,367,427
	647,760	[14]	Capital Financing Account		639,427
	137,778	[14]	Earmarked Reserve		208,009
	414,768	[14]	General Fund Balance		465,223
	<u>4,567,733</u>				<u>4,680,086</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 2012**

		<b>Year ended 31st March</b>	
		<b>2011</b>	<b>2012</b>
Surplus/(Loss) for the year	[4]	36,007	50,455
Sale of Fixed Assets	[14]	4,100	0
Capital receipts	[14]		16,649
Parish Hall transfer to reserves	[14]		20,000
Contribution to Earmarked Reserves	[4]	<u>(4,776)</u>	<u>33,582</u>
		<u>35,331</u>	<u>120,686</u>
Increase/decrease in :-			
Debtors	[12]	(15,664)	(2,046)
Creditors	[13]	24,305	(12,510)
Receipts in Advance		<u>1,166</u>	<u>2,572</u>
		<u>9,807</u>	<u>(11,984)</u>
<b><i>Total increase in cash and cash equivalents</i></b>		<b><u>45,138</u></b>	<b><u>108,702</u></b>
<b>2. Increase in Cash and Cash Equivalents</b>		£	£
Opening Balance		579,287	624,425
Closing Balance		<u>624,425</u>	<u>733,127</u>
<b><i>Movement in Year</i></b>		<b><u>45,138</u></b>	<b><u>108,702</u></b>

**East Grinstead Town Council**  
**Notes to the Accounts**  
**31st March 2012**

**1. Section 137 Expenditure**

Section 137 of the Local Government Act 1972 (as amended) enables the council to spend up to the product of £6.44 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 2011/2012 was £127,254.

Expenditure was incurred for the following purposes:

	2010/2011	2011/2012
	£	£
Revenue Community Grants	8,335	8,220
Tourist information	4,204	3,000
Civic Newsletter	4,979	7,479
	<hr/>	<hr/>
	17,518	18,699
	<hr/>	<hr/>

**2. Interest on Bank Deposits**

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

	£
Bank Interest	<u>18,670</u>

**3. Publicity**

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

	2010/11	2011/12
	£	£
Civic Newsletter	4,979	7,479
Hall Facilities	2,941	4,092
Public Notices	0	275
Press & Public Relations	1,800	1,935
Town Guide	275	300
	<hr/>	<hr/>
	9,995	14,081
	<hr/>	<hr/>

#### 4. Budget

The following shows a comparison of the budget and out-turn figures (before Depreciation adjustments) in 2011/12 analysed by cost centres.

<u>Revised Estimated - net Expenditure</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	£	£	£
Democratic Representation	87,242	87,327	(85)
Corporate Management	74,897	78,210	(3,313)
East Court Estate	135,162	115,081	20,081
Community Support	45,835	42,791	3,044
Planning	24,164	18,503	5,661
Economic Development & Tourism Services	40,072	41,802	(1,732)
Cemetery Services	36,511	10,172	26,339
Civic Pride	134,325	110,429	23,896
Charities	98,000	98,000	-
Capital & Revenue projects	57,500	23,918	33,582
Interest & Investment Income	(15,000)	(18,670)	3,670
(Total Variance for Year)			111,143
Transfer from/to General Reserves	(27,108)	50,455	(77,563)
Transfer to Earmarked Capital Reserves		33,582	(33,582)
Rounding			2
	<hr/>	<hr/>	<hr/>
Net Charge to Precept	691,600	691,600	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 5. Staffing

During 2011/12 the council employed an average of 22 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 LC4, SCP60, within a national salary scale that is agreed annually by the National Association of Local Councils and the Society of Local Council Clerks.

One officer received a salary in the band of £50,000 to £60,000 in the year.

#### 6. Audit Fees

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

	2010/2011	2011/2012
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 £78,000 (2010/2011 £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 16 to the Accounts.
3. The council received £66,484 (2010/11 £56,800) from partnership initiatives with or grants from with Mid-Sussex District Council and West Sussex County Council.

## 8. Operating Leases

### Vehicles & Plant

Payments due to be made in 2012/13 in respect of operating leases which expire within 2 to 5 years (2011/12 £1,134) £1,134

## 9. Fixed Assets

	<b>Land and Buildings</b>	<b>Vehicles and Plant</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or Valuation</b>			
At 1 April 2011	3,985,300	82,946	4,068,246
Additions	-		
Disposals	-		
At 31 March 2012	<u>3,985,300</u>	<u>82,946</u>	<u>4,068,246</u>
<b>Depreciation</b>			
At 1 April 2011	-	57,209	57,209
Charge for year	-	8,333	8,333
Disposals			
At 31 March 2012	<u>-</u>	<u>65,542</u>	<u>65,542</u>
<b>Net Book Value</b>			
<b>At 31 March 2012</b>	<u>3,985,300</u>	<u>17,404</u>	<u>4,002,704</u>
At 31 March 2011	<u>3,985,300</u>	<u>25,737</u>	<u>4,011,037</u>

There were no acquisitions with a value of £5000 or more during the year.

There were no disposals of assets during the year:

## 10. Capital Commitments

At the 31st March 2012 there were no significant orders for future capital.

## 11. 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 - 2

Tractor - 1

Trailer - 1

Digger - 1

Dumper - 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

**12. Debtors**

	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2012
	£	£
Chequer Mead Community Arts Centre	80	0
Parish Halls	3,297	2,785
Henry Smith's Charity	0	1,522
Sundry Debtors	35,720	36,786
	<u>39,047</u>	<u>41,093</u>

**13. Creditors**

	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2012
	£	£
Other Local Authorities	39,937	16,221
Sundry Creditors – Revenue	47,338	58,554
	<u>87,275</u>	<u>74,765</u>

**14. 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.

<b>Reserve</b>	<b>Balance 1 April 2011 £</b>	<b>Net Movement in Year £</b>	<b>Balance 31 March 2012 £</b>	<b>Purpose</b>	<b>Notes</b>
Fixed Asset Restatement Account	3,367,427	-	3,367,427	Store of gains on revaluation of fixed assets	[1]
Capital Financing Account	647,760	(8,333)	639,427	Store of capital resources set aside to meet past Expenditure	[2]
Earmarked Reserve	137,778	70,231	208,009	Resources available to finance future specific projects	[3]
General Fund	414,768	50,455	465,223	Resources available to meet future running costs	[4]
<b>TOTAL</b>	<b>4,567,733</b>	<b>112,353</b>	<b>4,680,086</b>		

## Notes

- [1]. The system of accounting for local councils requires the establishment of a fixed asset restatement account which represents the change in value of assets which have been 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 charge for annual 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 2011/12 were :- £

Depreciation for the year (8,333)

[3]. Earmarked Reserves

	Contribution 31 <sup>st</sup> March 2011 £	Capital Precept £	Other Receipts £	Reserves Expended	Capital Virements £	Balance at 31st March 2012 £
<b>Earmarked Capital Reserves</b>						
Bank Charges	-			(120)	120	
East Court Enhancements	1,984		-		(1,984)	
East Court Rolling Renewals	10,000	10,000				20,000
Meridian enhancements		35,000	649	(1,965)	2,733	36,417
Town Clock			16,000			16,000
Cherry Picker		12,500			(12,500)	
Salt Depot					12,500	12,500
Workshop area	1,250				(1,250)	
Youth Facilities	11,000					11,000
Queens Road wall	9,750			(10,131)	381	
St Swithuns wall	12,500					12,500
Parish Halls Development	72,427	20,000		(11,702)		80,725
	<u>118,911</u>	<u>77,500</u>	<u>16,649</u>	<u>(23,918)</u>	<u>-</u>	<u>189,142</u>

**Earmarked Revenue Reserves**

Pensions Reserve	18,867					18,867
	<u>18,867</u>					<u>18,867</u>
	<u>137,778</u>	<u>77,500</u>	<u>16,649</u>	<u>(23,918)</u>		<u>208,009</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

**15. 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 31/03/2012
Chequer Mead Community Arts Centre Trust	£197,075
The Parish Halls - East Grinstead	£5,960
The Sidney Betchley Charity	£1
The Henry Smith's Charity	£9,550

## 16. 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 2011/12 the council, in accordance with the percentages advised by the actuary and shown below, paid an employer's contribution of £66,254 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. East Grinstead Town Council's contribution rate over the accounting period was 18.1%. The contribution rates certified for the East Grinstead Town Council at the 31 March 2012 valuation are as follows:

2012/2013                      18.1% of pensionable salary

The latest valuation has been updated by independent actuaries to the West Sussex County Council Pension Fund to take account of the requirements of FRS17/IAS19 in order to assess the liabilities of the Fund as at 31st March 2012. 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 IAS19 are as follows:

	31st March 2011	31st March 2012
Salary increases	5.1%	4.8%
Pension increases	2.8%	2.5%
Discount	5.5%	4.8%
Rate of return on Equities	7.5%	6.2%
Rate of return on Bonds	4.9%	4.3%
Rate of return on Property	5.5%	4.4%
Rate of return on Cash	4.6%	3.5%

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 2011	31st March 2012
	£(000)	£(000)
Equities	1,369	1,311
Bonds	249	241
Property	124	155
Cash	<u>36</u>	<u>17</u>
<b>Total</b>	<b><u>£1,778</u></b>	<b><u>£1,778</u></b>

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the Fund as a whole at 31<sup>st</sup> March 2012.

The following amounts in respect of East Grinstead Town Council were measured in accordance with the requirements of FRS17/IAS19:

	31st March 2011 £(000)	31 <sup>st</sup> March 2012 £(000)
Estimated assets in West Sussex County Council Pension Fund	1,778	1,724
Estimated Liabilities in West Sussex County Council Pension Fund <sup>1</sup>	<u>1,750</u>	<u>1,731</u>
<b>Net Pension Asset/ (Liability)</b>	<b><u>28</u></b>	<b><u>(7)</u></b>

<sup>1</sup>The Actuaries estimate for the purposes of FRS17/IAS19 that this liability comprises approximately

	31st March 2011	31st March 2012
Employee member	£1,361,000	1,309,000
Deferred Pensions	£174,000	202,000
Pensions	<u>£215,000</u>	<u>220,000</u>
	<b><u>£1,750,000</u></b>	<b><u>1,731,000</u></b>

<sup>2</sup>It 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 2011-2012 can be broken down as follows:

	Year to 31st March 2011 £'000	Year to 31st March 2012 £'000
Opening Pension Asset (Deficit)	(510)	28
Employers Contribution	63	66
Current Service Cost	(91)	(80)
Expected Return on Assets	118	119
Interest on Pension Scheme Liabilities	(111)	(94)
Actuarial Gain/(Loss)	360	(46)
Past Service Gain/(Loss)- CPI/RPI	199	-
Closing Pension Asset (Deficit)	<b><u>£28</u></b>	<b><u>£(7)</u></b>

## 17. Further Information

Further information about the accounts, including a list of all payments made in the year , is available from the Council Offices, East Court, College Lane, East Grinstead or on our website [www.eastgrinstead.gov.uk](http://www.eastgrinstead.gov.uk) . 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 on the council's notice boards and website.