

**Henley-on-Thames Town Council**

**Statements of Accounts**

**For the year ended 31 March 2009**

# Henley-on-Thames Town Council

## Council Information

31 March 2009

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**Henley-on-Thames Town Council**

**Council Information**

**31 March 2009**

**(Information current at 28th May 2009)**

**Mayor**

Cllr Mrs E. Hodgkin

**Councillors**

Cllr Mrs J. Wood (Deputy Mayor)

Cllr Mrs J. Bland

Cllr T. B. Buckett MBE

Cllr A. J. Follett

Cllr C. W. Gibson

Cllr Miss L. M. Hillier

Cllr Mrs R. Myer

Cllr D. R. Nimmo-Smith

Cllr C. I. Pye

Cllr Miss L. H. Pye

Cllr Dr P. J. Skolar

Cllr S. R. Smith

Cllr Dr B. G. Wood

Cllr Mrs G. M. Zakss

**Clerk to the Council**

Mr Mike Kennedy

**Auditors**

Audit Commission

Unit 5

ISIS Business Centre

Horspath Road

Oxford

OX4 2RD

# **Henley-on-Thames Town Council**

## **Explanatory Foreword**

**31 March 2009**

The council's Statements of Accounts for the year ended 31 March 2009 are set out on the following pages. They consist of the following statements:

### **The Income and Expenditure Account**

The council's revenue account, which sets out income and expenditure on all services, interest payable and receivable, profits/losses on disposal of fixed assets and sources of the council's income from revenue grants and taxation (Precept).

### **The Statement of Movements on the General Fund**

This statement consolidates the council's surplus or deficit for the year, as set out in the Income and Expenditure Account with all other statutory and non-statutory proper practices that are required to be charged to the council's General Fund in order to determine the council's budget and, in turn, its Council Tax (Precept) demand.

### **The Balance Sheet**

This sets out the financial position of the council on 31 March 2009, i.e. its assets and liabilities at that date.

### **The Cash Flow Statement**

This summarises inflows and outflows of cash arising from the revenue and capital transactions with third parties.

### **Statement of Total Recognised Gains and Losses**

This statement sets out the total gains and losses enjoyed and suffered by the council, not all of which are reported in the Income and Expenditure Account, and their effect on the council's reserves during the year.

### **Statement of Accounting Policies**

This statement explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

### **Notes to the Accounts**

These provide further information on the amounts included in the financial statements.

This foreword provides a brief explanation of the financial aspects of the council's activities and draws attention to the main characteristics of the financial position, including the year's budget, as summarised below.

## Henley-on-Thames Town Council

### Explanatory Foreword

31 March 2009

#### Budget Comparison for the year ended 31 March 2009

The year to 31 March 2009 was overshadowed by the general economic situation of the country. Although the Council escaped the Icelandic bank crisis unscathed, it has had to write down the value of its properties and its investments to reflect weaker market conditions. The economic climate has also affected local organisations in Henley, and consequently the Council has felt it prudent to make provision against some of its loans to them. Naturally the Council hopes it will be able to reverse these provisions within the next year.

Despite this, by judicious control of its costs, the Council has managed to reduce the deficit on Income & Expenditure from £67,200 made in 2008 to £38,300 this year. The Council has done this while keeping the increase in the Precept to a modest 3%. The year's deficit was also substantially better than our budget, as is outlined by this table which presents the figures in the format that may be more familiar to Henley residents:

£'000	Final 08/09	Budget 08/09
Precept	434.7	434.7
Finance, Strategy & Management - Income	233.4	244.9
Finance, Strategy & Management - Expenses	432.4	457.0
Town & Community – Net Expenses	134.4	157.5
Recreation & Amenities – Net Expenses	139.6	132.8
Contingency	-	20.0
<b>Net Deficit</b>	<b>38.3</b>	<b>87.7</b>

The Council has invested over £128,000 in new equipment at the playgrounds at Mill Meadows and Freemans Meadow. It is grateful to Invesco Perpetual, SODC, OCC, Henley Royal Regatta, the Trust for Oxfordshire Environment, Grundon Waste Management and the Waste Recycling Group and for helping fund these projects. Other community investments made in the year include new jetties on River Terrace, new lighting at the Astroturf pitch, and a safer access to the allotments on the Reading Road.

#### Further Information

Further information about the accounts is available from Council Offices, Town Hall, Market Place, Henley-on-Thames, Oxfordshire, RG9 2AQ. 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 press and on the notice board outside the council offices.

## Henley-on-Thames Town Council

### Statement of Responsibilities

31 March 2009

#### The Council's Responsibilities

The council is required:

- to make arrangements for the proper administration of its financial affairs
- to secure that one of its officers (R.F.O.) has the responsibility for the administration of those affairs. At this council that officer is the Town Clerk, and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

#### The Responsible Financial Officer's Responsibilities

The R.F.O. is responsible for the preparation of the council's Statements of Accounts in accordance with the 'Code of Practice on Local Authority Accounting in Great the United Kingdom' (the code), so far as is applicable to this council, to present fairly the financial position of the council at 31 March 2009 and its income and expenditure for the year then ended.

In preparing the Statements of Accounts, the R.F.O. has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent, and
- complied with the code.

The R.F.O. has also:

- kept proper accounting records, which were up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### Responsible Financial Officer's Certificate

I hereby certify that the Statements of Accounts for the year ended 31 March 2009 required by the Accounts and Audit Regulations 2003 are set out in the following pages.

I further certify that the Statements of Accounts present fairly the financial position of Henley-on-Thames Town Council at 31 March 2009, and its income and expenditure for the year ended 31 March 2009.

Signed: .....  
Town Clerk

Date: .....

## **Henley-on-Thames Town Council**

### **Annual Governance Statement**

**31 March 2009**

Henley on Thames Town 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. Henley Town Council also has a duty under the Local Government Act 1999 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, Henley Town Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and 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 CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of this is on our website [www.henleytowncouncil.gov.uk](http://www.henleytowncouncil.gov.uk) or can be obtained (for a fee) from Town Hall, Market Place, Henley on Thames, Oxon RG9 2AQ. This statement explains how Henley on Thames Town 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 a statement of internal control.

#### **The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values by which the 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 and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on going process designed to identify and prioritise the risk to the achievement of Henley on Thames 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.

The governance framework has been in place at Henley on Thames Town Council for the year ended 31 March 2009 and up to the date of approval of the statement of accounts.

The main decision making of the Council is undertaken by Full Council. Only the Planning and Transport Committee has delegated powers in relation to responding to planning applications and the Britain in Bloom Sub Committee in relation to expenditure within its budget. All other strategic decisions are taken by Full Council. The day to day operational decisions are the responsibility of the Town Clerk. Decisions on expenditure are constrained by the budget and a statutory framework which requires all cheques to be signed by two Councillors. The Council maintains its Standing Orders which are reviewed on an ongoing basis to meet the needs of Council and respond to legislative and best practice changes. In the current year Standing Orders have been amended to allow for changes in the Code of Conduct relating to public participation and notification of substitutes at meetings. Regular meetings take place with staff to ensure that they are aware of the standard expected by the Council and that they are aware of and are complying with internal policies and procedures.

The Council has also undertaken a review during the year of its complaints procedure and as a result improved its standards for response and processes for making improvements.

Communication and engagement with stakeholders is an aim of the Council which it successfully achieves through inclusion of the public and interested parties on working groups, invitation to Town events and the Annual Town meeting.

**Review of effectiveness**

Henley on Thames Town 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 effectiveness is informed by the work of staff within the authority who have responsibility for the development and maintenance of the governance environment, internal audit reports, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council has an external contract with an internal auditor which undertakes 3-4 visits per annum. The internal auditor reports biannually. The reports and actions are reported to the Council’s Finance and Administration Committee which makes recommendations to Full Council.

We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Finance and Administration Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**Significant governance issues**

The Council has recognised the need to undertake the following governance improvements subject to resources and balancing bureaucratic and service objectives.

- Update its HR policy and procedures including Councillor training
- Undertake a strategic risk assessment
- Comprehensive review of Standing Orders as and when NALC guidance is reissued (pending)
- Refresh of Financial Regulations to reflect revised staffing structure
- Improve its information management of key policies and procedures
- Develop a longer term staffing plan to ensure that the Council is not over dependent on individuals

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Approval of Statement**

This statement was approved at a meeting of the council held on when authority was given for the Mayor and the Town Clerk to sign.

Signed: .....  
Cllr Mrs E. Hodgkin  
Mayor

.....  
Mr Mike Kennedy  
Town Clerk

Date: .....

## **Henley-on-Thames Town Council**

### **Auditor's Report to the Council**

**31 March 2009**

#### **Opinion on the financial statements**

I have audited the Authority accounting statements and related notes of Henley-on-Thames Town Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement 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 Henley-on-Thames Town Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as is set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

#### **Respective responsibilities of the Responsible Financial Officer and auditor**

The Responsible Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the Statements of Accounts present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information that I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read the other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

#### **Basis of Audit Opinion**

I conducted my 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.

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

## **Henley-on-Thames Town Council**

### **Auditor's Report to the Council**

**31 March 2009**

#### **Qualified Opinion arising from disagreement in accounting treatment**

The Authority is required, under the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, to comply with the accounting and reporting requirements of Financial Reporting Standard 17, Retirement Benefits. (FRS17). The Authority is a participating employer in a defined benefit pension scheme where its share of the underlying assets and liabilities can be separately identified. In these circumstances FRS17 requires the Authority to recognise its share of the underlying assets and liabilities of the pension fund at the balance sheet date. The annual change in these values during the financial year are required to be analysed between periodic and non-periodic costs and shown in the Income & Expenditure Account and the Statement of Total Recognised Gains and Losses as appropriate. Notes explaining the principle underlying assumptions and making certain additional disclosures are also required.

Henley-on-Thames Town Council has determined not to obtain the necessary information from the pension scheme actuary to allow compliance with FRS17. The accounting statements presented include the actual contributions payable for the year within the Income & Expenditure Account. It is not possible to quantify the impact that non-compliance with FRS17 has had on the Income & Expenditure Account, Balance Sheet and Statement of Total Recognised Gains and Losses.

Except for the impact on the accounting statements of non-compliance with the accounting and disclosure requirements of FRS17 in my opinion, the Authority's financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

#### **Qualified Opinion arising from limitation of audit scope**

The evidence to support car park income included in the Statement of Accounts was limited.

As a result I have been unable to obtain sufficient appropriate evidence concerning the accuracy and completeness of car park income.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the accuracy and completeness of car parking income, in my opinion the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

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

##### **Authority's Responsibilities**

The Authority 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**

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

## **Henley-on-Thames Town Council**

### **Auditor's Report to the Council**

**31 March 2009**

#### **Qualified Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for other local government bodies specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance. In doing so I was unable to obtain sufficient appropriate evidence that Henley-on-Thames Town Council had both effective internal audit and risk management arrangements in place during the year of the audit.

I am satisfied that, in all other respects, Henley-on-Thames Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009, except that it did not put in place arrangements to manage its risks and maintain a sound system of internal control.

#### **Certificate**

I certify that I 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.

Signed: .....  
Maria Grindley - District Auditor

Date: .....

For:    Audit Commission  
          Unit 5  
          ISIS Business Centre  
          Horspath Road  
          Oxford  
          OX4 2RD

## **Henley-on-Thames Town Council**

### **Auditor's Report to the Council**

**31 March 2009**

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

##### **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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the council is required to prepare and publish a Best Value Performance Plan summarising the council's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

##### **Auditor's responsibilities**

I am 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 Auditing Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the council's Best Value Performance Plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

##### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for other local government bodies specified by the Audit Commission and published in July 2005, in all significant respects, Henley-on-Thames Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009, except for the arrangements in place to manage its significant business risks.

**Henley-on-Thames Town Council**

**Auditor's Report to the Council**

**31 March 2009**

**Certificate**

I certify that I 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.

Signed: .....  
Maria Grindley - District Auditor

Date: .....

For: Audit Commission  
Unit 5  
ISIS Business Centre  
Horspath Road  
Oxford  
OX4 2RD

**Henley-on-Thames Town Council**  
**Income and Expenditure Account**  
**31 March 2009**

	2009 £	2009 £	2009 £	2008 £
	Gross Expenditure	Income	Net Expenditure	Net Expenditure
<b>CULTURAL &amp; RELATED SERVICES</b>				
Cultural and Heritage	18,411	(8,319)	10,092	5,141
Recreation and Sport	457,636	(264,580)	193,056	179,573
Open Spaces	162,330	(3,333)	158,997	155,630
Tourism	66,481	(2,633)	63,848	58,012
<b>ENVIRONMENTAL SERVICES</b>				
Cemetery, Cremation and Mortuary	39,823	(30,072)	9,751	706
Environmental Health	12,349	-	12,349	10,302
Community Safety	76,446	-	76,446	60,355
<b>PLANNING &amp; DEVELOPMENT SERVICES</b>				
Planning Policy	-	-	-	-
Economic Development (including markets)	35,309	(75,756)	(40,447)	1,718
Community Development	20,274	-	20,274	32,128
<b>HIGHWAYS, ROADS &amp; TRANSPORT SERVICES</b>				
Highways/Roads (Routine)	2,848	(8,077)	(5,229)	(7,754)
Street Lighting	-	-	-	2,419
Parking Services	7,470	(8,400)	(930)	(4,197)
<b>OTHER SERVICES</b>				
Other Services to the Public	10,163	(2,212)	7,951	10,405
Rental (Income)/Expenditure	8,520	(6,800)	1,720	161
<b>CENTRAL SERVICES</b>				
Corporate Management	258,435	(27,292)	231,143	53,863
Democratic Representation and Management	365,640	-	365,640	222,975
Civic Expenses	10,029	-	10,029	10,493
Non Distributed Costs	13,020	-	13,020	17,994
<b>Net Cost of Services</b>	<b>1,565,184</b>	<b>(437,474)</b>	<b>1,127,710</b>	<b>809,924</b>
Loss/(Profit) on the disposal of fixed assets			-	-
Investment Loss/(Profit)			47,381	(255,287)
Interest and Investment Income	1		(159,862)	(163,991)
<b>Net Operating Expenditure</b>			<b>1,015,229</b>	<b>390,646</b>
Precept on District Council			(434,660)	(422,000)
<b>(Surplus)/Deficit for the Year</b>			<b>580,569</b>	<b>(31,354)</b>

*The notes on pages 23 to 36 form part of these accounts.*

**Henley-on-Thames Town Council**  
**Statement of Movement on the General Fund Balance**  
**31 March 2009**

		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
(Surplus)/Deficit for the year on the Income and Expenditure Account.		580,569	(31,354)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year.	10	(542,243)	98,591
Decrease in General Fund Balance for the Year		<u>38,326</u>	<u>67,237</u>
Transfer from Earmarked Reserves	26	(1,655,011)	-
General Fund Balance brought forward		<u>(986,412)</u>	<u>(1,053,649)</u>
General Fund Balance carried forward		<u><u>(2,603,097)</u></u>	<u><u>(986,412)</u></u>

*The notes on pages 23 to 36 form part of these accounts.*

**Henley-on-Thames Town Council**  
**Statement of Total Recognised Gains and Losses**  
**31 March 2009**

		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
(Surplus)/Deficit for the year on the Income and Expenditure Account.		580,569	(31,354)
(Surplus)/Deficit arising on revaluation of fixed assets	21	1,741,208	(15,408,917)
(Surplus)/Deficit arising on revaluation of available-for-sale financial instruments	22	856,906	(452,472)
(Surplus)/Deficit arising on revaluation of soft loans to fair value	23	(114,515)	168,986
(Surplus)/Deficit arising on capital adjustment	24	(132,331)	1,053,282
<b>Total recognised (gains)/losses for the year</b>		<b><u>2,931,837</u></b>	<b><u>(14,670,475)</u></b>

*The notes on pages 23 to 36 form part of these accounts.*

# Henley-on-Thames Town Council

## Balance Sheet

31 March 2009

	Notes	2009 £	2009 £	2008 £
<b>Fixed Assets</b>				
Tangible Fixed Assets	11		17,407,813	19,277,712
<b>Long Term Assets</b>				
Investments Other Than Loans	14		3,108,532	4,108,967
Long Term Debtors	15		359,543	258,539
<b>Current Assets</b>				
Debtors	16	112,750		92,537
Cash at bank and in hand		319,100		391,706
		<u>431,850</u>		<u>484,243</u>
<b>Current Liabilities</b>				
Creditors and accrued expenses	17	(271,490)		(217,726)
		<u></u>		<u></u>
<b>Net Current Assets</b>			160,360	266,517
<b>Total Assets Less Current Liabilities</b>			<u>21,036,248</u>	<u>23,911,735</u>
<b>Long Term Liabilities</b>				
Deferred Grants	19		(248,532)	(182,182)
Deferred Liabilities			(10,785)	(20,785)
			<u>20,776,931</u>	<u>23,708,768</u>
<b>Capital and Reserves</b>				
Asset Revaluation Reserve	21		13,667,709	15,408,917
Capital Adjustment Account	24		3,690,730	3,927,667
Available for Sale Financial Instruments Reserve	22		(404,434)	452,472
Financial Instruments Adjustment Account	23		(54,471)	(168,986)
Capital Receipts Reserve	25		1,274,300	1,399,894
Earmarked Reserves	26		-	1,702,392
General Reserve			2,603,097	986,412
			<u>20,776,931</u>	<u>23,708,768</u>

These accounts have been approved by the Council.

Signed: .....  
Cllr Mrs E. Hodgkin  
Mayor

.....  
Mr Mike Kennedy  
Responsible Financial Officer

Date: .....

*The notes on pages 23 to 36 form part of these accounts.*

## Henley-on-Thames Town Council

### Cash Flow Statement

31 March 2009

	Notes	2009 £	2009 £	2008 £
<b>REVENUE ACTIVITIES</b>				
<i>Cash outflows</i>				
Paid to and on behalf of employees		(503,965)		(511,345)
Other operating payments		<u>(602,382)</u>		<u>(796,205)</u>
			(1,106,347)	(1,307,550)
<i>Cash Inflows</i>				
Precept on District Council		434,660		422,000
Cash received for services		<u>494,750</u>		<u>528,435</u>
			929,410	950,435
<b>Net cash (outflow) from revenue Activities</b>	29		<u>(176,937)</u>	<u>(357,115)</u>
 <b>SERVICING OF FINANCE</b>				
<i>Cash inflows</i>				
Interest received		24,331		28,305
Investment Income		<u>132,642</u>		<u>135,686</u>
			156,973	163,991
 <b>CAPITAL ACTIVITIES</b>				
<i>Cash outflows</i>				
Purchase of fixed assets		(249,994)		(100,608)
Purchase of investments		(1,091,183)		(1,204,009)
<i>Cash inflows</i>				
Sale of investments		1,170,435		1,569,675
Sale of fixed assets		-		-
Capital grant received		<u>99,400</u>		<u>25,000</u>
<b>Net cash inflow/(outflow) from Capital Activities</b>			(71,342)	290,058
<b>Net cash inflow/(outflow) before Financing</b>			<u>(91,306)</u>	<u>96,934</u>
 <b>FINANCING AND LIQUID RESOURCES</b>				
Loans made			-	(120,000)
Loan repayments received			<u>18,700</u>	<u>45,475</u>
<b>Net cash inflow/(outflow) from financing and liquid resources</b>			18,700	(74,525)
<b>Increase/(Decrease) in cash</b>	30		<u><u>(72,606)</u></u>	<u><u>22,409</u></u>

*The notes on pages 23 to 36 form part of these accounts.*

## **Henley-on-Thames Town Council**

### **Statement of Accounting Policies**

**31 March 2009**

#### **Accounting Convention**

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the code), which is recognised by statute as representing proper accounting practices. These practices are further set out in the 2008 Statement of Recommended Practice on Local Authority Accounting in the United Kingdom (the 2008 SORP), together with the Best Value Code of Accounting Practice (BVACOP) where applicable.

It is also a requirement of the code that service revenue account include depreciation for all fixed assets used in the delivery of services.

#### **Fixed Assets**

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. Fixed assets are valued on the basis recommended by the Chartered Institute of Public Finance and Accountancy (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:

specialised operational land and buildings are included in the balance sheet at Depreciated Replacement Cost (DRC). The DRC basis of valuation requires an estimate of the value of the land in its existing use, together with the current replacement cost of the building and its external works, from which appropriate deductions have been made to reflect the age, condition, economic, functional and environmental obsolescence and other locational factors which might result in the existing building being worth less than a new replacement building,

non-specialised operational land and buildings are included at market value depreciated to current condition

all other assets are included in the balance sheet at the lower of cost (estimated where not known) or estimated realisable value

The surplus or deficit arising on periodic revaluations of fixed assets has been credited or debited to the Revaluation Reserve. Subsequent revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, should they occur.

In accordance with Financial Reporting Standard (FRS) 15 depreciation is provided on all operational buildings (but not land), as well as other assets.

Proceeds of sale of fixed assets (in excess of £5,000) are credited to Capital Receipts Reserve and are only available to fund approved capital expenditure in future years.

#### **Impairment**

The council is required to carry out a review of the condition of its assets annually to ensure that the values as reflected in the accounts are not materially overstated. Any material overstatement is corrected by additional provisions for impairment of value as required.

#### **Depreciation Policy**

Buildings are depreciated over the shorter of 50 years or the anticipated remaining useful lives on a straight line basis (subject to revaluations as stated above).

Vehicles, plant, equipment and furniture are depreciated over 4 to 5 years on a straight line basis.

Play equipment is depreciated over 5 years at 20% per annum straight line.

Infrastructure assets are depreciated over 10 years on a straight line basis.

Community assets are not depreciated, because they are of either intrinsic or purely nominal value.

## **Henley-on-Thames Town Council**

### **Statement of Accounting Policies**

**31 March 2009**

#### **Grants or Contributions from Government or Related Bodies**

Where a fixed asset has been acquired or improved with the financing either wholly or in part by a grant or contribution from government or a related body, e.g. Sports Council, the amount of the grant has been credited to Deferred Grants Account and carried forward. Grants so credited are released back to revenue over the life of the asset to match, and thereby offset wholly or in part, depreciation charged.

#### **Investments**

Investments are included at market value. Details are given at note 14.

#### **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. Exceptions to this are payment of insurance premiums and regular quarterly accounts (e.g. telephones, electricity). This policy is applied consistently each year. Therefore, it will not have a material effect on the year's accounts or on the council's annual budget.

#### **VAT**

Income and Expenditure excludes any amounts related to VAT, as all VAT suffered/collected is recoverable from or payable to HM Revenue and Customs. Any amounts not so recoverable are treated as a separate expense.

#### **External Loan Repayments**

The council has no long term borrowing. Consequently, there were no external loan repayments made in the year.

#### **Leases**

Rentals payable, net of benefits received, or receivable under operating leases are charged/credited to revenue on a straight line basis over the term of the lease.

#### **Reserves**

The council maintains certain reserves to meet general and specific future expenditure. The purpose of the council's reserves is explained in notes 21 to 26.

Revaluation Reserves – hold balances representing unrealised gains on the appropriate asset since 1<sup>st</sup> April 2007.

Asset Adjustment Accounts – represent the council's investment of resources in such assets already made.

#### **Interest Income**

All interest receipts are credited initially to general funds.

#### **Cost of Support Services**

The costs of management and administration have been apportioned to all services on an appropriate and consistent basis.

## **Henley-on-Thames Town Council**

### **Statement of Accounting Policies**

**31 March 2009**

#### **Pensions**

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 pension fund, in accordance with relevant government regulations.

The next actuarial valuation is due at 31st March 2010 and any change in contribution rates as a result of that valuation will take effect from 1st April 2011.

#### **Financial Liabilities**

The Council has no borrowings.

Trade creditors are carried at the invoiced amount where goods or services have been received, and the contracted amount if receipt of the goods or services is still outstanding.

#### **Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

#### **Loans and Receivables**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

## **Henley-on-Thames Town Council**

### **Statement of Accounting Policies**

**31 March 2009**

#### **Available-for-sale Assets**

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL).

Realised gains and losses are reflected in the Earmarked Reserve.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any losses).

## Henley-on-Thames Town Council

### Notes to the Accounts

31 March 2009

#### 1 Interest and Investment Income

	2009	2008
	£	£
Interest Income - General Funds	24,331	14,087
Investment Income	132,642	135,686
Discounted Interest on Soft Loans	2,889	14,218
	<hr/>	<hr/>
	159,862	163,991
	<hr/>	<hr/>

#### 2 Agency Work

During the year the Council undertook no agency work on behalf of other authorities.

During the year the Council commissioned no agency work to be performed by other authorities

#### 3 Related Party Transactions

The council entered into no material transactions with related parties during the year.

#### 4 Audit Fees

The council is required to report and disclose the cost of services provided by its external auditors. These may be summarised as follows:

	2009	2008
	£	£
Fees for statutory audit services	14,981	14,981
Fees for the audit of Best Value Performance	-	-
Total fees	<hr/>	<hr/>
	14,981	14,981
	<hr/>	<hr/>

#### 5 Publicity

Section 5 of the Local Government Act 1986 requires the council to disclose expenditure on publicity. Details are shown under the following broad categories:

	2009	2008
	£	£
Recruitment Advertising	4,185	1,194
Other Advertising	228	292
	<hr/>	<hr/>
	4,413	1,486
	<hr/>	<hr/>

## Henley-on-Thames Town Council

### Notes to the Accounts

31 March 2009

#### 6 S.137 Expenditure

Section 137 of the Local Government Act 1972 (as amended) enables the council to spend up to the product of £5.86 (year ended 31 March 2008 -£5.64) per head on the electoral roll in any one year for the benefit of people in its area on activities or projects not specifically authorised by other powers.

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
The total amount of available for this purpose was	51,873	48,842
Expenditure was incurred for the following purposes:		
Grants to Local Organisations	-	4,721
Townlands Hospital	170	4,062
Remembrance Day Wreath	50	50
Youth Outreach Worker	10,000	12,500
Grants – Youth Council	358	108
	<u>10,578</u>	<u>21,441</u>

It should be noted that grants to bodies such as the Citizen's Advice Bureau are made under other specific legal powers and so are not included in the above figures.

#### 7 Members' Allowances

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Members of Council have been paid the following allowances for the year:		
Mayors Allowance	5,500	5,500
	<u>5,500</u>	<u>5,500</u>

#### 8 Employees

The average weekly number of employees during the year was as follows:

	<b>2009</b>	<b>2008</b>
	<b>Number</b>	<b>Number</b>
Full-time	12	13
Part-time	8	7
Temporary	2	-
	<u>22</u>	<u>20</u>

All staff are paid in accordance with nationally agreed pay scales.

The number of employees whose remuneration, excluding employers' pension contributions, was £50,000 or more, in bands of £10,000 were:

	<b>2009</b>	<b>2008</b>
	<b>Number</b>	<b>Number</b>
£50,000 to £59,999	-	1
	<u>-</u>	<u>1</u>

# Henley-on-Thames Town Council

## Notes to the Accounts

31 March 2009

### 9 Pension Costs

The council participates in the Oxfordshire County Council Pension Fund. The Oxfordshire County Council Pension Fund is a defined benefit scheme, but the council is unable to identify its share of the underlying assets and liabilities because all town and parish councils in the scheme pay a common contribution rate.

The cost to the council for the year ended 31 March 2009 was £50,130 (31 March 2008 - £50,719).

The most recent actuarial valuation was carried out as at 31st March 2007, and the council's contribution rate is confirmed as being 15.70% of employees' pensionable pay with effect from 1st April 2009 (year ended 31 March 2009 - 15.70%).

The council is required to comply with Financial Reporting Standard 17 (FRS 17) 'Retirement Benefits', the main requirements of which are that:

1. pension scheme assets are measured using market values
2. pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate
3. the pension scheme surplus (to the extent it can be recovered) or deficit is recognised in full on the balance sheet
4. the movement in the scheme surplus/deficit is analysed into:
  - a. the current service cost and any past service costs; these are recognised in operating profit
  - b. the interest cost and expected return on assets; these are recognised as other finance costs
  - c. actuarial gains and losses; these are recognised in the statement of total recognised gains and losses

The council is part of the Oxfordshire County Council Pension Fund (OCCPF), itself part of the Local Government Pension Scheme. The assets and liabilities of Henley Town Council employees are not dis-aggregated within the Oxfordshire County Council Pension Fund.

The Statement of Recommended Accounting Practice provides an exemption for town and parish councils "not paying an employer's contribution rate specific to their own circumstances" (T6). The contribution rate that the council pays is based on a valuation using its own liabilities but a notional allocation of assets. A different notional allocation is available, if specifically requested, for the purpose of FRS 17. It is therefore submitted that the council's contribution rate is not based on its own circumstances. The council has been advised that on this basis it is exempt from complying with FRS 17. In this regard the council does not agree with its auditor over the interpretation of the SORP. Notwithstanding this, the additional cost of requesting information for FRS 17 compliance is excessive compared to its benefit and does not represent value for money.

# Henley-on-Thames Town Council

## Notes to the Accounts

31 March 2009

### 10 Reconciling Items for the Statement of Movement on the General Fund Balance

	31 March 2009 £	31 March 2009 £	31 March 2008 £
<b>Amount included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year</b>			
Reversal of Depreciation	(388,280)		(164,866)
Reversal of Impairment	(139,632)		-
Deferred grants released	33,050		8,170
Profit on the disposal of fixed assets	-		-
	<hr/>	(494,862)	<hr/> (156,696)
<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year</b>			
Capital expenditure charged in-year to the General Fund Balance	125,594		92,430
	<hr/>	125,594	<hr/> 92,430
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>			
Capital Receipts utilised	(125,594)		(92,430)
Net transfer to or from Earmarked Reserves	(47,381)		255,287
	<hr/>	(172,975)	<hr/> 162,857
<b>Net additional amount required to be debited/(credited) to the General Fund Balance for the year</b>		<hr/> (542,243)	<hr/> <b>98,591</b>

## Henley-on-Thames Town Council

### Notes to the Accounts

**31 March 2009**

#### 11 Tangible Fixed Assets

	Operational Freehold Land and Buildings	Operational Leasehold Land and Buildings	Vehicles and Equipment	Infra- structure Assets	Community Assets	Investment Interest on Property	Total
Cost	£	£	£	£	£	£	£
At 31 March 2008	18,600,800	280,000	580,832	74,488	10	167,520	19,703,650
Additions	-	-	407,295	1,699	-	-	408,994
Deficit on revaluation	(2,098,000)	(33,600)	-	-	-	(20,102)	(2,151,702)
	16,502,800	246,400	988,127	76,187	10	147,418	17,960,942
<b>Depreciation</b>							
At 31 March 2008	-	-	413,726	12,212	-	-	425,938
Charged for the year	255,123	3,733	119,572	7,619	-	2,233	388,280
Reversed on revaluation	(255,123)	(3,733)	-	-	-	(2,233)	(261,089)
	-	-	533,298	19,831	-	-	553,129
<b>Net Book Value</b>							
At 31 March 2009	16,502,800	246,400	454,829	56,356	10	147,418	17,407,813
At 31 March 2008	18,600,800	280,000	167,106	62,276	10	167,520	19,277,712

Although classified as capital expenditure, certain minor equipment purchases are not included in the above as they are not material in overall value.

#### Fixed Asset Valuation

The freehold and leasehold properties that comprise the council's properties have been valued as at 31st March 2009 by external independent valuers, Messrs Mouchel Ltd, Chartered Surveyors. Valuations have been made on the basis set out in the Statement of Accounting Policies, except that not all properties were inspected. This was neither practical nor considered by the valuer to be necessary for the purpose of valuation. Plant and machinery that form fixtures to the building are included in the valuation of the building.

#### 12 Financing of Capital Expenditure

	2009 £	2008 £
The following capital expenditure during the year:		
Fixed Assets Purchased	408,994	92,430
	408,994	92,430
was financed by:		
Capital Receipts	125,594	92,430
Capital Grants	124,400	-
Precept and Revenue Income	159,000	-
	408,994	92,430

The £159,000 represents an astoturf pitch that has been owned by the Council for many years, but had been unknowingly omitted from valuations carried out in previous years.

## **Henley-on-Thames Town Council**

### **Notes to the Accounts**

**31 March 2009**

#### **13 Information on Assets Held**

Fixed assets owned by the council include the following:

##### **Operational Land and Buildings**

- Henley-on-Thames Town Hall
- Sports Centre
- Pavilion
- Sports Grounds – 2
- Cemetery and associated buildings
- Tourist Information Centre
- Car Parks – 3
- Tilebarn Farm
- Day Centre
- Exhibition Centre
- Citizen Advice Centre
- Rowing Club
- Bandstand

##### **Vehicles and Equipment**

- Van – 2
- Tractor – 1
- Kings Arms Barn fittings
- Pavilion Equipment
- Cemetery Equipment
- Play and Multisports Equipment
- CCTV Equipment
- Sundry grounds maintenance equipment
- Town Hall furniture and equipment
- Car Parking Machines
- Jetties

##### **Infrastructure Assets**

- Street Lighting
- Street Furniture

##### **Community Assets**

- Sensory Garden
- Land - Gravett/Knapps Close
- Allotments
- Millennium Pathway
- Various Open Spaces
- Council Artefacts

**Henley-on-Thames Town Council**

**Notes to the Accounts**

**31 March 2009**

**14 Investments Other Than Loans**

	<b>Available For Sale Financial Assets £</b>
At 01 April 2008 at valuation	4,108,967
Additions	1,091,183
Disposals	(1,234,712)
Revaluations	(856,906)
At 31 March 2009 at valuation	<u>3,108,532</u>
<b>Net Book Value</b>	
At 31 March 2009	<u>3,108,532</u>
At 01 April 2008	<u>4,108,967</u>

At 31 March 2009 the investments included above at a market value of £3,108,532 originally cost £3,512,414 (31 March 2008 - £3,656,495). The unrealised profit is held in the Available for Sale Financial Instruments Reserve.

**15 Long Term Debtors**

	<b>2009 £</b>	<b>2008 £</b>
Deferred Debtors – Loans to Local Organisations	411,125	427,525
Provision for Doubtful Debts	(35,875)	-
Provision for Loans Made at Below Market Rate of Interest	(15,707)	(168,986)
	<u>359,543</u>	<u>258,539</u>

**16 Debtors**

	<b>2009 £</b>	<b>2008 £</b>
Trade Debtors	72,262	44,193
VAT Recoverable	14,585	-
Loan Debtors	16,800	19,100
Other Debtors	1,285	605
Prepayments and Accrued Income	7,818	28,639
	<u>112,750</u>	<u>92,537</u>

**Henley-on-Thames Town Council**

**Notes to the Accounts**

**31 March 2009**

**17 Creditors and Accrued Expenses**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade Creditors	73,067	39,304
Other Creditors	32,648	26,238
Superannuation Payable	5,195	5,500
VAT Payable	-	2,570
Payroll Taxes and Social Security	10,008	9,495
Accruals	107,892	95,810
Income in Advance	32,680	28,809
Capital Creditors	10,000	10,000
	<hr/>	<hr/>
	271,490	217,726
	<hr/>	<hr/>

**18 Financial Commitments under Operating Leases**

The council has granted a lease on the Fitness Centre, Reading Road and The Pavilion, Henley. These arrangements are accounted for as operating leases. The total market rent is approximately £41,000 p.a.

Other leases in place are not material in nature or are charged at a peppercorn rent.

**19 Deferred Grants**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Capital Grants Unapplied</b>		
At 01 April 2008	25,000	-
Grants received in the year	99,400	25,000
Applied to finance capital investment	(124,400)	-
At 31 March 2009	<hr/>	<hr/>
	-	25,000
<b>Capital Grants Applied</b>		
At 01 April 2008	157,182	165,352
Grants Applied in the year	124,400	-
Released to offset depreciation	(33,050)	(8,170)
At 31 March 2009	<hr/>	<hr/>
	248,532	157,182
<b>Total Deferred Grants</b>		
At 31 March 2009	<hr/>	<hr/>
	248,532	182,182
At 01 April 2008	<hr/>	<hr/>
	182,182	156,954

Capital Grants are accounted for on an accruals basis and grants received have been credited to Deferred Grants Account. Amounts are released from the Deferred Grants Account to offset any provision for depreciation charged to revenue accounts in respect of assets that were originally acquired with the assistance of such grants.

## Henley-on-Thames Town Council

### Notes to the Accounts

31 March 2009

#### 20 Summary of Movements on 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	Purpose of Reserve	Notes	Balance at 01 April 2008 £	Net Movement in Year £	Balance at 31 March 2009 £
Asset Revaluation Reserve	Store of gains on revaluation of fixed assets	21	15,408,917	(1,741,208)	13,667,709
Capital Adjustment Account	Store of capital resources set aside to meet past capital expenditure	24	3,927,667	(236,937)	3,690,730
Available for Sale Financial Instruments Reserve	Store of gains on revaluation of investments	22	452,472	(856,906)	(404,434)
Financial Instruments Adjustment Account	Amounts set aside to reflect the fair value of long term loans	23	(168,986)	114,515	(54,471)
Capital Receipts Reserve	Proceeds of fixed assets sales available to meet future capital investment	25	1,399,894	(125,594)	1,274,300
Earmarked Reserves	Accumulated surplus from sale of investments to meet general and specific future expenditure	26	1,702,392	(1,702,392)	-
General Fund	Resources available to meet future running costs		986,412	1,616,685	2,603,097
Total			23,708,768	(2,931,837)	20,776,931

#### 21 Asset Revaluation Reserve

	2009 £	2008 £
Balance at 01 April	15,408,917	-
Revaluation of assets during the year	(1,750,983)	14,861,384
Depreciation on revaluation	(217,721)	547,533
Capital Adjustment Account	227,496	-
Balance at 31 March	13,667,709	15,408,917

The system of accounting for local councils requires the establishment of a Fixed Asset Restatement Account. The balance on this account represents the value of assets included in the Balance Sheet for the first time, together with subsequent revaluations and disposals. This account will increase or reduce as and when assets are revalued or disposed of.

## Henley-on-Thames Town Council

### Notes to the Accounts

31 March 2009

#### 22 Available for Sale Financial Instruments Reserve

	2009 £	2008 £
Balance at 01 April	452,472	-
Opening Balance Adjustment	-	1,046,781
Unrealised Gain/(Loss) for the Year	(856,906)	(594,309)
Balance at 31 March	<u>(404,434)</u>	<u>452,472</u>

The balance on this account represents the unrealised gains and losses included in the value of Investments, as reported in the council's Balance Sheet.

#### 23 Financial Instruments Adjustment Account

	2009 £	2008 £
Balance at 01 April	(168,986)	-
Soft loan interest	(2,889)	-
Provision for doubtful loans	(35,875)	-
Soft loans fair value adjustment	153,279	(168,986)
Balance at 31 March	<u>(54,471)</u>	<u>(168,986)</u>

The Financial Instruments Adjustment Account represents revenue and capital resources applied to finance the purchase of Available for Sale Investments, less provisions for losses below the original cost of the applicable investment, and the entries necessary to adjust loans made at less than market rates of interest to a Fair Value as reported in the Balance Sheet. It does not represent a reserve that the council can use to support future expenditure.

#### 24 Capital Adjustment Account (formerly Capital Finance Account)

	2009 £	2008 £
Balance at 01 April	3,927,667	5,045,215
Financing capital expenditure in the year		
- using capital receipts	125,594	92,430
Impairment Provisions	(132,331)	(1,053,282)
Reversal of depreciation	(35,754)	(164,866)
Asset Revaluation Reserve	(227,496)	-
Deferred grants released	33,050	8,170
Balance at 31 March	<u>3,690,730</u>	<u>3,927,667</u>

The Capital Adjustment Account represents revenue and capital resources applied to finance capital expenditure or for the repayment of external loans. It also includes the reversal of depreciation to ensure it does not impact upon the amount to be met from precept. It does not represent a reserve that the council can use to support future expenditure.

## Henley-on-Thames Town Council

### Notes to the Accounts

31 March 2009

#### 25 Capital Receipts Reserve

	2009	2008
	£	£
Balance at 01 April	1,399,894	1,492,324
Capital receipts during the year	-	-
Capital used to fund expenditure	(125,594)	(92,430)
Balance at 31 March	1,274,300	1,399,894

The Capital Receipts Reserve represents capital receipts available to finance capital expenditure in future years.

#### 26 Earmarked Reserves

	Balance at 01/04/2008	Contribution to reserve	Contribution from reserve	Transf er to General Fund	Balance at 31/03/2009
	£	£	£	£	£
Other Earmarked Reserves	1,702,392	20,015	67,396	(1,655,011)	-
Total Earmarked Reserves	1,702,392	20,015	67,396	(1,655,011)	-

As Earmarked Reserves are accumulated surpluses arising from the sale of investments to be used to support general fund activity over and above the amount financed by the precept, the balance has been transferred to the General Fund.

#### 27 Capital Commitments

The council had no capital commitments at 31 March 2009 not otherwise provided for in these accounts.

#### 28 Contingent Liabilities

The council is not aware of any contingent liabilities at the date of these accounts.

#### 29 Reconciliation of Revenue Cash Flow

	2009	2008
	£	£
Surplus/(Deficit) for the year	(580,569)	31,354
Add/(Deduct)		
Reversal of Depreciation less Deferred Grants Released	355,230	156,696
Interest and Investment Income	(159,862)	(163,991)
Loss/(Profit) on the disposal of fixed assets	-	-
Investment Loss/(Profit)	47,381	(255,287)
Decrease/(Increase) in debtors	(22,513)	8,211
(Decrease)/Increase in creditors	43,764	(134,098)
Reversal of Impairment	139,632	-
Revenue activities net cash (outflow)	(176,937)	(357,115)

## Henley-on-Thames Town Council

### Notes to the Accounts

31 March 2009

#### 30 Movement in Cash

	2009 £	2008 £
<b>Balances at 01 April</b>		
Cash with accounting officers	3,105	3,072
Cash at bank	388,601	366,225
Bank overdraft	-	-
	<u>391,706</u>	<u>369,297</u>
<b>Balances at 31 March</b>		
Cash with accounting officers	3,155	3,105
Cash at bank	315,945	388,601
Bank overdraft	-	-
	<u>319,100</u>	<u>391,706</u>
<b>Net cash inflow/(outflow)</b>	<u>(72,606)</u>	<u>22,409</u>

#### 31 Reconciliation of Net Funds/Debt

	2009 £	2008 £
Increase/(Decrease) in cash in the year	(72,606)	22,409
Cash outflow from repayment of debt	-	-
<b>Net cash flow arising from changes in debt</b>	-	-
Movement in net debt/funds in the year	<u>(72,606)</u>	<u>22,409</u>
Cash at bank and in hand	391,706	369,297
Total borrowings	(20,785)	-
<b>Net funds at 01 April</b>	<u>370,921</u>	<u>369,297</u>
Cash at bank and in hand	319,100	391,706
Total borrowings	(10,785)	(20,785)
<b>Net funds at 31 March</b>	<u>308,315</u>	<u>370,921</u>

#### 32 Post Balance Sheet Events

There are no significant Post Balance sheet events.

# Henley-on-Thames Town Council

## Notes to the Accounts

31 March 2009

### 33 The Nature and Extent of Risks arising from Financial Instruments

The council's financial instruments can be categorised as follows:

#### Financial Liabilities

Debtors and other receivables are taken to be the invoiced or billed amount. Appropriate provision is made where necessary so the carrying amount on the Balance Sheet represents fair value.

Creditors are carried at the invoiced amount where goods or services have been received, or the contracted amount where the goods or services are still outstanding.

The Fair Value calculated on liabilities is as follows:

31st March 2009

	Carrying Amount	Fair Value
Creditors and Accrued Expenditure	£238,810	£238,810
Commuted Sums Received in Advance	£32,680	£32,680

#### Financial Assets

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services by employing investment advisors to manage its portfolio in a balanced way.

Risk management is reviewed by the Value for Money Committee, under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies for investment and treasury strategies.

#### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of AAA.

Customers are assessed taking into account their financial position, past experience and other factors.

The Council believes it has minimal exposure to credit risk.

## Henley-on-Thames Town Council

### Notes to the Accounts

31 March 2009

Income from business activities represent 42% of the council's income. To secure this income, wherever possible, payment is made in advance, or is secured by contractual arrangements.

The following summarises the council's potential maximum exposure to credit risk:

31st March 2009

	Carrying Amount	Fair Value	Historical experience of Default
Deposits with Banks	£319,100	£319,100	0%
Due from Customers	£72,262	£72,262	0%
Other Receivables (mainly loans to local organisations)	£400,031	£400,031	0%

#### Liquidity risk

The Council considers its exposure to liquidity risk to be negligible:

- It has no borrowings.
- All trade and other payables are due to be paid in less than one year.

#### Market risk

##### Interest rate & investment income risk

The Council is exposed to a small risk in terms of its exposure to interest rate movements on its cash deposits. Such income amounted to £12,473 in the year to 31 March 2009.

The Council derives significant income (£159,862) from its investment portfolio and cash deposits, and is therefore exposed to fluctuations in market conditions that reflect wider economic circumstances. Such risk is minimised by employing investment managers to spread the Council's investment portfolio over a wide range of financial instruments (see below).

##### Price risk

The Council does not invest directly in equity shares and other quoted financial instruments, but does so under the management of its investment advisors. At 31 March 2009 the balance of the Council's portfolio was as follows:

	Market Value	
	31 March 2009	
Fixed Interest	£1,299,493	41.8%
UK Equities & Funds	£1,301,388	41.9%
Overseas Equities & Funds	£327,051	10.5%
Other Assets	£151,350	4.9%
Property	£29,250	0.9%
—	<u>£3,108,532</u>	<u>100.0%</u>

Although the portfolio has a balanced spread of investments, it is nonetheless exposed to losses arising from movements in the prices of these assets.

The investments are all classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in the STRGL. A general shift of 1% in the general price of shares (positive or negative) would thus have resulted in a £31,300 gain or loss being recognised in the STRGL for 2008/9.

##### Foreign exchange risk

As can be seen above, the Council has assets to the value of £152,350 denominated in foreign currencies and thus is exposed to losses and gains arising from movements in exchange rates.