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# **Farnham Town Council**

## **Report and Financial Statements**

**Year ending 31<sup>st</sup> March 2020**

# Farnham Town Council

## Financial Statements for the year ended 31 March 2020

### Explanatory Foreword

Farnham Town Council's Financial Statements for the year ended 31 March 2020 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 standards relating to the accounting treatment for retirement benefits, as compliance is not required.

### External Auditor's Opinion

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

PKF Littlejohn LLP  
Ref: SBA  
2<sup>nd</sup> Floor  
1 Westferry Circus  
Canary Wharf  
LONDON  
E14 4HD

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

The Annual Governance & Accountability Return can be seen with the May 2020 Council Agenda and is also available online at [www.farnham.gov.uk](http://www.farnham.gov.uk) or on request from Farnham Town Council.

## **Farnham Town Council**

### **Outturn for the Year ended 31<sup>st</sup> March 2020**

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	1,468,882
Income received	463,405
Net spending	<u>1,005,477</u>
Local Parish Council Tax Grant (included in income)	12,130
Precept on Waverley Borough Council	1,102,922
Amount transferred to balances for the year	<span style="border: 1px solid black; padding: 2px;">109,575</span>

#### **Capital expenditure**

The funding for capital expenditure in the 2019/20 year was all from revenue (including grants) 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 2020 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 Pat Evans  
Town Mayor (2019-20)  
Council Offices  
South Street  
Farnham  
Surrey GU9 7RN

**Farnham Town Council**  
**Income & Expenditure for the year ended 31 March 2020**

<b>Expenditure by Working Groups</b>	<b>Year ended 31 March 2020</b>			<b>2018/19</b>
	<b>Expense</b>	<b>Income</b>	<b>Net</b>	<b>Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1 Strategy & Finance (excluding precept)	674,229	91,836	582,393	701,824
2 Community Enhancement	382,941	75,096	307,845	199,977
3 Tourism & Events	281,996	174,236	107,760	106,478
4 Cemeteries	129,716	134,367	(4,651)	48,490
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<b>Net cost of services</b>	1,468,882	475,535	993,347	1,056,769
			<b>£</b>	<b>£</b>
Precept on the Borough Council			1,102,922	1,064,992
<b>Total Surplus/(Deficit) for the year</b>			109,575	8,223
Transfers to Earmarked reserves (grants received not yet spent and other provisions agreed by Council)			(115,512)	(5,000)
<b>General Fund Surplus/(Deficit) for the year</b>			(5,937)	3,223
<b>Movement on General Fund balance and reserves:</b>				
Balance brought forward			1,442,290	1,434,067
Surplus/Deficit for the year (prior to transfer of CIL, Section 106 funding and agreed earmarked reserves)			109,575	8,223
Balance carried forward			1,551,865	1,442,290

## Farnham Town Council Balance Sheet at 31 March 2020

	Notes	31 March 2020		31 March 2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	1, 3		-		-
<b>Current assets</b>					
Money Market deposits		1,411,453		1,332,603	
Debtors (including VAT recoverable)	4	66,960		49,498	
Bank/Petty cash		209,247		218,954	
Mayor's charity funds held by council		7,194		5,664	
<b>Total current assets</b>			<b>1,694,854</b>		<b>1,606,718</b>
<b>Current liabilities</b>					
Creditors and accrued expenses including commercial card and Mayor's charity funds	5		142,988		164,428
<b>Total assets less current liabilities</b>			<b>1,551,865</b>		<b>1,442,290</b>
<b>Capital and reserves</b>					
Earmarked Reserves	6		1,033,512		918,000
General Reserves			518,353		524,290
<b>Total reserves</b>			<b>1,551,865</b>		<b>1,442,290</b>

The Council had an outstanding Public Works Loans Board (No 478388) repayable on an annuity basis until 29/10/22. This was repaid in full during the year.

The amount outstanding is:	£NIL	£34,339
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The Notes on pages 6 to 10 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 2020 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 May 2020.

.....  
**Town Mayor 2019-20**

.....  
**Responsible Financial Officer**

# Farnham Town Council

## Notes to the Financial Statements for the year ended 31 March 2020

### I. Principal accounting policies

#### Accounting convention

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

#### Fixed assets

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

Fixed assets are valued in the Notes to the Financial Statements on the bases recommended by CIPFA and in accordance with the statements of asset valuation principles 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.

At the end of the 2013-14 financial year, the assets were reviewed and restated in line with the latest guidance issued by the external auditor with assets previously listed to include proxy values, being revalued to zero (for gifts) or £1 for assets transferred from another authority.

#### 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 2020**  
**(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 and are auto-enrolled into the scheme as required.

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. The next triennial review is due in 2020.

<b>3. Fixed assets (following revaluation 31<sup>st</sup> March 2014 in line with external auditor's latest guidance)</b>	<b>31<sup>st</sup> March 2020</b>	<b>31<sup>st</sup> March 2019</b>
Operational land and buildings (on historic cost basis)	£	£
Council Offices	270,568	270,568
Other Public Buildings	277,562	246,617
Wrecclesham Community Centre	206,110	205,901
Depot	142,187	122,362
 Vehicles and equipment		
Vehicles	135,058	103,778
Audio and Visual Systems	25,863	25,603
Christmas Decorations	108,562	107,562
Civic Insignia	14,814	14,814
Grounds Equipment	89,628	69,486
Computers, telephones and office equipment	83,653	78,736
Other	27,011	27,011
 Infrastructure assets		
Bus shelters	59,707	59,707
Town Centre CCTV	43,324	43,324
Boards and Signs	15,277	13,547
Street furniture (Litter bins, lampposts, Seats)	20,078	19,478
 Community assets		
Cemeteries	403,554	373,978
Allotments and Gardens	40,960	28,641
<b>Long-term investments</b>		
CCLA Local Authorities Property Fund	250,000	250,000
<b>Total value</b>	<b>2,213,916</b>	<b>2,061,113</b>

## Farnham Town Council

### Notes to the Financial Statements for the year ended 31 March 2020 (continued)

4. Debtors and prepayments	2020	2019
	£	£
Debtors	24,981	13,348
Value added tax	41,979	36,150
Prepayments	-	-
	66,960	49,498

5. Creditors and accrued expenses	2020	2019
	£	£
Creditors	14,226	2,820
Pensions/PAYE/NIC creditor	8,144	7,612
Income in advance	25,134	82,492
Accruals	81,465	62,781
HSBC Commercial Card	7,036	2,250
Mayor's charity funds held by Council	6,983	6,473
	142,988	164,428

#### 6. Earmarked Reserves and General Reserves

Category	Balance at 31.3.20	Comments
Election and By-election Fund	£35,000	To cover Election and By-election costs. WBC invoices after an election.
Legal Expense fund	£30,000	To cover unforeseen legal costs.
New Equipment	£50,000	Planned equipment upgrades including vehicles.
Wrecclesham Community Centre	£35,000	Provision for unforeseen expenditure.
Bus Shelters and Street Furniture	£20,000	Infrastructure to be developed.
SCC Bus Shelter Refurbishment	£8,000	Committed sum from Surrey County Council for bus shelter refurbishment
Gostrey Meadow and public space enhancements	£65,000	Includes lighting/ power upgrades and bandstand.
Additional CCTV equipment	£50,000	To fund programmed investment.
Environment	£50,000	Provision for environmental initiatives

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**Farnham Town Council**  
**Notes to the Financial Statements for the year ended 31 March 2020**  
**(continued)**

**6. Earmarked Reserves and General Reserves (continued)**

<b>Category</b>	<b>Balance at 31.3.20</b>	<b>Comments</b>
Cemetery Chapels	£160,000	Major repairs are required to the Chapels.
Cemetery Enhancements	£40,000	Programme of works to footpaths and memorials.
IT investment	£15,000	To fund required investment/ upgrades.
Tourism Development	£10,000	To fund improved services.
Public Conveniences	£110,000	Upgrade to improve public conveniences including Gostrey Meadow.
Town Hall	£100,000	Unforeseen/emergency repairs provision
Council Chamber	£20,000	Replacement furniture and equipment
Christmas Lights	£40,000	To fund the purchase of future Christmas Lights
Capital Receipts	£115,000	This comprises capital receipts arising from the disposal of fixed assets less expenditure on new capital items.
Craft City	£20,000	To fund expenditure related to Craft City activities
CIL	£2,169	Community Infrastructure Levy receipts received and not yet spent
COVID-19	£25,000	To fund expenditure resulting from the COVID-19 pandemic
Wrecclesham s106	£6,199	The unspent balance of two s106 receipts for landscaping at Wrecclesham and for Wrecclesham Gateway project
West St Railings s106	£27,144	The unspent balance of a s106 receipt for work currently underway on the West Street Railings project.
<b>Total Earmarked</b>	<b>£1,033,512</b>	

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**Farnham Town Council**  
**Notes to the Financial Statements for the year ended 31 March 2020**  
 (continued)

**6. Earmarked Reserves and General Reserves (continued)**

<b>Total Earmarked (b fwd from previous page)</b>	<b>£1,033,512</b>	
<b>General</b>	<b>£518,353</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>£1,551,865</b>	

**7. Contingent liabilities**

There were no contingent liabilities at 31 March 2020 (2019: none).

**Farnham Town Council**  
**Notes to the Financial Statements for the year ended 31 March 2020**  
(continued)

**Grants paid in the year**

During the year grants were paid to the following organisations:

<u>Community Grants:</u>	<b>£</b>
Alder Valley Brass	800
Bells Piece Support Group	1,450
Challengers Playcentre	1,000
Creative Response Arts Limited	1,000
Enterprise 19	1,500
Farnham Art and Design Education Group	600
Farnham Biodiversity Group	500
Farnham Brass Band	1,000
Farnham Community Farm	900
Farnham Carnival	1,500
Farnham Sinfonia	500
Farnham Theatre Association	500
Groundwork South	800
Hale Carnival Committee	500
Hale Community Centre	800
Hale Community Project	700
Homestart	500
Leverton Hall	1,000
Parish Church of Badshot Lea – Kitty Milroy mural restoration fund	5,000
Performers Together	1,500
Rhythmworks	1,000
Rowledge Tennis Club	500
Rowledge Ringers	500
Space2Grow	800
VC Meudon Sports Club	2,000
	<u>26,850</u>

In addition regular grants for services provided were made to:

40 Degreez	2,000
Brightwells Gostrey Centre	10,000
Citizens Advice Bureau	17,500
Farnham Maltings	13,000
Hale Community Centre	1,000
Waverley Hoppa	10,000
	<u>53,500</u>

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**Farnham Town Council**  
**Notes to the Financial Statements for the year ended 31 March 2020**  
**(continued)**

**Grants paid in the year (continued)**

Town Clerk Small Grants

	£
Abbot Redwheel launch	100
Badshot Lea Community Association	173
Churches Together Christmas Lunch	200
Farnham Heath End School	120
NHS North East Hampshire & Farnham Clinic	250
Phyllis Tuckwell Car Show	100
Royal British Legion banner	130
St Andrew's Allotment fee	31
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	1,104
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