

Hereford City Council

Unaudited Financial Statements

For the year ended 31 March 2018

Hereford City Council

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31 March 2018

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Hereford City Council

Council Information

31 March 2018

(Information current at 19th June 2018)

Mayor

Cllr S Boulter

Councillors

Cllr M Baker
Cllr M Bushkes
Cllr C Chappell
Cllr M Dykes
Cllr P Edwards
Cllr D Griffiths
Cllr K Hey
Cllr J Kenyon
Cllr M Lloyd Hayes
Cllr M Mansell
Cllr S Michael
Cllr P Rone
Cllr L Tawn
Cllr B Wilcox
Cllr K. Tillett
Cllr P. Stevens
Cllr C. Butler

Clerk to the Council

Mr S Kerry BSc MBA CiLCA

Auditors

PKF Littlejohn LLP
SBA Team
Westferry
Canary wharf
London
E14 4HD
UK

Internal Auditors

Auditing Solutions
Clackerbrook Farm
46 The Common
Bromham
SN15 2JJ

Hereford City Council
Statement of Responsibilities

31 March 2018

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 Responsible Financial Officer, 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 Unaudited Financial Statements in accordance with Part 4 of the "Governance and Accountability for Local Councils – A Practitioners Guide (England) (as amended)" (the guide), so far as is applicable to this council, to present a true and fair view of the financial position of the council at 31 March 2018 and its income and expenditure for the year then ended.

In preparing the Unaudited Financial Statements, 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 guide.

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 further certify that the Unaudited Financial Statements present a true and fair view of the financial position of Hereford City Council at 31 March 2018, and its income and expenditure for the year ended 31 March 2018.

Signed:

Mr S Kerry BSc MBA CiLCA- Responsible Financial Officer

Date:

Hereford City Council
Statement of Accounting Policies
31 March 2018

Auditors

The name and address of the External Auditors is provided for information only.

These Statements are not subject to audit and the External Auditors have no responsibility for them.

Accounting Convention

The accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) (FRSSE) issued by the Accounting Standards Board, as applied to Local Councils by part 4 of Governance and Accountability for Local Councils – A Practitioners Guide (England) (the guide). Comparative figures have been restated to conform to the revised formats where appropriate. Certain requirements have been omitted for clarity and simplicity as these statements are not subject to audit. They are produced in support of the council's audited Statement of Accounts contained within the Annual Return Statement of Accounts.

These accounts have been prepared having regard to the fundamental accounting concepts of: Going Concern, Prudence, Accruals, Relevance, Consistency, Reliability, Comparability, Understandability and Materiality.

The accounts have been prepared under the historical cost convention.

Fixed Assets

All expenditure in excess of £1000 (on any one item or group of similar items) 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:

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.

Depreciation Policy

The Council is not required to account for depreciation on its asset stock.

Revenue Grants

Revenue grants are credited to income when conditions attached thereto have been fulfilled and/or equivalent expenditure has been incurred. Grants received in respect of which the conditions have not been fulfilled, or expenditure incurred, are carried forward as deferred revenue grants.

Investments

Investments are included in the balance sheet at historic cost and realised gains or losses are taken into the income and expenditure account as realised. Details are given at note 11.

Hereford City Council
Statement of Accounting Policies
31 March 2018

Debtors and Creditors

The revenue accounts of the council are maintained on an accruals basis in accordance with the regulations. 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 regular quarterly and other 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.

The council reviews the level of its commercial debtors on a regular basis and provisions are made, as required, where the likelihood of amounts proving ultimately collectable is in doubt.

Value Added Tax

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.

Leases

Rentals payable under operating leases are charged to revenue on an accruals basis. Details of the council's obligations under operating leases are shown at note 16.

Reserves

The council maintains certain reserves to meet general and specific future expenditure. The purpose of the council's reserves is explained in notes 18 to 20.

Certain reserves are maintained to manage the accounting processes for tangible fixed assets, available for sale investments and retirement benefits. They do not represent usable resources for the council:

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

Capital Financing Account – represent the council's investment of resources in such assets already made.

Interest Income

All interest receipts are credited initially to general funds.

Pensions

The pension costs that are charged against precept in the council's accounts, in respect of its employees, are equal to the contributions paid to the funded pension scheme for those 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 2019 and any change in contribution rates as a result of that valuation will take effect from 1st April 2020.

Hereford City Council
Income and Expenditure Account
31 March 2018

	Notes	2018 £	2017 £
Income			
Precept on Principal Authority		796,917	785,085
Grants Receivable		2,139	200
Rents Receivable, Interest & Investment Income		5,185	7,927
Charges made for Services		130	353
Other Income		619	160
Total Income		804,990	793,725
Expenditure			
Direct Service Costs:			
Salaries & Wages		(39,747)	(36,208)
Grant-aid Expenditure		(140,022)	(170,299)
Other Costs	1	(96,463)	(34,995)
Democratic, Management & Civic Costs:			
Salaries & Wage		(228,119)	(185,116)
Other Costs	1	(206,376)	(223,097)
Total Expenditure		(710,727)	(649,715)
Excess of Income over Expenditure for the year.		94,263	144,010
Net Operating Surplus for Year		94,263	144,010
STATUTORY CHARGES & REVERSALS			
Capital Expenditure charged to revenue	12	(110,144)	(37,829)
Transfer from/(to) Earmarked Reserves	20	80,492	(24,086)
Surplus for the Year to General Fund		64,611	82,095
Net (Deficit)/Surplus for the Year		(15,881)	106,181
The above (Deficit)/Surplus for the Year has been (funded)/applied for the Year (from)/to as follows:			
Transfer from/(to) Earmarked Reserves	20	(80,492)	24,086
Surplus for the Year to General Fund		64,611	82,095
		(15,881)	106,181

The council had no other recognisable gains and/or losses during the year.

The notes on pages 11 to 18 form part of these unaudited statements.

Hereford City Council
Statement of Movement in Reserves
31 March 2018

Reserve	Purpose of Reserve	Notes	2018 £	Net Movement in Year £	2017 £
Asset Revaluation Reserve	Store of gains on revaluation of fixed assets	17	19,210	-	19,210
Capital Financing Account	Store of capital resources set aside to purchase fixed assets	18	1,178,640	110,144	1,068,496
Usable Capital Receipts	Proceeds of fixed assets sales available to meet future capital investment	19	53,400	-	53,400
Earmarked Reserves	Amounts set aside from revenue to meet general and specific future expenditure	20	538,256	(80,492)	618,748
General Fund	Resources available to meet future running costs		550,264	64,611	485,653
Total			2,339,770	94,263	2,245,507

The notes on pages 11 to 18 form part of these unaudited statements.

Hereford City Council

Balance Sheet

31 March 2018

	Notes	2018 £	2018 £	2017 £
Fixed Assets				
Tangible Fixed Assets	10		1,197,850	1,087,706
Long Term Assets				
Investments Other Than Loans	11		200,000	-
Current Assets				
Debtors and prepayments	14	46,060		23,233
Cash at bank and in hand		928,198		1,162,359
		<u>974,258</u>		<u>1,185,592</u>
Current Liabilities				
Creditors and income in advance	15	<u>(32,338)</u>		<u>(27,791)</u>
Net Current Assets			941,920	1,157,801
Total Assets Less Current Liabilities			2,339,770	2,245,507
Total Assets Less Liabilities			<u>2,339,770</u>	<u>2,245,507</u>
Capital and Reserves				
Revaluation Reserve	17		19,210	19,210
Capital Financing Reserve	18		1,178,640	1,068,496
Usable Capital Receipts Reserve	19		53,400	53,400
Earmarked Reserves	20		538,256	618,748
General Reserve			550,264	485,653
			<u>2,339,770</u>	<u>2,245,507</u>

The Unaudited Financial Statements represent a true and fair view of the financial position of the Council as at 31 March 2018, and of its Income and Expenditure for the year.

These accounts were approved by the Council on 19th June 2018.

Signed:
Cllr S Boulter
Mayor
Mr S Kerry BSc MBA CiLCA
Responsible Financial Officer

Date:

The notes on pages 11 to 18 form part of these unaudited statements.

Hereford City Council

Cash Flow Statement

31 March 2018

	Notes	2018 £	2018 £	2017 £
REVENUE ACTIVITIES				
<i>Cash outflows</i>				
Paid to and on behalf of employees		(267,866)		(221,323)
Other operating payments		(460,279)		(458,572)
			(728,145)	(679,895)
<i>Cash inflows</i>				
Precept on Principal Authority		796,917		785,085
Cash received for services		749		513
		2,139		200
			799,805	785,798
Net cash inflow from Revenue Activities	23		71,660	105,903
SERVICING OF FINANCE				
<i>Cash inflows</i>				
Interest received		132		6,746
Investment Income		4,191		-
			4,323	6,746
Net cash inflow from Servicing of Finance			4,323	6,746
CAPITAL ACTIVITIES				
<i>Cash outflows</i>				
Purchase of fixed assets		(110,145)		(37,830)
Purchase of investments		(200,000)		-
			(310,144)	(37,829)
Net cash (outflow) from Capital Activities			(310,144)	(37,829)
Net cash (outflow)/inflow before Financing			(234,161)	74,820
(Decrease)/Increase in cash	24		(234,161)	74,820

The notes on pages 11 to 18 form part of these unaudited statements.

Hereford City Council

Notes to the Accounts

31 March 2018

1 Other Costs Analysis

Other Costs reported in the council's Income and Expenditure Account comprise the following:

Direct Service Costs

	2018	2017
	£	£
Community Parks & Open Spaces	8,929	18,821
Allotments	22,035	19,383
Floral Displays	19,500	(10,124)
Visitor Centres	20,000	-
Public Conveniences	2,770	4,831
Community Safety (Crime Reduction)	48,186	42,162
Community Development	115,065	130,221
Less: Grant-aid Expenditure	(140,022)	(170,299)
Total	96,463	34,995

Democratic, Management & Civic Costs

	2018	2017
	£	£
Corporate Management	177,686	181,924
Democratic Representation & Management	4,618	2,251
Civic Expenses	24,072	38,922
Total	206,376	223,097

As reported in the Statement of Accounting Policies, apportionment of central costs is not reflected in the above analysis.

2 Interest and Investment Income

	2018	2017
	£	£
Interest Income - General Funds	994	7,927
Investment Income	4,191	-
	5,185	7,927

3 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.

Hereford City Council

Notes to the Accounts

31 March 2018

4 General Power of Competence

With effect from 26th May 2015 Hereford City Council acquired the right to exercise the General Power of Competence extended to Town and Parish Councils under the Localism Act 2011 by S.I. 2012 No 965 (The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012). Therefore, with effect from 26th May 2015 the council no longer exercises the powers conveyed by Section 137 of the Local Government Act 1972 (as amended).

5 Related Party Transactions

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

6 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:

	2018	2017
	£	£
Fees for statutory audit services	1,600	1,600
Total fees	<u>1,600</u>	<u>1,600</u>

7 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:

	2018	2017
	£	£
Advertising	900	-
Website	-	888
	<u>900</u>	<u>888</u>

8 Employees

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

	2018	2017
	Number	Number
Full-time	4	5
Part-time	5	4
Temporary	8	9
	<u>17</u>	<u>18</u>

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

Hereford City Council

Notes to the Accounts

31 March 2018

9 Pension Costs

The council participates in the Worcestershire County Council Pension Fund. The Worcestershire 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 2018 was £40,300 (31 March 2017 - £34,085).

The most recent actuarial valuation was carried out as at 31st March 2016, and the council's contribution rate is confirmed as being 27.70% of employees' pay with effect from 1st April 2018 (year ended 31 March 2018 – 27.70%).

Financial Reporting Standard 17 (FRS17): "Retirement Benefits" sets out accounting requirements for pension costs. For schemes such as Worcestershire County Council Pension Fund, paragraph 9(b) of FRS17 requires the council to account for pension costs on the basis of contributions actually payable to the scheme during the year.

There were no outstanding contributions at the balance sheet date.

10 Tangible Fixed Assets

	Operational Freehold Land and Buildings	Operational Leasehold Land and Buildings	Non Operational Land and Buildings	Vehicles and Equipment	Infra- structure Assets	Community Assets	Other	Total
Cost	£	£	£	£	£	£	£	£
At 31 March 2017	157,000	-	-	59,090	89,116	551,469	231,031	1,087,706
Additions	-	-	-	80,992	29,152	-	-	110,144
At 31 March 2018	157,000	-	-	140,082	118,268	551,469	231,031	1,197,850
Depreciation								
At 31 March 2017	-	-	-	-	-	-	-	-
At 31 March 2018	-	-	-	-	-	-	-	-
Net Book Value								
At 31 March 2018	157,000	-	-	140,082	118,268	551,469	231,031	1,197,850
At 31 March 2017	157,000	-	-	59,090	89,116	551,469	231,031	1,087,706

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

Assets Held under Finance Agreements

The council holds no such assets

Hereford City Council

Notes to the Accounts

31 March 2018

11 Investments

	Investments Other Than Loans £
Cost	
Additions	200,000
At 31 March 2018	<u>200,000</u>
Net Book Value	
At 31 March 2018	<u>200,000</u>
	<u>200,000</u>
At 01 April 2017	<u>-</u>
	<u>-</u>

12 Financing of Capital Expenditure

	2018	2017
	£	£
The following capital expenditure during the year:		
Fixed Assets Purchased	110,144	37,829
	<u>110,144</u>	<u>37,829</u>
was financed by:		
Precept and Revenue Income	110,144	37,829
	<u>110,144</u>	<u>37,829</u>

Hereford City Council

Notes to the Accounts

31 March 2018

13 Information on Assets Held

Fixed assets owned by the council include the following:

Operational Land and Buildings

Community Centres - 3

Vehicles and Equipment

Light Vans - 1

Play Equipment at 7 sites

Sundry grounds maintenance equipment

Sundry office equipment

Infrastructure Assets

Lighting and Floodlighting

Fencing and gates at various sites

Bus shelters - 28

Other street furniture

Community Assets

The Village Green

Primrose Cottage Land

Council Artefacts & Regalia

14 Debtors

	2018	2017
	£	£
VAT Recoverable	13,862	6,782
Prepayments	30,155	15,270
Accrued Interest Income	2,043	1,181
	<u>46,060</u>	<u>23,233</u>

15 Creditors and Accrued Expenses

	2018	2017
	£	£
Trade Creditors	23,059	19,106
Accruals	9,279	8,685
	<u>32,338</u>	<u>27,791</u>

Hereford City Council

Notes to the Accounts

31 March 2018

16 Financial Commitments under Operating Leases

The council had annual commitments under non-cancellable operating leases of equipment as follows:

	2018	2017
	£	£
Obligations expiring within one year	-	-
Obligations expiring between two and five years	921	921
Obligations expiring after five years	-	-
	<u>921</u>	<u>921</u>

17 Revaluation Reserve

	2018	2017
	£	£
Balance at 01 April	<u>19,210</u>	<u>19,210</u>
Balance at 31 March	<u>19,210</u>	<u>19,210</u>

The revised system of accounting for local councils requires the establishment of a Revaluation Reserve. The balance on this account represents revaluation of fixed assets since 1st April 2007, less subsequent depreciation charged to revenue on such revaluation elements. This account will increase or reduce as and when assets are revalued or disposed of.

18 Capital Financing Account

	2018	2017
	£	£
Balance at 01 April	<u>1,068,496</u>	<u>1,030,667</u>
Financing capital expenditure in the year		
Additions - using revenue balances	110,144	37,829
Balance at 31 March	<u>1,178,640</u>	<u>1,068,496</u>

The Capital Financing 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.

19 Usable Capital Receipts Reserve

	2018	2017
	£	£
Balance at 01 April	53,400	53,400
Balance at 31 March	<u>53,400</u>	<u>53,400</u>

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

Hereford City Council

Notes to the Accounts

31 March 2018

20 Earmarked Reserves

	Balance at 01/04/2017	Contribution to reserve	Contribution from reserve	Balance at 31/03/2018
	£	£	£	£
Capital Projects Reserves	-	-	-	-
Asset Renewal Reserves	-	-	-	-
Other Earmarked Reserves	618,748	-	(80,492)	538,256
Total Earmarked Reserves	618,748	-	(80,492)	538,256

The Other Earmarked Reserves are credited with amounts set aside from revenue to fund specific known commitments of the council.

The Other Earmarked Reserves at 31 March 2018 are set out in detail at Appendix A.

21 Capital Commitments

The council had no other capital commitments at 31 March 2018 not otherwise provided for in these accounts.

22 Contingent Liabilities

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

23 Reconciliation of Revenue Cash Flow

	2018	2017
	£	£
Net Operating Surplus for the year	94,263	144,010
Add/(Deduct)		
Interest and Investment Income	(4,323)	(6,746)
(Increase) in debtors	(22,827)	(9,046)
Increase/(Decrease) in creditors	4,547	(22,315)
Revenue activities net cash inflow	71,660	105,903

Hereford City Council

Notes to the Accounts

31 March 2018

24 Movement in Cash

	2018	2017
	£	£
Balances at 01 April		
Cash with accounting officers	33	100
Cash at bank	1,162,326	1,087,439
	<u>1,162,359</u>	<u>1,087,539</u>
Balances at 31 March		
Cash with accounting officers	62	33
Cash at bank	928,136	1,162,326
	<u>928,198</u>	<u>1,162,359</u>
Net cash (outflow)/inflow	<u>(234,161)</u>	<u>74,820</u>

25 Reconciliation of Net Funds/Debt

	2018	2017
	£	£
(Decrease)/Increase in cash in the year	<u>(234,161)</u>	<u>74,820</u>
Movement in net debt/funds in the year	<u>(234,161)</u>	<u>74,820</u>
Cash at bank and in hand	1,162,359	1,087,539
Net funds at 01 April	<u>1,162,359</u>	<u>1,087,539</u>
Cash at bank and in hand	928,198	1,162,359
Net funds at 31 March	<u>928,198</u>	<u>1,162,359</u>

26 Post Balance Sheet Events

There are no significant Post Balance Sheet events since the preparation of these accounts, up to the date of their final adoption (on 19th June 2017), which would have a material impact on the amounts and results reported herein.

Hereford City Council

Appendices

31 March 2018

Hereford City Council

31 March 2018

Annual Report Tables

Table. 1 – Budget & Actual Comparison

	Budget £	Actual £
Net Expenditure		
Open Spaces	59,235	30,864
Tourism	40,676	39,500
Environmental Health	17,626	2,770
Community Safety (Crime Reduction)	50,150	48,186
Planning & Development Services (including Markets)	146,976	154,782
Net Direct Services Costs	<u>314,663</u>	<u>276,102</u>
Corporate Management	392,720	322,119
Democratic & Civic	95,934	109,618
Net Democratic, Management and Civic Costs	<u>488,654</u>	<u>431,737</u>
Interest & Investment Income	(6,400)	(5,185)
Capital Expenditure	-	110,144
Transfers to/(from) other reserves	-	(80,492)
(Deficit from)/Surplus to General Reserve	<u>-</u>	<u>64,611</u>
Precept on Principal Authority	<u><u>796,917</u></u>	<u><u>796,917</u></u>

Hereford City Council

31 March 2018

Annual Report Tables

Table. 2 – Service Income & Expenditure

Notes	2018 £	2018 £	2018 £	2017 £
	Gross Expenditure	Income	Net Expenditure	Net Expenditure
CULTURAL & RELATED SERVICES				
Open Spaces	30,964	(100)	30,864	38,169
Tourism	39,500	-	39,500	(10,124)
ENVIRONMENTAL SERVICES				
Environmental Health	2,770	-	2,770	4,831
Community Safety (Crime Reduction)	48,186	-	48,186	42,162
PLANNING & DEVELOPMENT SERVICES				
Community Development	154,812	(30)	154,782	166,429
OTHER SERVICES				
Council Tax Benefit Support Grant	-	-	-	(318)
CENTRAL SERVICES				
Corporate Management	324,877	(2,758)	322,119	300,530
Democratic & Civic	83,924	-	83,924	66,512
Civic Expenses	25,694	-	25,694	40,811
Net Cost of Services	710,727	(2,888)	707,839	649,002