



HARPENDEN TOWN COUNCIL

CLOSER TO THE COMMUNITY

STATEMENT OF ACCOUNTS 2016/17

(Not Subject to Audit)

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Town Hall, Leyton Road, Harpenden, Hertfordshire AL5 2LX
Tel: 01582 768278 www.harpenden.gov.uk
E-mail: harpenden.town.council@harpenden.gov.uk

COUNCIL INFORMATION

Council Members for the Financial Year 2016/17

Town Mayor	Mrs Nicola Linacre	West Ward	Conservative
Deputy Town Mayor	David Heritage	South Ward	Conservative
	Georgie Callé	North Ward	Conservative
	Chris Canfield	West Ward	Conservative
	Daniel Chichester-Miles	West Ward	Conservative
	Rod Cooley	South Ward	Conservative
	Brian Ellis	South Ward	Conservative
	Rosemary Farmer	East Ward	Conservative
	Harry Gilham	South Ward	Conservative
	Anne James	East Ward	Independent
	Mrs Pat Kent	North Ward	Conservative
	Pip Martyn	East Ward	Independent
	Mary Maynard	East Ward	Conservative
	Albert Pawle	North Ward	Conservative
	Michael Weaver	West Ward	Conservative
	David Williams	North Ward	Conservative

Town Clerk Carl Cheevers
Responsible Finance Officer Paul Smith

EXPLANATORY FORWARD

The Accounting and Audit Regulations governing the production of the Councils accounts were amended on 31 March 2011. The Council is classed as a 'smaller relevant body' and its statutory accounts are produced in the form of the Annual Return which is subject to a Limited Assurance Audit by BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton SO14 3TL.

This Statement of Accounts, set out on the following pages, are not subject to audit. They provide background information to the figures declared in the Annual Return.

They include:

- an Income and Expenditure Account (Unaudited), presented in a Service Expenditure Analysis format, which summarises the Councils financial performance for the year;
- a Balance Sheet (Unaudited), which sets out the financial position of the Council at 31 March 2017;
- notes to the accounts; and
- a Statement of Accounting Policies.
- a copy of the statutory Annual Return is included at Appendix 1.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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 has the responsibility for the administration of those affairs. Harpenden Town Councils officer is the Responsible Finance Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Annual Return.
- to approve the Statement of Accounts.

The Responsible Finance Officer's Responsibilities

The Responsible Finance Officer is responsible for the preparation of the Councils Annual Return in accordance with Governance and Accountability for Smaller Authorities in England to present a true and fair view of the financial position of the Council at 31 March 2017 and its income and expenditure for the year ended.

In preparing these financial statements, the Responsible Finance Officer has:-

- * selected suitable accounting policies and then applied them consistently;
- * made judgements and estimates that were reasonable and prudent;
- * complied with generally accepted accounting practice;
- * kept proper accounting records which were up to date;
- * taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Finance Officer's Certificate

I certify that the Statement of Accounts for the year ended 31 March 2017 presents fairly the financial position of Harpenden Town Council, and its income and expenditure for the year ended 31 March 2017.

Signed:



Paul Smith
Responsible Finance Officer

Date: 26 June 2017

INCOME AND EXPENDITURE ACCOUNT

2015/16 £	Note		Gross Expenditure £	2016/17 Gross Income £	Net £
		Direct Services			
35,103		Communication	42,323	(9,233)	33,090
15,277		Grants	9,190	-	9,190
21,254		Information Point	35,020	(16,500)	18,520
7,232		Park Hall	63,267	(46,944)	16,323
9,214		Initiatives and Projects	145,090	(11,520)	133,570
115,596		Town Centre	116,890	(4,619)	112,271
875		Public Toilets	10,549	(9,075)	1,474
4,336		Farmers Market	21,977	(24,926)	(2,949)
2,414		Community Safety	1,217	-	1,217
-		Community Events	14,942	(4,598)	10,344
(49,939)		Lydekker Car Park	34,971	(56,488)	(21,517)
12,877		Lydekker Park	17,232	(650)	16,582
131,137		Commons and Greens	193,425	(63,999)	129,426
(18)		Nickey Line	-	-	-
35,747		Other Amenity Areas	41,739	(1,025)	40,714
30,379		Recreation and Play Areas	23,763	(725)	23,038
11,995		Batford Springs	27,081	-	27,081
22,724		Allotments	37,988	(4,509)	33,479
		Democratic, Management and Civic Costs			
63,734		Corporate Management	81,517	(422)	81,095
5,470		Civic Expenses	6,131	-	6,131
134,452		Democratic Representation	124,052	-	124,052
14,705		Elections	4,239	-	4,239
54,973		Central Administration	55,912	(1,429)	54,483
45,472		Town Hall	57,401	-	57,401
725,009		Cost of Services for Year	1,165,916	(256,662)	909,254
12,743	5	Interest Payable			10,060
37,378	5	Principal Repayments			30,607
(8,645)		Interest Income			(8,874)
91,280		Capital Expenditure			232,539
-		Capital Income			(30,467)
857,765		Net Expenditure for Year			1,143,119
(912,870)		Precept from St Albans District Council			(929,350)
(42,028)		Council Tax Grant St Albans District Council			(41,035)
(97,133)		Net (Surplus) / Deficit for year			172,734
(26,545)		Net transfer (to) / from Earmarked Reserves			22,820
(70,588)		Remaining (Surplus to) / Use of General Reserve			149,914
(97,133)					172,734

RECONCILIATION OF INCOME AND EXPENDITURE ACCOUNT AND ANNUAL RETURN

	INCOME			EXPENDITURE			NET
	Box 2	Box 3	Box 4	Box 5	Box 6	Total	
	Precept £	Other Income £	Staff Costs £	Loans Repaid £	Other Costs £		
Communication	-	(9,233)	26,508	-	15,815	33,090	
Grants	-	-	-	-	9,190	9,190	
Information Point	-	(16,500)	35,017	-	3	18,520	
Park Hall	-	(46,944)	33,633	-	29,634	16,323	
Initiatives and Projects	-	(11,520)	-	-	145,090	133,570	
Town Centre	-	(4,619)	56,723	-	60,167	112,271	
Public Toilets	-	(9,075)	968	-	9,581	1,474	
Farmers Market	-	(24,926)	7,163	-	14,814	(2,949)	
Community Safety	-	-	1,217	-	-	1,217	
Community Events	-	(4,598)	-	-	14,942	10,344	
Lydekker Car Park	-	(56,488)	2,290	-	32,681	(21,517)	
Lydekker Park	-	(650)	2,576	-	14,656	16,582	
Commons and Greens	-	(63,999)	109,521	-	83,904	129,426	
Other Amenity Areas	-	(1,025)	10,395	-	31,344	40,714	
Recreation and Play Areas	-	(725)	5,610	-	18,153	23,038	
Batford Springs	-	-	7,104	-	19,977	27,081	
Allotments	-	(4,509)	9,420	-	28,568	33,479	
Corporate Management	-	(422)	56,761	-	24,756	81,095	
Civic Expenses	-	-	-	-	6,131	6,131	
Democratic Representation	-	-	117,152	-	6,900	124,052	
Elections	-	-	-	-	4,239	4,239	
Central Administration	-	(1,429)	-	-	55,912	54,483	
Town Hall	-	-	16,023	-	41,378	57,401	
Interest Payable	-	-	-	10,060	-	10,060	
Principal Repayments	-	-	-	30,607	-	30,607	
Interest Income	-	(8,874)	-	-	-	(8,874)	
Capital	-	(30,467)	-	-	232,539	202,072	
Council Tax Grant SADC	-	(41,035)	-	-	-	(41,035)	
Precept	(929,350)	-	-	-	-	(929,350)	
Totals to Annual Return	(929,350)	(337,038)	498,081	40,667	900,374	172,734	

BALANCE SHEET as at 31 MARCH

2016 £	Note		2017 £
	8-9	Fixed Assets	
792,638		Land and Buildings	779,710
212,627		Vehicles and Plant	399,452
1,260,000		Non-Operational Assets	1,260,000
2,265,265		Total Fixed Assets	2,439,162
		Current Assets	
66,956	10	Debtors and Prepayments	57,474
1,450,000		Short Term Investments	1,400,000
103,142		Cash at Bank	101,203
			1,558,677
3,885,363		Total Assets	3,997,839
		Current Liabilities	
(90,032)	11	Creditors and Receipts in Advance	(201,344)
(30,606)		Current Portion of Long Term Debt	(33,256)
			(234,600)
3,764,725		Total Assets Less Current Liabilities	3,763,239
		Long Term Liabilities	
(107,215)	12	Long Term Borrowing	(73,959)
3,657,510		Total Assets Less Liabilities	3,689,280
		Financed by:	
	13-14	Reserves available to the Council	
756,910		Earmarked Revenue Reserves	734,090
773,156		General Fund	623,243
1,530,066			1,357,333
		Reserves Not Available to Council **	
2,127,444		Capital Financing Account	2,331,947
3,657,510			3,689,280

Note: ** Represents the Council's Net Investment in Fixed Assets less Outstanding Loans

These accounts for the year ended 31 March 2017 were approved by Harpenden Town Council at the Council meeting held on 26 June 2017.

Rosemary Farmer
 Councillor Rosemary Farmer
 Town Mayor, Harpenden Town Council


 Paul Smith
 Responsible Finance Officer

NOTES TO THE FINANCIAL STATEMENTS

1. Income and Expenditure

The Income and Expenditure account reports the gross expenditure and income, on an accruals basis, of all the functions for which the Council is responsible

The net surplus or deficit for the year is added to the Town Councils General Fund Balance or if appropriate retained within earmarked reserves.

A comparison of adjusted budget against actual for 2016/17 is set out below.

Net Expenditure / (Income)	Adj Budget £	Actual £	Variance £
Precept on District Council	(929,350.00)	(929,350.00)	0.00
Grant - SADC Localisation Council Tax	(41,040.00)	(41,035.00)	5.00
Communications	35,100.00	33,090.00	(2,010.00)
Grants	17,390.00	9,190.00	(8,200.00)
Information Point	20,620.00	18,520.00	(2,100.00)
Park Hall	14,560.00	16,323.00	1,763.00
Initiatives & Projects	146,640.00	133,570.00	(13,070.00)
Town Centre	121,410.00	112,271.00	(9,139.00)
Public Toilets	1,630.00	1,474.00	(156.00)
Farmers Market	(240.00)	(2,949.00)	(2,709.00)
Community Safety	1,290.00	1,217.00	(73.00)
Community Events	12,920.00	10,344.00	(2,576.00)
Lydekker Car Park	(38,200.00)	(21,517.00)	16,683.00
Lydekker Park	20,310.00	16,582.00	(3,728.00)
Commons & Greens	222,360.00	129,426.00	(92,934.00)
Nickey Line	5,450.00	0.00	(5,450.00)
Other Amenity Activities	44,160.00	40,714.00	(3,446.00)
Recreation & Play Areas	37,660.00	23,038.00	(14,622.00)
Batford Springs Nature Reserve	16,930.00	27,081.00	10,151.00
Allotments	27,850.00	33,479.00	5,629.00
Corporate Management	71,370.00	81,095.00	9,725.00
Civic Expenses	6,140.00	6,131.00	(9.00)
Democratic Representation	139,110.00	124,052.00	(15,058.00)
Elections	2,000.00	4,239.00	2,239.00
Central Administration	60,850.00	54,483.00	(6,367.00)
Town Hall	60,050.00	57,401.00	(2,649.00)
Net Operating (Surplus)/ Cost for Year	76,970.00	(61,131.00)	(138,101.00)
Capital Expenditure	316,780.00	202,072.00	(114,708.00)
Interest & Principle payments	40,670.00	40,667.00	(3.00)
Interest received	(7,900.00)	(8,874.00)	(974.00)
Transfer to/(from) Earmarked Reserves	(260,650.00)	(22,820.00)	237,830.00
Net - transfer to General Reserves	165,870.00	149,914.00	(15,956.00)

2. Employees

The Council employed an average of 9 full time and 7 part time employees during 2016/17 (9 full time and 5 part time in 2015/16). All staff are paid in accordance with nationally agreed pay scales.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

Remuneration band	2016/17 No. Employees	2015/16 No. Employees
£50,000 - £54,999	-	-
£55,000 - £59,999	-	-
£60,000 - £64,999	-	-
£65,000 - £69,999	1	-
£70,000 - £74,999	-	1

3. Pension Costs

The amount of pension contributions paid by the Town Council during 2016/17 was £71,690 (£79,555 2015/16). This includes an outstanding contribution at 31 March which has been included in the Balance Sheet within creditors. Harpenden Town Council's contribution rate for 2016/17 is 24.8% (24.8% 2015/16) of pensionable pay. Employees contribute at a variable rate dependant on their salary.

4. Section 137 Expenditure

Section 137 of the Local Government Act 1972 (as amended) enables the Council to spend up to the product of £7.42 (£7.36 2015/16) 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. The total amount available for this purpose was £170,935 (£169,228 2015/16). Expenditure on grants to local organisations totalled £9,190 (£15,277 2015/16).

5. Statutory Charge for Capital

The Town Council is required under Section 3 of the Local Government Act 2003 to debit the amount equivalent to the instalment of interest and principal that is payable annually to the Income and Expenditure Account. This totalled £40,667 in 2016/17 (£50,121 in 2015/16)

6. Publicity

Section 5 of the Local Government Act 1986 requires the Council to disclose expenditure on advertising and publicity. This amounted to £7,473 during 2016/17 (£8,644 in 2015/16).

The Town Council produces a quarterly community magazine, Forum, distributed to all households in the parish. The cost of design, printing and distributing this for 2016/17 was £15,813 (£15,715 in 2015/16). A proportion of these costs are recovered through advertising revenue.

7. Members Allowances

Members annual basic allowance is set at £360 which was taken by 8 Members in 2016/17. The Town Mayor receives a Chair/Mayoral Allowance of £3,060 in 2016/17 and is not eligible for a basic allowance. Members may receive reimbursement for travel expenses outside the parish for attending approved meetings and seminars.

8. Fixed Assets

	Operational Assets		Non Operational Assets		Total £
	Land and Buildings £	Vehicles & Plant £	Investment Property £	Surplus Land £	
Valuation					
at 01/04/16	892,579	561,806	890,000	370,000	2,714,385
Additions		232,539			232,539
at 31/03/17	892,579	794,345	890,000	370,000	2,946,924
Depreciation					
at 01/04/16	99,941	349,179			449,120
in year charge	12,928	45,714			58,642
at 31/03/17	112,869	394,893	--	--	507,762
Balance Sheet at 01/04/16	792,638	212,627	890,000	370,000	2,265,265
Balance Sheet at 31/03/17	779,710	399,452	890,000	370,000	2,439,162

9. Information on Assets Held

Operational Assets - Land and Buildings

Town Hall, Park Hall, and Public Toilets in Leyton Road.

Lydekker Park and Car Park.

Common and land at Batford Springs Nature Reserve/Marquis Lane.

Recreation land at Porters Hill, Westfields and Marquis Lane.

17 Allotments sites managed for the Council by the East Harpenden Gardening Club and the South Harpenden Allotment and Gardens Society.

Operational Assets – Vehicles, Plant and Equipment

Furniture, fixtures, fittings and equipment in the Council Offices and Park Hall,
Farmers Market stalls and covers,

Council vehicle and trailer,

Interpretation boards on the Common,

Children's play equipment at Porters Hill, Westfields and Marquis Lane.

Non-Operational Assets

Those parts of the Common, which are let on lease or licence, including two cottages, and the unused land adjacent to the Westfields Recreation Ground have been included as Non-Operational Assets.

10. Debtors (falling within 1 year)

	31/03/17	31/03/16
	£	£
Sundry Debtors including prepayments	19,595	33,147
Accrued Interest	708	1,116
HMRC - VAT Reclaim	37,171	32,693
	<u>57,474</u>	<u>66,956</u>

11. Creditors and Receipts in Advance

	31/03/17	31/03/16
	£	£
Inland Revenue - Payroll	9,365	7,573
Pension Fund - Payroll	7,274	9,398
Accruals	157,125	40,367
Accrued Interest	3,655	4,693
Receipts in Advance	20,244	23,564
Deposits Held	3,681	4,437
	<u>201,344</u>	<u>90,032</u>

12. Long Term Liabilities

Public Works Loan Board analysis of loans by maturity.

	31/03/17	31/03/16
	£	£
Principal Amounts		
Less than one (Creditor)	33,256	30,606
One to two	36,134	33,256
Two to five	37,825	64,459
Five to ten	-	9,500
	<u>107,215</u>	<u>137,821</u>

13. Summary of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. The movements on the reserves can be summarised as follows:

Reserve	Balance 1 April 2016	Movement in Year	Balance 31 March 2017	Purpose of Reserve
	£	£	£	
Earmarked Reserve (see note 15)	756,910	(22,820)	734,090	Resources available to meet specific spending plans.
General Reserve	773,156	(149,913)	623,243	Resources available to meet future costs of services.
Capital Financing Account	2,127,444	204,503	2,331,947	Store of capital resources set aside to meet past expenditure
Total	3,657,510	31,770	3,689,280	

14. Earmarked Reserves

Earmarked reserves allow monies to be set aside for future spending plans.

	Cttee	01/04/2016	Amounts Used 2016/17	Transfers to Reserves	31/03/2017
<u>Projects and Services</u>					
Town Twinning Visits	PF	7,500			7,500
Election	PF	2,000		2,000	4,000
Westfields	PF	0	(3,850)	3,850	0
Service Developments and New Initiatives	PF	54,690	(14,790)	(3,450)	36,450
Town Freedom Parade	PF	8,000	(7,600)	(400)	0
Storage Facility	ENV	105,950			105,950
Grants - General	PF	12,220	(1,200)		11,020
Allotments	ENV	22,260			22,260
Armed Forces Day	PF	1,400			1,400
Neighbourhood Planning	SP	53,440	(8,730)		44,710
Fovant Close	ENV	2,250			2,250
Batford Springs HQ	ENV	0		20,000	20,000
		269,710	(36,170)	22,000	255,540
<u>Repairs, Renewals and Replacements</u>					
Management Plan	ENV	63,500		9,000	72,500
C and G Ponds Project	ENV	27,850			27,850
C and G Contractors	ENV	35,040			35,040
C and G Treework and Specialist	ENV	56,000			56,000
C and G Paths, Concourse etc	ENV	30,000			30,000
Commons Cricket Club Drive	ENV	1,500			1,500
Commons Car Park Enforcement	ENV	1,300			1,300
Town Centre Flowerbeds & Planters	ENV	15,000			15,000
Town Centre [Fountain, War Memorial, Bus Shelters, Bicycle Stands]	ENV	20,170		7,000	27,170
Computers and Office Equipment	PF	9,210	(9,210)		0
Lydekker Park - Repairs and Maintenance	ENV	50,570			50,570
Town/Park Halls Repairs and Maintenance	PF	54,760	(36,860)	4,000	21,900
Town Hall Office Changes	PF	4,300	(4,300)		0
Town Hall Lift	PF	20,000			20,000
CCTV Camera Replacement	PF	3,520	(1,430)		2,090
Play Areas and Playgrounds	ENV	37,860			37,860
Toilet Refurbishment	ENV	14,420			14,420
Farmers Market Stalls	ENV	13,200			13,200
Car Parks - Resurfacing and Maintenance	ENV	10,000	(3,700)		6,300
Christmas Events	ENV	4,000	(2,150)		1,850
Maintenance Team Vehicle	PF	12,000			12,000
Marquis Lane Footpath	ENV	3,000	(3,000)		0
Interpretation/Notice Boards and Signs	ENV	0		17,000	17,000
Batford Springs Nature Reserve	ENV	0		15,000	15,000
		487,200	(60,650)	52,000	478,550
		756,910	(96,820)	74,000	734,090
Policy and Finance Committee	PF	189,600	(79,240)	6,000	116,360
Environment Committee	ENV	513,870	(8,850)	68,000	573,020
Strategic Planning Committee	SP	53,440	(8,730)	0	44,710
		756,910	(96,820)	74,000	734,090

STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Councils transactions for the 2016/17 financial year and its position at the year ended 31 March 2017.

The Town Council prepares an Annual Return for review by its External Auditors in line with proper accounting practices for smaller relevant bodies as laid down in the Governance and Accountability for Smaller Authorities in England.

These statements have been prepared having regard to the fundamental accounting concepts of: Going Concern, Prudence, Accruals, Relevance, Consistency, Reliability, Comparability, Understandability and Materiality. They provide additional detail to the information provided in the audited annual return.

The accounting convention adopted is historic cost.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular:

Fees, charges and rents due from customers are accounted for as income at the date the Council provided the relevant goods or services. Supplies are recorded as expenditure when they are received. The exceptions to this rule are payments of insurance premiums and regular periodic accounts (e.g. telephones), which are charged on a consistent basis i.e. at the date of meter readings rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on any one-year's accounts.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Overheads and Support Services

Staffing costs are aggregated centrally and where information is available these have been attributed between direct service costs and democratic, management and civic costs in line with time spent on activities. Office and other overheads are included within other democratic, management and civic costs.

Grants and Contributions (revenue)

Whether paid on account, by instalment or in arrears, grants and third party contributions and donations are recognised as income at the date that the Town Council satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. They are matched in revenue accounts with the service expenditure to which they relate.

Grants and Contributions (capital)

Where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts would be credited to the Income and Expenditure Account to offset the cost of purchasing the asset.

Operating Leases

Rentals paid under leasing agreements have been accrued and accounted for through the revenue accounts in the period to which they relate.

Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: Expenditure above the Councils de-minimus level of £5,000 on the acquisition, creation or enhancement of tangible fixed assets is written off to the Town Councils Income and Expenditure Account in the year of acquisition. Expenditure on fixed assets is then included in the Balance Sheet with a corresponding transaction shown in the Capital Financing Account, provided that it yields benefits to the Council for more than one financial year.

The use of a de-minimus level of £5,000 for tangible fixed assets, excluding land and property, allows for a consistent approach in recording capital expenditure at a level that is appropriate for the size of the Town Council.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Tangible Fixed Assets (excluding non operational assets) are held in the Balance Sheet at historic cost as at 31 March 2009, together with subsequent acquisitions and enhancements. Non operational fixed assets have been included in the Balance Sheet at Open Market Value at 31 March 2010. These values have been retained as a substitute for historic cost values. Community Assets for which cost of purchase is not available are recorded at the nominal value of £1. Works in progress are recorded at cost.

Disposals: When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Capital Financing Account. Receipts from disposals are credited to the Income and Expenditure Account. Amounts in excess of £10,000 and categorised as capital receipts within the meaning of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 would be carried to a Usable Capital Receipts reserve which could only be used for new capital investment or set aside to reduce the Council's borrowing requirement.

Depreciation: Depreciation is provided for on all assets with a determinable finite life, except for non operational assets, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated on the following basis:

Leasehold buildings	over 45 years on a straight line basis
Equipment, Vehicles etc.	between 3 and 20 years on a straight line basis.

Investments and Short Term Investments

Investments are included in the Balance Sheet at historic cost and realised gains or losses would be taken into the Income and Expenditure as realised. The Town Council currently only holds short term fixed rate investments; these will mature during the following financial year and have been included at the lower of cost or net realisable value.

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected and paid is accountable to HM Revenues and Customs and all VAT paid is recoverable from it.

Long Term Liabilities

The Town Council has entered into long term borrowing with the Public Works Loan Board to fund the lease acquisition of Park Hall and building of the Town Hall. These are fixed rate loans and the Council's only borrowing. The amount presented in the Balance Sheet is the outstanding principal repayable. Interest charged to the Income and Expenditure Account is the amount payable for the year of the loan agreement.

Loan repayments, both principle and interest are included in the Income and Expenditure Account and transferred to the Balance Sheet with a corresponding entry in the Capital Financing Account.

Reserves

The Council maintains reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by appropriating amounts from the net surplus. When expenditure to be financed from the reserve is incurred, it is charged to the Income and Expenditure Account in that year within the net cost of services. The reserve is then appropriated back into the General Reserve.

The Capital Financing Account is kept to manage the accounting processes for fixed assets and does not represent useable resources for the Council.

Pensions

Employees of the Council are members of the Local Government Pensions Scheme administered by the Local Pensions Partnership (formerly London Pensions Fund Authority) on behalf of Hertfordshire County Council. The scheme provides defined benefits to members (retirement lump sum and pensions), earned as employees working for the Council.

Pension contributions made by the Town Council are charged against the precept in the Income and Expenditure Account. These contributions are determined by the fund's actuary following triennial valuation of the funds assets and liabilities, and are set in accordance with relevant government regulations which require benefits to be fully funded. The latest triennial valuation was completed in March 2017.