

NEATH TOWN COUNCIL



**Statement of Accounts
(unaudited)
For the year ended
31 March 2021**

Neath Town Council
For the Year Ended 31 March 2021
Statement of Accounts (unaudited)

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COUNCIL INFORMATION

Town Mayor

Cllr. Mr R Price

Councillors

Cllr. Mrs L Jones

Cllr. Mr P James

Cllr. Mr A Sims

Cllr. Mr A McGrath

Cllr. B McCathail

Cllr. Mrs S Miller

Cllr. Mr A Musaied

Cllr. Mrs S M Penry

Cllr. Mr M Protheroe

Cllr. Mr G Morgan

Cllr. Mrs J L Lockyer

Cllr. J Evans

Cllr. Mrs T Davies

Cllr. Mr W Curtis

Clerk to the Council

Kathryn Charles

Responsible Financial Officer

Ben Hughes

Internal Auditors

Lyn Llewellyn

External Auditors

Wales Audit Office

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Explanatory Foreword

Welcome to Neath Town Council's statutory Statement of Accounts for the financial year ended 31st March 2021.

This foreword provides a brief explanation of the financial statements and supporting information that follows, and is intended to assist the reader in understanding the Statement of Accounts.

Introduction to Accounting Statements

The Council's statutory accounts are produced in the form of the Annual Return (Appendix IV). The Statements of Accounts which are not subject to audit provides background workings and explanations of the figures declared in the Annual Return.

The following items are included:

The Statement of Accounting Policies

The statements set out on pages 4 and 5 details the legislation and the accounting principles on which the financial statements are prepared.

The Statement of Responsibilities

The statement on page 3 identifies the council's responsibilities and identified the officer who is responsible for the Council's financial affairs.

The Income and Expenditure Account (Unaudited)

The Income and Expenditure Account set out on page 7 shows the income generated and the total expenditure on the services provided by the Council for the year.

The Statement of Movement on Reserves (Unaudited)

The Statement of Movement on Reserves set out on page 8 provides a summary of the overall change in the level of the Council's Balances and Earmarked Reserves during the year, including the transfer of the year end surplus or deficit from the Income and Expenditure Account, use of reserves to fund revenue and capital expenditure, and any transfers made between reserves.

The Balance Sheet (Unaudited)

The Balance Sheet on page 9 sets out the financial position of the Council on 31 March 2019. It shows the value of its assets, the value of its cash and bank values, how much it is owed and how much it owes and the balance of reserves at its disposal.

Notes to the Accounts

The Notes to the Accounts on pages 10 to 18 provide further information on the amounts included in the financial statements.

Additional Information

The additional information on pages 19 to 23 do not form part of the Financial Statements but provides the reader with additional information regarding Neath Town Councils income and expenditure.

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Statement of Responsibilities for the Accounts

The Town Council's Responsibilities

The Town Council is required:

- To make arrangements for the proper administration of its financial affairs, including the appointment of an Internal Auditor.
- To secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Responsible Financial Officer (RFO).
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the accounts and annual return.
- To set a budget and determine a precept levy on the local rating authority.

The Responsible Financial Officer's Responsibilities

The RFO is responsible for the preparation of the Council's Statement of Accounts as contained in Governance and Accountability for Local Councils in Wales: A Practitioners' Guide 2011 as amended, to present a true and fair view of the financial position of the Council at 31 March 2021 and its income and expenditure for the year then ended.

In preparing the statements of accounts, the RFO has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent, and complied with the Practitioners' Guide.

The RFO has also:

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

Responsible Financial Officer's Certificate

I hereby certify that the statement of accounts presents a true and fair view of the position of Neath Town Council at 31 March 2021, and its income and expenditure for the year ended 31 March 2021.

Signed:
Responsible Financial Officer

Date:

Neath Town Council
For the Year Ended 31 March 2021
Statement of Accounts (unaudited)

Statement of Accounting Policies

Accounting Convention

The accounts have been prepared in accordance with the Governance and Accountability for local councils in Wales – A Practitioners' Guide (2011) (The Guide).

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

The accounts have been prepared under the historical cost convention.

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is written off to the Council's Income and Expenditure Account in the year of acquisition, and reported in the notes to the accounts.

Depreciation Policy

Depreciation, impairment adjustments, etc are not permitted for local councils. For reporting purposes, the 'book' value of fixed assets will remain constant until disposal.

Capital Receipts

Capital receipts arising from the disposal of fixed assets are taken to the Capital Receipts Reserve until such time as they are used to finance new capital expenditure.

Investments

Short Term Investments are included in the balance sheet and any interest received is taken into the Income and Expenditure account as realised.

Debtors and Creditors

The revenue accounts of the Town Council are maintained on an accruals basis in accordance with the Account and Audit Regulations. That is, sums due to or from the Town 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) if the amount is not material. This policy is applied consistently each year. Therefore, it will not have a material effect on the year's accounts or on the Town Council's annual budget.

The Town 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.

External Loan Repayments

The council is not required by the Guide to incorporate external borrowings in its Balance Sheet. Details are shown in the notes to the accounts.

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Leases

The council is not required by the Guide to incorporate Hire Purchase and/or Finance Lease obligations in its Balance Sheet. Details are shown in the notes to the accounts.

Reserves

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

Interest Income

All interest receipts are credited initially to general funds.

Pensions

The pension costs charged to its 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 the relevant government regulations.

The next actuarial valuation was due at 31st March 2021 and any change in contribution rates as a result of that valuation will take effect from 1st April 2021.

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Budget Comparison for the year ended 31 March 2021

The Council's policy is to estimate the total expenditure for the year, which may contain capital expenditure not financed via the precept. Any such expenditure of this type is included within the actual revenue expenditure for the year.

The Council's actual net revenue spending for the year totalled £636,399, meaning the Council achieved an overall overspend of £41,987.

The above deficit on the Revenue Budget were transferred from the Council's balances and reserves at the end of the year. The final outturn position is summarised below:

Budget Variance Year Ending 31 March 2021			
<u>Budget</u>	<u>Actual Year to Date 2020-21</u>	<u>Current Annual Budget 2020-21</u>	<u>Budget Variance</u>
<u>Income</u>			
Precept	400,000	400,000	-
Other Income	176,423	325,937	149,514
Total Income	576,423	725,937	149,514
<u>Expenditure</u>			
Administration	273,029	325,699	52,670
Orchard Street Community Centre	10,887	22,952	12,065
Neath Day Centre	54,234	82,421	28,187
Neath Town Hall	131,081	134,537	3,456
Neath Town Hall Bar	1,206	8,647	7,441
Melyncryddan Community Centre	23,047	29,226	6,179
Cimla Community Centre	26,994	25,919	(1,075)
Gardening and Maintenance	68,343	71,535	3,192
Allotments	1,547	2,169	622
Amenities	17,911	7,250	(10,661)
Leased Investment Properties	40,925	59,088	18,163
Total Expenditure	649,203	769,442	120,241
Contribution to Reserves			-
Total Expenditure	649,203	769,443	120,241
Total Income	576,423	725,937	149,514
Net Expenditure over Income	(72,780)	(43,506)	(29,273)

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Income and Expenditure Account for the Year Ended 31 March 2021

2021		Notes	2020
£	Income		£
400,000	Precept	1	330,000
165,935	Rental income, interest and investment income	2	242,128
10,148	Charges made for services		163,145
-	Other income and contributions		
<hr/>			
576,083	Total Income		735,273
<hr/>			
	Expenditure		
	Direct Service Costs		
239,527	Salaries and Wages		266,566
5,200	Grant aid expenditure	3	14,800
337,820	Other expenditure		336,463
	Democratic, Management and Civic Costs		
65,937	Salaries and Wages		79,432
	Other expenditure		
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649,092	Total Expenditure		697,261
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(73,009)	Net Operating Surplus/Deficit for Year		38,012
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(73,009)	Net Surplus/Deficit for Year (to General Fund)		38,012
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Statement of Movement of Reserves for the Year Ended 31 March 2021

The following statement summarises the movement on the Council's Balances and Earmarked Reserves during the year.

	Balance 1 April 2020 £	Transfers to £	Transfers from £	Balance 31 March 2021 £
General Fund	<u>355,046</u>		<u>73,009</u>	<u>282,037</u>
Earmarked Reserves				
Provision for Major Repairs	-	-	-	-
Castle Renovations	4,320		17,305	-
Elections	20,713	-	7,872	12,842
Total Earmarked Reserves	25,034	-	25,177	12,842
Unapplied Capital Receipts (NEXT Plc dilapidations)	80,000	-	-	80,000
Total Balances and Reserves	<u>460,079</u>	-	<u>98,186</u>	<u>361,893</u>

The year-end deficit on the Income and Expenditure Account of £72,780 was transferred to the General Fund Balance at the end of the year.

In overall terms the Council's Balances and Earmarked Reserves decreased by £97,957 over the course of the financial year.

Reserves have been utilised in the year for the following purposes; An election costing £7,872, Works on retaining the castle wall was undertaken at the rear of the Castle costing £14,988 and archaeological work at the Castle costing £2317.

Next Plc were invoiced for dilapidations of 1-4 New Street in February 2020. This money was received in May 2020.

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Balance Sheet as at 31 March 2021

2021 £		Notes	2020 £
	Current Assets		
1,032	Stock	1	1,142
16,769	Debtors	2	87,920
	Prepayments	3	
25,000	Short Term Investments	4	25,000
<u>335,499</u>	Cash at Bank and in hand	5	<u>376,384</u>
378,300			490,446
	Current Liabilities		
5,446	Creditors		11,586
	Accruals		
9,644	PAYE/NI		9,288
1,317	Allotment Key Deposits		1,317
	Receipts in Advance		
	VAT Liability		<u>8,176</u>
16,408			30,367
<u>361,892</u>	Current Assets less Current Liabilities		<u>460,079</u>
	Financed by:		
349,850	General Reserves	6	355,046
<u>12,042</u>	Earmarked Reserves		<u>105,033</u>
361,892			460,079

Neath Town Council
For the Year Ended 31 March 2020
Notes to the Financial Statements

Explanation of Income and Expenditure Account Items

This note is included in order to provide further explanation of some of the headings included in the Income and Expenditure Account and the income and expenditure items included under each.

Income

Precept

This is the amount required from local tax payers of Neath to fund the net cost of all of the Council's services after deducting all income due from grants, fees and charges etc.

Rental income, interest and investment

This includes rents and leases for non community Council land and buildings. Interest received is based on the Council's investments and bank accounts.

Fees and charges for services

All income from fees and charges levied for services and activities provided by the Council such as the hall hire, café meals and allotments.

Other income and contributions

All other income not falling into one of the above categories such as part sponsorship of the Christmas Tree received from Bouygues.

Expenditure

Direct Service Costs

These are costs associated with the running of all front line service areas including Neath old Town Hall, community centres, Neath Day Centre cafe, allotments, street equipment and Neath Castle works and grounds maintenance.

Direct service salaries and wages costs include the cost of all staff directly involved in running of front line service areas, as well as the support provided by office based staff.

Other direct service costs include all non-staffing based costs such as the running costs of premises and vehicles, and supplies and services such as equipment, training, uniforms, telephones, bedding plants, bar and catering supplies.

Democratic, Management and Civic Costs

These are all costs relating to the democratic and corporate management of the Council including the cost of councillors, corporate management, finance and administration.

Salaries and wages costs include the cost of all staff directly involved in the corporate and democratic management of the Council, plus the cost of Members' Allowances.

Other democratic, management and civic costs includes all non-staffing based costs including the cost of civic functions, stationery, postage, external audit fees, and IT costs.

Neath Town Council
For the Year Ended 31 March 2020
Notes to the Financial Statements

Notes to the Income and Expenditure Account

1. Precept

Neath Town Council currently receives no money from Central Government. It is self-funding except for a precept levied on the ratepayers of Neath, which constitutes a very small portion of the overall Council Tax Bill; only residential dwelling council tax is included in the precept to the Town Council, business rates being excluded.

Each year, the council calculates the amount of money that it needs in order to deliver its services, and this amount is collected by Neath Port Talbot County Borough Council from the council tax paid by Neath residents.

2. Interest Receivable

The interest receivable from the investment of the Council's surplus balances in instant access bank accounts and the Public Sector Deposit Fund in 2020-21 totalled £185.

3. Section 137 Expenditure

Section 137(1) of the Local Government Act 1972 (as amended) permits the council to spend on activities for which it has no other specific powers if the council considers that the expenditure is in the interests of and will bring direct benefit to the area or any part of it or all of some of its inhabitants, providing the benefit is commensurate with the expenditure. The maximum expenditure per elector for 2020-21 is £7.36.

	2021	2020
	£	£
The total amount available for this purpose was	101,744	101,744
Expenditure was incurred for the following purposes:		
Grants – Annual	5,200	14,800

4. 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:

	2021	2020
	£	£
Recruitment	-	-
Advertising	435	731
	435	731

5. Loans

At the close of business on 31 March 2021 the following loans to the council were outstanding:

Lender	Loan Period	Amount	Years
		£	Remaining
Public Works Loan Board 490668	15 Years from 2005	-	-

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The loan repayments for the year were £3,721

5. Leases

At the close of business on 31 March 2021 the following operating lease agreements were outstanding:

Finance Company	Rental Period	Annual Cost £	Years Remaining
BNP Paribas Leasing Solutions	3 years from March 2019	1,104	1 years

6. Hire Purchase Agreements

At the close of business on 31 March 2021 there were no Hire Purchase Agreements outstanding. The Renault Trafic van was paid off in December 2017.

7. Employees

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

	2021 Number	2020 Number
Full Time	9	10
Part Time	6	6
	15	16

All staff are paid within nationally agreed pay scales.

Number of employees whose remuneration excluding employers pension contributions was over £50,000 in bands of £10,000 was: Nil

8. Participation in Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Town Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Town Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme for civilian employees, administered locally by City and County of Swansea Pension Fund. This is a defined benefit Career Average Related Earnings scheme (CARE), meaning the Town Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Neath Town Council
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Notes to the Financial Statements

The pension costs in the Town Council's accounts, in respect of its employees, are equal to the contributions paid to the funded pension scheme for those employees.

The most recent actuarial valuation set the Town Councils employer's contributions rate at 20.2% of employee's pensionable pay, the same as the prior year.

	2021	2020
	£	£
Pension Costs	49,184	59,958

Neath Town Council
For the Year Ended 31 March 2020
Notes to the Financial Statements

Notes to the Balance Sheet

1. Stocks

The Council holds a number of stocks at Neath Day Centre and Neath Town Hall and they are all included in the Balance Sheet at latest price.

	2021 £	2020 £
Bar Stock	368	648
Food Stock	664	493
Total	1032	1141

2. Debtors

The level of outstanding debt as at 31st March 2021 is of low value and is all less than three months old. It is therefore considered to be of low risk and a bad debt provision is not considered necessary in the Accounts at the present time. However, outstanding debtors are reviewed regularly during the year and any irrecoverable debts would be written off following approval by the Council.

3. Prepayments

The Council had made no payments in its revenue accounts as at 31st March 2021 where some or all of the expenditure related to the 2021-22 financial year.

4. Short Term Investments

The Council invests some of its balances and reserves in the Public Sector Deposit Fund. An analysis of the Council's investments at the end of the year is detailed below.

	2021 £	2020 £
Public Sector Deposit Fund	25,000	25,000

This account was opened on 29th March 2016. Interest receivable from this investment is credited to the Income and Expenditure Account and totalled £50 in 2020-21.

5. Bank Balances and Cash in Hand

An analysis of the Council's bank balances and cash balances at the end of the year is detailed below.

	2021 £	2020 £
Barclays Bank General Account	29,426	69,383
Barclays Bank Base Rate Tracker	-	-
Barclays Business Savings Account	159,196	160,063
Swansea Building Society	57,792	57,630
NatWest Business Reserve	87,739	87,739
Cash in Bank and Floats	1,346	1,569
Total	335,499	376,384

Neath Town Council
For the Year Ended 31 March 2020
Notes to the Financial Statements

6. Council Balance and Earmarked Reserves

The Statement of Movement on Reserves on page 8 provides a full breakdown of the Council's Balances and Earmarked Reserves as at 31st March 2021.

In summary, the Council's Balances and Earmarked Reserves totalled £361,893 as at 31st March 2021.

Within this total, £349,051 was set aside in the General Fund Balance and will be utilised to provide support to the Council's Revenue Budget in future years in the event of further funding cuts and budget pressures.

The remaining £12,842 has been set aside in Earmarked Reserves to meet specific future years' revenue and capital spending commitments.

Neath Town Council
For the Year Ended 31 March 2016
Additional Information

Detailed Income and Expenditure Account		
Year Ended 31 March 2021		
	2021	2020
Income Detail	£	£
Investment Property Income	£ 164,384	£ 242,128
Hire of Halls	£ 2,234	£ 34,126
Precept	£ 400,000	£ 330,000
Misc Income	£ 100	£ 87,233
Bank Interest Received	£ 348	£ 986
Allotment Rents	£ 1,717	£ 1,921
Sale of Meals	£ 5,748	£ 29,432
Bar Takings	£ -	£ 4,692
Hire of Mayors Room	£ -	£ 4,756
Laundry of Tablecloths	£ -	£ -
Sale of Assets	£ -	£ -
Insurance Claims		
Grant	£ -	£ -
Charity Concert Donations	£ -	£ -
Total Income	576,423	735,273
Expenditure Detail		
Section 137	5,200	14,880
Charity Concert Donations	-	-
School Crossing Recharge	13,007	18,157
Neath Festivals	1,195	4,944
Food Provisions for Resale	3,717	13,839
Bar Provisions for Resale	279	2,438
Advertising & PR	435	731
PR & Photographs	120	598
Ground Rent	200	235
Water Rates	3,437	3,140
General Rates	23,085	22,697
BID Levy		1,477
Premises Insurance	10,632	9,809
Electricity	10,396	13,256
Gas	7,268	10,062
Travel & Subsistence	535	1,859
Competition Costs & Prizes	865	2,154
Clr Seminars/Training	60	300
Elections		
Regalia		1,195
Clr Expenses		100
Postage and Carriage	1,371	1,089
Office Stationery	1,511	2,813

Neath Town Council
For the Year Ended 31 March 2016
Additional Information

Small Items of Equipment	112	132
Telephone/Internet	3,808	4,309
Computer and Software	5,051	6,290
Equipment Hire	327	163
Lease Agreements	2,471	3,166
Mayoral Allowance	963	1,803
Repairs & Renewals	125,610	14,272
Provision for Major Repairs	13,060	28,468
Cleaning & Laundry	6,816	3,740
Laundry	30	561
Premises Safety Costs	9,456	5,429
Vehicle Fuel	585	377
Vehicle Repairs and Servicing	2,679	663
Vehicle Finance		
Window Cleaning	820	1,000
Licences/Permits		928
Trade Refuse	1,907	4,656
Gas/Electric Service		72
Patronage/Membership		60
Subscriptions	3,612	3,317
Stock Take		340
Christmas Lights	18,771	35,640
Loan Interest Paid	3,721	7,442
World War I		
Staff Salaries	126,697	130,261
Wages Regular	109,800	129,305
Wages Casual	1,158	6,999
Employers NI	16,753	19,474
Employers Pension	49,184	59,958
Staff Training	787	775
Staff Uniforms	256	434
Audit Fees	1,212	1,395
Professional Fees	9,730	21,729
Property Agent Management Fees	8,876	13,192
Bus Shelters	519	1,749
Misc Expenditure	420	1,082
Gardening Costs	333	8,196
Burton Block	45	3,213
Rates & Utilities Leased Properties	25,749	27,610
Castle	-	-
Bad Debt Write Off	-	63
Capital Expenditure	3,334	6,952
Youth Rep	-	2,500
Health & Safety	2,700	2,700
Defibs	4,500	1,400

Neath Town Council
For the Year Ended 31 March 2016
Additional Information

Total Expenditure	639,332	697,261
Total Expenditure	639,332	697,261
Total Income	578,733	735,273
Net Expenditure over Income	-73,009	-38,012

Additional Information

It is the Council's policy to provide full information about its affairs. Interested members of the public have the statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's notice boards and website.

Further information about the accounts is available from Neath Town Council, 10-12 Orchard Street, Neath, SA11 1DU.