

ESSEX ASSOCIATION OF LOCAL COUNCILS



COUNTY UPDATE

Special Financial Edition

Report to the EALC Member Councils

Finance 2013/14

Financial Administration Information

Prepared by Carol Hartley - Finance Officer

Treasurer's Report

CLlr David McPherson-Davis

Accounts Year Ending 31st March 2014

Maurice Howard - Auditor

EALC Chief Executive

Responsible Financial Officer Report

Joy Darby - Chief Executive Officer

2013/14 Report on Finances

Carol Hartley - Finance Officer

This update is available free to all members of the Essex Association of Local Councils.

Membership of the EALC is open to all Parish Councils, Parish Meetings & Town Councils.

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ADMINISTRATIVE INFORMATION

Chairman	Cllr Sheila Jackman MBE FCIH	
Treasurer	Cllr David McPherson-Davis	
CEO	Joy Darby BA Hons (RFO) FILCM	
Finance Officer	Carol Hartley MATT CAT	
Office Address	42B High Street, Great Dunmow Essex, CM6 1AH	
Auditor	Maurice Howard, CPFA	
Bankers	Barclays Bank Plc High Street, Chelmsford Essex, CM1 1BG	Unity Trust Bank Plc Nine Brindleyplace Birmingham, B1 2HB

RISK REVIEW

The EALC have reviewed the major risks to which it is exposed, and systems have been identified to mitigate those risks. External risks regarding investments have controls in place to minimise the exposure of the Association. Internal risks are minimised by the implementation of financial control and regulation procedures. These procedures are regularly reviewed to ensure that they still meet the needs of the Association. The insurance policy of the Association is reviewed annually, as per the financial regulations.

AUDITORS

Maurice Howard has indicated his willingness to continue in office and will be proposed for reappointment at the Annual General Meeting. Audit of the Association accounts and systems are carried out on a regular basis.

PENSIONS

The EALC participates in a defined benefit scheme operated by Essex County Council. The contributions are determined by Essex County Council. Although the fund is a defined benefit scheme, EALC are grouped together with other similar employers, it is not possible to separately identify its share of the underlying assets and liabilities and it is therefore accounted for as a defined contribution scheme. The EALC contribute monthly to the employees pension scheme and towards the pension deficiency, as set by Essex County Council's Pension Office.



COUNTY UPDATE

Special Finance Edition

David McPherson-Davis
Treasurer

Treasurer's Financial Report 2012/13

Notes to the Accounts

The Annual Accounts of the Association for the year ended 31st March 2014 and the comparison with the previous year results are set out on pages 4 and 5 of the report together with the new Annual Accounts for the Limited Company as shown on pages 8 and 9.

The Statement of Reserve Movement on page 6 gives a breakdown to individual Reserves and in particular identifies provision for future expenditure.

Also on page 6 the Independent Auditor confirms that the Accounts comply with the EALC Financial Regulations.

The Notes to the Accounts on page 7 together with the reports by the Financial Officers on pages 10 and 11 explain in more detail the annual performance of the Association.

I am pleased to report that in spite of the additional costs associated with the move to new premises during the year that the Association generated a profit of £5343.24 for the year 2013/4.

There were initially considerable concerns regarding the move to much larger premises with the unknown factor of all the additional accommodation costs .

An in depth review of all running costs was instigated which resulted in significant savings being achieved and with no increase in subscriptions to our members.

I believe that it was a step in the right direction as the Association continues to move forward.

Essex Association of Local Councils
Statement of Income & Expenditure as at 31 March 2014

Note No.	<u>31/03/2014</u>	<u>31/03/2013</u>
Trading income	64,737.31	44,523.73
1 Associated Expenditure	<u>-47,034.17</u>	<u>-37,631.47</u>
	17,703.14	6,892.26
2 Subscriptions		
Members Total Subscriptions	108,668.52	106,424.18
Less NALC Subscriptions	<u>-35,533.57</u>	<u>-35,157.64</u>
	73,134.95	71,266.54
Grants Received		
ECC General Grant	40,000.00	40,000.00
3 ECC Premises Grant	10,533.25	11,182.66
Furniture & HR Grant	4,734.85	00.00
4 Interest	<u>1,706.74</u>	<u>2,900.20</u>
	56,974.84	54,082.86
TOTAL NET INCOME	<u>£147,812.93</u>	<u>£132,241.66</u>
5 Employee Costs	103,752.72	98,160.71
6 Premises	14,143.93	12,566.23
7 Office	10,126.11	9,046.54
8 Committee Expenses	5,282.42	6,777.17
9 Office Move	8,202.51	2,893.59
10 Audit	<u>962.00</u>	<u>477.00</u>
	142,469.69	129,921.24
TOTAL EXPENDITURE	<u>£142,469.69</u>	<u>£129,921.24</u>
<u>SURPLUS / DEFICIT</u>	<u>£5343.24</u>	<u>£2,320.42</u>
<u>Appropriations Account</u>		
Accumulated Funds opening balance	56,082.05	53,761.63
Surplus/deficit for year	<u>5343.24</u>	<u>2,320.42</u>
	61425.29	56,082.05
Reserve Movements		
11 Legal Cost Reserve	-3,000.00	0.00
12 Repairs and Renewals Reserve	0.00	0.00
13 Moving Reserve	<u>0.00</u>	<u>0.00</u>
	-3,000.00	0.00
<u>Accumulated Funds closing balance</u>	<u>£58,425.29</u>	<u>£56,082.05</u>

Essex Association of Local Councils
Statement of Financial Position at 31 March 2014

Note	<u>31/03/2014</u>	-	<u>31/03/2013</u>
No.			
<u>Non Current Assets</u>			
	Accounted for in inventory asset register	0.00	0.00
<u>Current Assets</u>			
	Stock	2,658.12	3,519.54
11a	Debtors	20,026.98	891.35
11b	Payments in Advance	1,681.87	574.20
	1 x Bonds	90,000.00	113,255.79
	Deposit Account	8,345.27	3,167.68
	3 x Current Accounts	26,024.90	10,645.80
	Cash	78.52	112.01
		<hr/>	<hr/>
		148,815.66	132,166.37
<u>TOTAL ASSETS</u>		£148,815.66	£132,166.37
<u>Reserves</u>			
	Accumulated Funds	56,082.05	53,761.63
	Surplus/Deficit	2343.24	2,320.42
		<hr/>	<hr/>
		58,425.29	56,082.05
11c	Legal Cost Reserve	3,000.00	0.00
12	Repairs & Renewals Reserve	10,500.00	5,500.00
13	Moving Reserve	0.00	5,000.00
14	Restructuring Reserve	52,032.00	52,032.00
15	Clerks Bursary Reserve	14,888.46	9,474.46
16	Maldon Bursary Reserve	118.00	233.00
		<hr/>	<hr/>
		80,538.46	72,239.46
<u>Current Liabilities</u>			
	Creditors	5,754.07	1,985.99
	Credit Card	442.84	238.85
17	Receipts in Advance	3,655.00	0.00
	Accruals	0.00	1,620.02
		<hr/>	<hr/>
		9,851.91	3,844.86
<u>TOTAL LIABILITIES</u>		£148,815.66	£132,166.37

Essex Association of Local Councils
Annual Accounts for the Year Ended 31st March 2014
Statement of Reserve Movement

	Accumulated Funds	Restructuring Reserve	Repairs & Renewals Reserve	Clerks Bursary Reserve	Maldon Bursary Reserve	Legal Costs Reserve	Moving Reserve	Balance
	£	£	£	£	£	£	£	£
Opening Balance	56,082.05	52,032.00	5,500.00	9,474.46	233.00	0.00	5,000.00	128,321.51
Funds Received				11,000.00				11,000.00
Surplus/Deficit	2343.24					3,000.00		5343.24
Transferred			5,000.00				-5,000.00	0.00
Grant				0.00				0.00
Funds Spent				-5,586.00	-115.00			-5,701.00
Clerks Bursary								0.00
Transferred						0.00		0.00
Maldon Bursary					0.00			0.00
Closing Balance	£58,425.29	£52,032.00	£10,500.00	£14,888.46	£118.00	£3,000.00	£0.00	£138,963.75

REPORT OF THE INDEPENDENT AUDITOR APPOINTED AT THE AGM

I have audited the financial statements of the Essex Association of Local Councils for the year ended 31 March 2014.

The audit work has been undertaken so that I might state to the Association's members those matters I am required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Association and its members, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of the EALC and auditors

The RFO, Finance Officer and Treasurer of the EALC are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with good practice.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Opinion on financial statements

In my opinion the financial statements:

Give a true and fair view of the state of the Associations affairs as at 31 March 2014 and of its surplus for the year then ended. They have been prepared in accordance with the EALC Financial Regulations dated September 2011.

M Howard

Essex Association of Local Councils
Notes to accompany the EALC 2013/14 Year End Accounts

**Note
No.**

Notes to Statement of Income and Expenditure

- 1 Trading income up as several new courses added this year.
- 2 Member subscriptions now at 99%.
- 3 ECC premises grant changes as a result of move to new premises.
- 4 Interest rates remain at low levels.
- 5 In line with last year's change of presentation, employee costs relating to trading income are included in the Associated Expenditure figure.
- 6 Premises costs figure is higher due to the new costs of rent, utilities and repairs & maintenance of the new building. Part recharged to Associated Expenditure relating to course costs.
- 7 Increased office costs include: phone/fax/broadband, postage/carriage, stationery, website, domain name.
- 8 Committee expenses down due to fewer meetings because of office move.
- 9 Office move completed successfully. Costs include final bill from Holmes and Hills of £2160.00.
- 10 Increase in audit costs due to office move and interim finance staff changes.

**Note
No.**

Notes to Appropriations Account and Statement of Financial Position

- 11a Debtors - includes £8000 'owed' by EA(2013) Ltd to EALC at year end. Monies now transferred.
- 11b Payments in advance comprise part rent quarter to 31/06/14, Insurance and Sage cover.
- 11c Legal Costs reserve created to provide for cost of lease renewal.
- 12 Moving Reserve transferred to Repairs and Renewals.
- 13 No longer required.
- 14 Restructuring Reserve: created to provide funds should EALC cease to trade.
- 15 Clerks Bursary - ring-fenced reserve provided by ECC to help support the training of clerks from smaller councils.
- 16 Maldon Bursary - provided by Maldon DC to assist councils in the Maldon area only.
- 17 Receipts in advance for courses in 2014/15.

EA (2013) Ltd
Accounts 2013/14 Year End Account's

INCOME	£	£
EALC contribution to rent	3,249.57	
Essex County Council Contribution to rent	11,509.62	
		14,759.19
EALC Maintenance contribution to 31/03/14		157.84
EALC contribution to legal costs of 6 year lease		2,093.50
EALC provided company set up costs		634.00
		£ 17,644.53
EXPENDITURE	£	£
Rent from 05/09/13 to 24/12/13	7,893.80	
Rent from 25/12/13 to 24/03/14	6,375.00	
Rent from 25/03/14 to 31/03/14	490.39	
		14,759.19
Premises Maintenance to 31/03/14		157.84
Associated solicitors fees for lease		2,093.50
Associated solicitors fees for Company		534.00
Excess of Income over expenditure		100.00
		£ 17,644.53

NON CURRENT ASSETS	£	£
Set up Costs		-
CURRENT ASSETS		
Debtors		
Payments in Advance (Note1)	5,884.61	
Bank Account	8,634.00	
		14,518.61
LESS CURRENT LIABILITIES		
Creditors (Note 2)	8,534.00	
Receipts in Advance	5,884.61	
		14,418.61
		£ 100.00 *
SHAREHOLDERS FUNDS		
Excess of Income over Expenditure		100.00
		£ 100.00 *

NOTES

1 £5884.61 is a receipt in advance comprising:

Essex County Council	£4846.15
EALC	<u>£1038.46</u>
	<u>£5884.61</u>

2. Duplicated setting up costs of £534 are owing to EALC at year end.
(shown as a creditor)
£8000 creditor shown relates to ECC payment of Clerks Bursary paid in error to EA
2013 account.

* EA 2013 has £100 balance provided by EALC to start the bank account.

Joy Darby BA (Hons)
Chief Executive Officer
Responsible Financial Officer

Dear Chairman, Councillors and Clerks of EALC Member Councils

This has been an extremely busy year for the Association and this has had a big impact on the management of the EALC Finances, which has proved challenging for the EALC Staff, Finance Committee and EALC Executive.

During the year the Association has set up EA(2013) Ltd to hold the property and pay the rent, this enables the EALC to separate any liabilities arising from the property from the EALC Executive and Member Councils. This was an important and crucial stage in the development of the EALC to maintain, manage and utilise premises.

In October the Finance Officer left for a new challenge, and an interim Finance Officer Lynda Richardson stepped in to help support the ongoing work. My thanks and gratitude to Mrs Richardson is immense, since soon after agreeing to support us, she suffered a family illness and her time was precious. Due to her professionalism she continued with the EALC until December when the new Finance Officer took up post.

Mrs Carol Hartley joined the EALC in November 2013 and has taken over the good work put in place by Mrs Skinner. During the next year close working between the Treasurer, Finance Committee and Carol should bring further development. These first few months have been challenging and with support the accounts are laid before this AGM.

The EALC has benefitted from grants from ECC to help support the EALC and training. ECC has also committed to providing 6 years rent for the new offices. The EALC needs to increase its income to develop the services to EALC Member Councils and contribute to the expenses of running the new offices.

2014/15 should see the consolidation of the EALC work, the increased training and our commitment to the membership, all contributing to the effective running of the Association. The EALC achieved 100% Membership which is unprecedented nationally.

Yours sincerely

Joy Darby

**Carol Hartley
Finance Officer**

Change of Finance Officer

The Association appointed Carol Hartley as the new Finance Officer in November 2013. The transition period is now complete and every care has been taken to ensure that the accounts have been prepared in accordance with previous methodology to allow accurate comparison.

Trading Income

In 2013 –2014 contribution to income has increased on the previous year. This is due to the addition of several successful new courses to the calendar. (No extra courses were added in the previous year, reflected in the decrease in contribution at 2012/2013 year end.

The Association has continued to reduce expense wherever possible, further improving the contribution figure.

Changes in Expenditure

The Statement of Income and Expenditure shows a significant increase in premises costs—this is due to the new expenses of rent, utilities and general maintenance of the new building.

Increased office costs is due to price increases in telecommunications, postage/ carriage and in increase in IT Requirements.

Special Finance Edition

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