

Management Accounts Review – End of Half Year

For monitoring purposes, any Variance to Annual Budget / YTD Budget which shows a (Deficit) should be reviewed, and the reasons considered.

Any significant Surplus figures are also worth reviewing, as these may indicate a requirement for review of the Annual Budget in future years.

Page 1 Balance Sheet

Current Assets are currently over £1 million (excluding Fixed Assets) – after deducting Current Liabilities, the Net Current Assets stand at £1,101,743. Net Current Assets will now fall during the course of the second half of the financial year, as Expenditure will exceed any further Income received.

The ‘Financed by’ section shows the breakdown of the Year To Date Surplus / (Deficit) which is currently £270,253, together with the Reserves determined at the last Year End, and the Year To Date balance held for the Shakespeare Birthday Celebrations (see below for further details). The current YTD Surplus is mainly due to the receipt of the second tranche of the Precept in September.

Page 1 Investments & Bank and Reserves

Investments & Bank shows a summary of balances of all the Investments, Savings, Bank Accounts and Cash at Month End.

Reserves shows the balances as determined at the previous Year End (note these figures will not change during the year). The General Reserve is available to be used for any Council expenditure, while the other Designated Reserves are “ring fenced” and held for specific purposes.

Page 2 Summarised Income & Expenditure Account

Looking at the **Variance YTD Budget column** (right hand column):

1. INCOME Variance total is showing a Deficit of £35,709 i.e. there is less income than budgeted for during the first half of the financial year. Note that some of the ‘income’ over the year is going to come from Reserves (the deficit here reflects that Reserves will be taken at year end to cover additional

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Expenditure, if required – to date this figure covers the overspend on Professional Fees, related to Town Hall Maintenance activities).

2. EXPENDITURE Variance total is showing a Surplus of £84,734 i.e. significantly less has been spent than budgeted for the first half of the year (and allowing for additional virements). N.B. this surplus figure is close to what it was at the end of the first quarter in June.

Looking at the **NET Surplus (Deficit) row**:

3. The Annual Budget shows that Expenditure is expected to exceed Income by £5,143, which will need to be financed from Reserves, as recommended and approved at F&S and GP meetings in 2019 (as per the **notes in red**). This relates to Budget deficits identified during preparation and review of the annual year end accounts, plus additional Expenditure on Insurance Revaluation Survey fees.
4. YTD Actuals 2019-20 (at 30/09/2019) show Income has exceeded Expenditure by £46,456, resulting in a Surplus i.e. less money has been spent than was budgeted (when also allowing for funding from Reserves). Most of this is down to timing.

Looking at the **summary INCOME rows** with **Variance (Deficit)** values (other than Reserves – see above):

5. Interest on Investments – there is a deficit of £8,057. This is primarily a timing issue as the next quarterly dividend income will be received in October and annual income on bond maturity will be received in November);
6. Town Hall Commercial Management [Net] – there is a deficit of £7,437. This is a combination of a substantial YTD deficit in Lettings Income of £7,120, combined with the 3 yearly Marriages & Civil Partnership Licence renewal, which will be adjusted at Year End.

Looking at the **summary EXPENDITURE rows** with **Variance (Deficit)** values:

7. Holy Trinity Churchyard & Garden of Remembrance – there is a deficit of £6,787 which primarily relates to emergency repairs to

the damaged wall at the Garden of Remembrance – this deficit will be offset once the insurance claim has been settled.

8. Allotments [Net] – there is a small deficit of £81 which primarily relates to non-payment of allotment fees – these allotments will be re-allocated to new tenants. Note – any Expenditure will be taken from the Designated Reserve at Year End.

Looking at the **summary INCOME rows** with **significant Variance Surplus** values:

9. Market & Christmas Festival [Net] – the YTD variance of £44,086 is down to timing as the latest quarterly income has been received by the Town Council but the District Council's share had not been invoiced at this point. Also, expenditure on the Christmas Festival will not be incurred until the next few months.
10. Rents – the YTD variance is again down to timing as this is received annually / half yearly.

Looking at the **summary EXPENDITURE rows** with **significant Variance Surplus** values:

11. These are again down to timing, as much of the Operational & Administrative Expenses, Civic Expenditure and Initiatives, Projects and Grants Expenditure will be incurred in the second half of the financial year.

However, especially worth noting is the substantial YTD Variance Surplus in Cemetery Income from Purchase & Interment Fees of £14,829.

Also note the significant YTD Variance Surplus for Hatton Rock is down to a recharge of costs to the Shakespeare Birthday Celebrations “pot” for storage of equipment.

12. Page 8 – Shakespeare Birthday Celebrations

The balance “in the pot” is currently reported as £74,406, which is all available to contribute to costs for 2020.

Following the decision by the Town and District Councils to revert to a “back to basics” event in 2020, there should be ample funds to cover the costs of next year's event.

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Please ask for more information if you have any queries.

Deputy Town Clerk
October, 2019