

## THE CASH FLOW STATEMENT

		Note	31 March 2010		31 March 2009	
			£000	£000	£000	£000
					<i>Restated</i>	
<b>REVENUE ACTIVITIES</b>						
	Net Cash Flow from Revenue Activities	40		3,609		(5,585)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>						
Out	Interest Paid		1			3
In	Interest Received		(1,490)			(3,336)
	Net Cash Flow from Investments and Servicing of Finance			(1,489)		(3,333)
<b>CAPITAL ACTIVITIES</b>						
Out	Purchase of Fixed Assets		13,068			8,297
	Purchase of long term investments		0			5,000
	Other Capital cash Payments		0	13,068		90
In	Sale of Fixed Assets and Repayment of Mortgages		(1,248)			(1,049)
	Capital Grants Received	41	(116)			(108)
	Repayment/Reclassification of Long Term Investments		(10,000)			(5,000)
	Other Capital Cash Income		(753)	(12,117)		(392)
	Net Cash Flow from Capital Activities			951		6,838
<b>MANAGEMENT OF LIQUID RESOURCES</b>						
	Net Increase/(Decrease) in short-term deposits			(10,878)		(750)
	Net Increase/(Decrease) in other liquid resources			2,008		3,677
	<b>Net (Increase)/Decrease in Cash</b>			<b>(5,798)</b>		<b>847</b>

## Notes to the Core Financial Statements

### 40. RECONCILIATION OF REVENUE ACTIVITIES CASH FLOW TO INCOME & EXPENDITURE ACCOUNT

	2009/10 £000	2008/09 £000 <i>Restated</i>
I & E Account (surplus)/deficit for the year	(21,640)	40,424
Reversal of Depreciation	(9,432)	(10,912)
Impairment of Fixed Assets	25,459	(32,049)
Impairment of Investments	155	(794)
Net gain/(loss) on disposal of fixed assets	488	301
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Grants Released	219	171
Bad and Doubtful debt provision	(154)	229
Revenue Pension related items	(1,153)	(1,165)
Collection Fund Deficit	40	60
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(Decrease)/Increase in Stocks	(84)	(9)
(Decrease)/Increase in Revenue Debtors	8,044	(2,096)
Decrease/(Increase) in Revenue Creditors	2,592	297
Financing Items	1,183	3,600
Cash surplus from Collection Fund	(2,008)	(3,677)
Items not included in Revenue Activities for Cash Flow	(100)	35
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<b>Net Cash Flow from Revenue Activities</b>	<b>3,609</b>	<b>(5,585)</b>

### 41. ANALYSIS OF GOVERNMENT GRANTS

	2009/10 £000	2008/09 £000 <i>Restated</i>
Revenue Grants		
DCLG Subsidy	442	703
Other	840	874
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<b>Total Revenue</b>	<b>1,282</b>	<b>1,577</b>
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Capital Grants		
Planning Delivery Grant	-	31
Lottery Grants	102	58
Others	14	19
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<b>Total Capital</b>	<b>116</b>	<b>108</b>

## Notes to the Core Financial Statements

### 42. RECONCILIATION OF LIQUID RESOURCES TO TEMPORARY INVESTMENTS

	2009/10 £000	2008/09 £000
Temporary Investments as at 1 April	46,500	47,250
Net Movement in Liquid Resources	(10,878)	(750)
	35,622	46,500

### 43. MOVEMENT IN CASH AND CASH EQUIVALENTS

	1 April 2009 £000	31 March 2010 £000	2009/10 Difference £000	2008/09 Difference £000
Cash in Hand	81	-	(81)	(113)
Cash at Bank	1,259	8,505	7,246	(922)
Bank Overdraft	-	(1,367)	(1,367)	188
<b>Total Cash and Cash Equivalents</b>	1,340	7,138	5,798	(847)

### 44. ANALYSIS OF 2008/09 RESTATEMENTS

	2008/09 Statement of Accounts £000	Council Tax £000	NNDR £000	Other £000	2008/09 comparatives in the 2009/10 Statement of Accounts
<b>Balance Sheet</b>					
Debtors	5,909	(1,060)	(647)	-	4,202
Creditors	(11,305)	1,060	647	(114)	(9,712)
<b>Net Current Assets (included on overall total)</b>	(5,396)	-	-	(114)	(5,510)
Collection Fund	(24)	24			-
Collection Fund Adjustment Account	-	(24)			(24)
<b>Cash Flow</b>					
Net Increase/(Decrease) in other liquid resources	-	2,446	1,231	-	3,677
Net Cash Flow from Revenue Activities	(2,455)	(2,446)	(1,231)	547	(5,585)
Net Cash Flow from Capital Activities	12,385	-	-	(5,547)	6,838
Net Increase/(Decrease) in short-term deposits	(5,750)	-	-	5,000	(750)
<b>Net increase in cash (part of overall change in cash)</b>	4,180	-	-	-	4,180

# Independent auditors' report to the Members of Epping Forest District Council

## *Opinion on the accounting statements*

We have audited the accounting statements of Epping Forest District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Statement of Movement on the General Fund Balance and its related note, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the notes to the core financial statements, the Housing Revenue Income and Expenditure Account, the Statement of Movement on the Housing Revenue Balance, the notes to the Housing Revenue Income and Expenditure Account, the Collection Fund and notes to the Collection Fund. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Epping Forest District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## *Respective responsibilities of the Director of Finance and ICT and auditors*

The Director of Finance and ICT's responsibilities for preparing the Statement of Accounts and accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Council and its income and expenditure for the year.

We review whether the Annual Governance Statement (governance statement) reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounting statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

We read other information published in the Statement of Accounts and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword, the Summary of Outturn and the Glossary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements.

## Opinion

In our opinion the Council's accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Council as at 31 March 2010 and its income and expenditure for the year then ended.

## *Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources*

### Council's Responsibilities

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### Auditors' Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, we are satisfied that, in all significant respects, Epping Forest District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

## *Certificate*

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Richard Bint  
Partner, on behalf of PKF (UK) LLP  
London, UK