

Our Ref: SJB/N2772

24 June 2021

The Chair
New Mills Town Council
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Dear Chair and Members of the Council,

Internal Audit 2020-21

The Internal Audit for 2020-21 has been satisfactorily completed and again we are pleased to report that the underlying accounting systems are working well. We are pleased to note the Council have taken onboard several recommendations made by Butler Cook in past audits.

We do, however, have a number of recommendations and observations identified during the current years audit.

- Following prior year recommendations, we were able to review a fixed asset register containing the assets owned by the council. We would recommend that this schedule includes values for the assets, or where this is historically difficult, at least the present insured value.
- At the time of the audit the Clerk has also brought to our attention that there are 3 fixed assets in the form of land that are in the process of being registered in the name of New Mills Town Council. These are Birch Vale Cricket Club, Yates Road Lane & Dye House Lane Land.
- We have reviewed the list of Councillors on the New Mills Town Council website and note that all Councillors are listed along with their list of interests.
- In previous reports we have highlighted the need to produce a separate profit and loss account for the Heritage Centre. We note that a profit and loss report is now being produced and staff salaries are being allocated to the Heritage Centre, therefore a true profit and loss report can be produced for the Heritage Centre.
- Using the reports set up on the accounting system, and including the closing stock for the period, the Heritage Centre has made a £27,461.32 loss for the period. In previous audit reports the salaries figure for the Heritage centre was not included in the profit and loss account because the accounting system did not allow for easy extraction of this data. Below is financial performance of the Heritage Centre for the year:

	<u>2021</u>		<u>2020</u>	
	£	£	£	£
<u>Income</u>				
Shop Sales - Heritage Centre	28.08		13,979.86	
Regeneration Grant	10,000.00		-	
Miscellaneous Income - HC	-		562.28	
		10,028.08		14,542.14
<u>Cost Of Sale</u>				
Heritage Centre - Opening Stock	6,320.50		3,869.37	
Heritage Centre - Stock Purchases	566.13		10,504.75	
Heritage Centre - Closing Stock	-5,446.20		-6,320.50	
		-1,440.43		-8,053.62
GROSS LOSS		8,587.65		6,488.52
<u>Expenditure</u>				
Heritage Centre - Wages & Salaries	20,476.65		19,594.38	
Heritage Centre - Rent	7,573.76		7,450.06	
Heritage Centre - Business Rates	-		1,374.80	
Heritage Centre - Electricity	624.03		1,324.32	
Heritage Centre - Gas	536.20		718.19	
Heritage Centre - Water	594.49		552.97	
Heritage Centre - Printing and Stationery	1092.00		20.56	
Heritage Centre - Phone & Broadband	730.91		747.23	
Heritage Centre - Insurance	863.97		424.02	
Heritage Centre - Equipment Purchases	6.99		2,206.55	
Heritage Centre - General Repairs	2,444.54		12,047.17	
Heritage Centre - Health & Safety	97.80		99.65	
Heritage Centre - Publicity & Promotion	-		75.36	
Heritage Centre - Software Charges	300.00		795.11	
Heritage Centre - Miscellaneous Purchases	-		2,199.25	
Heritage Centre - Shipping Charges	-		10.50	
Heritage Centre - Subscriptions	-		72.00	
Heritage Centre - Fire & Security	707.63		760.62	
		-36,048.97		-50,472.74
NET LOSS		-27,461.32		-43,984.22

Butler Cook is a trading name of Reynolds and Co Accounting Limited (Company Registration Number: 10077817, a company registered in England and Wales). Registered Office: Office 3B, New Winnings Court, Ormonde Drive, Denby Hall Business Park, Denby, Derbyshire, DE5 8LE

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- We are aware of a potential VAT issue with the rent received from High Peak Community Arts Limited, historically no VAT has been charged on the rent as the rooms occupied were assumed to be used for charity works only. It has since been brought to the council's attention that the charity occupying the 3 rooms use the rooms for both charity work & normal trading. The council has sought professional advice from us on this matter which is being dealt with as a separate issue, we have written to High Peak Community Arts Limited and hope to have the issue resolved once we have their response.

We trust the above observations will be received as constructive comments to improve the Council's financial systems. If at a later stage, you would like us to address the Council further on any of these points that can be arranged.

Yours Sincerely



Butler Cook