

[To be printed on HBBC letterhead]

[Date to be confirmed]

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
DE74 2UZ

Dear Sirs

This representation letter is provided in connection with your audit of the Statement of Accounts of Hinckley and Bosworth Borough Council (the "Council") for the year ended 31 March 2012 for the purpose of expressing an opinion as to whether the Statement of Accounts gives a true and fair view, and has been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice 2011/12.

My responsibilities as Deputy Chief Executive (Corporate Direction) for preparing the financial statements are set out in the Statement of Responsibilities for the Statement of Accounts. I am also responsible for the administration of the financial affairs of the Council. I also acknowledge that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of the Chief Executive, the Deputy Chief Executive (Community Direction), other chief officers and members of Hinckley and Bosworth Borough Council with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Financial statements

I have fulfilled my responsibilities, for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used by the Council in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

All events subsequent to the date of the financial statements for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom requires adjustment or disclosure have been adjusted or disclosed.

Accounting policies

I confirm that I have reviewed the Council's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most

appropriate to give a true and fair view for the Council's particular circumstances, as required by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Misstatements detected during the audit

I acknowledge my responsibility for the design and implementation of internal control to prevent and detect error.

I confirm that the financial statements are free from material misstatement, including omissions. I acknowledge that the misstatements that you have brought to my attention are below the £50,000 threshold agreed with the Finance, Audit and Performance Committee below which items would be regarded as trivial, and so have not been amended in the financial statements.

Information provided

I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you (the Council's auditors) are aware of that information.

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other matters, including minutes of the Executive, the Finance, Audit and Performance Committee and other relevant management meetings;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.

So far as I am aware, there is no relevant audit information of which you are unaware.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

I have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Council conducts its business

and which are central to the Council's ability to conduct its business or that could have a material effect on the financial statements.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

Related party transactions

I confirm that we have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2012, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that the Council has made you aware of all employee benefit schemes in which employees of the Council participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the Council have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and such matters have been appropriately accounted for and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to

disclose any tax planning transactions that have been undertaken for the Council's benefit or any other party's benefit.

- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the Council or any associated company for whose taxation liabilities the Council may be responsible.

Financial Instruments

Where we have assigned fair values to financial instruments, I confirm that the valuation techniques, the inputs to those techniques and assumptions that have been made are appropriate and reflect market conditions at the balance sheet date, and are in line with the business environment in which we operate.

Leases

Regarding all material contracts entered into with third parties, I confirm that we have applied the guidance in IFRIC 4, '*Determining whether an Arrangement contains a Lease*', to identify all arrangements that are leases, or contain leases, which should, therefore, be accounted for as such. Such 'arrangements' may comprise a transaction or series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset in return for a payment or series of payments.

Provisions

Provisions for depreciation and diminution in value including obsolescence have been made against fixed assets on the bases described in the financial statements and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the Council's business. In this respect I am satisfied that the probable useful lives have been realistically estimated and that the residual values are expressed in current terms.

Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments and contingencies (in particular liabilities relating to agreed voluntary redundancies) where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

Pension fund assets and liabilities

The value at which assets and liabilities are recorded in the balance sheet is, in the opinion of the Council, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the pension fund. Any significant changes in those values since the date of the financial statements have been disclosed to you.

We have considered the assumptions applied by the actuary and consider these appropriate for the Council's circumstances:

	2011/12	2010/11
Long Term Expected Rate of Return on Assets in the Scheme:		
Equity Investments	6.2%	7.5%
Bonds	3.9%	4.9%
Property	4.4%	5.5%
Cash	3.5%	4.6%

Mortality Assumptions:

	Men	Men
Longevity at 65 for Current Pensioners	20.9	20.9
Longevity at 65 for Future Pensioners	23.3	23.3
Assumptions as at	31st March 2012	31st March 2011
	Per Annum	Per Annum
Pension Increase Rate	2.5%	2.8%
Rate of Increase in Salaries	4.8%	5.1%
Rate for Discounting Scheme Liabilities	4.8%	5.5%

Bank accounts

I confirm that we have disclosed all bank accounts to you.

Using the work of experts

I agree with the findings of Sturgis, Snow and Astill and Hymans Robertson, experts in evaluating the value of property assets and the fair value of pension fund assets and liabilities respectively. I have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the financial statements and underlying accounting records. The Council did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Accounting for Leicestershire Revenues and Benefits Partnership

I have disclosed to you all information concerning the Council's accounting for the Leicestershire Revenues and Benefits Partnership ("the Partnership") in the Council's role as accountable body. I have determined that the remaining debit balance of £119,000 in the ledgers for the Partnership reflects the cash balance that is held within the Council's bank account.

I acknowledge that at the end of 2011/12 the Partnership recorded a total under-spend of £189,779 for the three partner councils. I confirm that the Council has agreed that the Partnership should retain the Council's share of this under-spend and so this has not been recognised as an asset in the Council's financial statements.

Accounting for surplus asset: land at Stoke Road

I recognise that the Council has not accounted for its ownership of land at Stoke Road in the prior year's financial statements. The Council is firmly of the view that the value of the land at 31 March 2011 was appropriately recognised as £nil given the circumstances in place at that time. I confirm that the Council believes that an estimated valuation as at 31 March 2011 of £783,000 provided by our external valuer is not material to the financial statements and so the Council has not restated the prior year figures. The valuation of £2.3 million as at 31 March 2012 is reflected in the financial statements for 2011/12.

Housing stock survey

[May need to add something dependent upon results of this survey and the impact on the housing stock valuation as at the end of August 2012]

Going concern

I confirm that it is appropriate to prepare the financial statements on a going concern basis and that relevant disclosures have been made in the financial statements. In determining the appropriateness of the going concern basis of preparation I confirm that the Council's latest Medium Term Financial Strategy (MTFS) has been taken fully into account.

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Deputy Chief Executive (Corporate Direction)
For and on behalf of Hinckley and Bosworth Borough Council

Date