

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

21 September 2011

Dear Sirs

Luton Borough Council ("the Council")

Financial Statements for the Year Ended 31 March 2011

This representation letter is provided in connection with the audit of the financial statements of the Luton Borough Council for the year ended 31 March 2011 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards.

We confirm that to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other officers and members with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above financial statements.

Financial Statements

- i We acknowledge our responsibilities for ensuring that financial statements are prepared which fairly present in all material respects the financial position of the Council and the Group in accordance with the Code and for making accurate representations to you.
- ii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The financial statements are free of material misstatements, including omissions.
- iv We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. These estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.
- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS 19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory,

contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

- vii We confirm that except as stated in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Council have been assigned, pledged or mortgaged; and
 - c. there are no material prior year charged or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- ix There are no claims, legal proceedings or other matters which may lead to a loss falling on the Council or which could result in the creation of an unrecorded asset, that should be disclosed in the financial statements.
- x All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

- xi We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit;
 - c. unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence; and
 - d. all other records and related information, including minutes of all Council and Committee meetings, have been made available to you.
- xii We 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.
- xiii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xiv We have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xv We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- xvi We 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.

- xvii We are not aware of an instances of actual or possible non-compliance with laws, regulations, contracts, agreements or the Council's constitution that might result in the Council suffering significant penalties or other loss affecting the financial statements.
- xviii We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- xix We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Approval

The approval of a draft of this letter of representation was given by the Audit Committee at its meeting on 21 September 2011.

Signed on behalf of the Luton Borough Council

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|-----------|-------|-----------|-------|
| Signature | | Signature | |
| Name | | Name | |
| Position | | Position | |
| Date | | Date | |