

Frome Town Community Benefit Society – Forensic Financial Review

Badgers Hill Stadium Improvement Project

Commissioned by: Frome Town Council

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Executive Summary

This forensic financial review examined how Frome Town Community Benefit Society (FTCBS) recorded and accounted for Government grant funding and associated VAT in relation to the Badgers Hill Stadium Improvement Project.

The evidence available indicates that the majority of grant funding received by FTCBS was applied to project-related expenditure. However, the accounting records held within QuickBooks were incomplete, inconsistently coded and, in places, inaccurate. Several bank statements were unavailable, and some invoices were recorded as paid in full where payments had been made partly by Frome Town Council on behalf of FTAFC. These issues materially limit the ability to fully reconcile all financial movements.

VAT attributable to project expenditure was not fully reclaimed, and where VAT was reclaimed, the accounting records do not clearly demonstrate that all recovered VAT was retained for reinvestment in the capital works. On the evidence available, some VAT reclaim may have been applied to support the day-to-day running of FTCBS.

An invoice-based reconstruction has been undertaken to illustrate the potential financial position of FTCBS had VAT been fully reclaimed and retained for project use. On that basis, the reconstruction indicates that FTCBS's recorded project expenditure could have been met from the funding available to it (including reclaimed VAT) subject to those assumptions. However, due to missing records and the limitations of the accounting information available, a definitive reconciliation cannot be confirmed.

Given that FTCBS is no longer trading, this review represents the clearest position that can be established from the documentation available at the time of review.

1. Purpose and Context of this Review

To undertake a forensic review of the Community Benefit Society's financial records relating to the Badgers Hill Stadium improvement works (2023–25), in order to:

-Trace the receipt, use and allocation of Government grant monies.

- Determine whether VAT recovered on project-related expenditure was properly accounted for and reinvested in the building project.
- Identify any anomalies, control weaknesses or unaccounted balances.

This report was commissioned by Frome Town Council to provide an independent forensic accounting review of the financial records of Frome Town Community Benefit Society (FTCBS) in relation to the Badgers Hill Stadium Improvement Project.

The purpose of the review is to explain, using the accounting records available, how grant funding and associated VAT were recorded, applied and accounted for by FTCBS, and to identify any gaps, inconsistencies or limitations within those records. The report is intended to support the Council's internal understanding of the financial position and does not seek to attribute responsibility, assess intent, or make judgments about governance, capability or decision-making.

The review has been undertaken following the subsequent appointment of administrators to FTCBS. As such, the report focuses on establishing the clearest possible position from the documentation available.

2. Scope and Limitations

The scope of this forensic review was limited to examination of the following information:

- FTCBS QuickBooks accounting records;
- associated bank statements provided at the time of review;
- VAT returns and reclaim information recorded within QuickBooks;
- supporting invoices and schedules made available during the review.

The report reflects how the Badgers Hill Stadium Improvement Project was recorded and presented within FTCBS's own accounting systems. As a forensic examining exercise, the accounting records form the primary evidence base, even where those records are incomplete, inconsistent or incorrectly coded.

Where reconstructed or invoice-based analyses are included, these are presented to assist understanding of potential outcomes under different scenarios. They do not replace the accounting records as the evidential baseline, nor should they be interpreted as definitive corrections of those records.

Several limitations affect the conclusions that can be drawn, including:

- missing bank statements for certain periods;
- incomplete or inconsistent coding within QuickBooks;

- invoices recorded as paid in full where payments were made partly by the Council on behalf of FTAFC;
- gaps in supporting documentation.

These limitations mean that a complete financial reconciliation cannot be confirmed with absolute certainty. The conclusions reached therefore reflect the most robust position that can be supported by the evidence available at the time of the review.

This report was prepared for internal use by Frome Town Council and should be read in that context.

3. Background Summary

The Badgers Hill Stadium site is owned by Frome Town Council and leased to FTCBS until 15th July 2025¹, sub-licensed to Frome Town AFC. In 2024–25, capital works were funded through Government grants to improve facilities and ensure asset continuity. FTCBS was the contract holder with two construction firms but became insolvent during delivery. Frome Town Council temporarily managed payments to safeguard progress, using PLSF funds channelled via Frome Town AFC. The Council subsequently met a specific number of payments of £139,972.99 + £27,499.59 VAT.

3.1 Funding Framework Overview

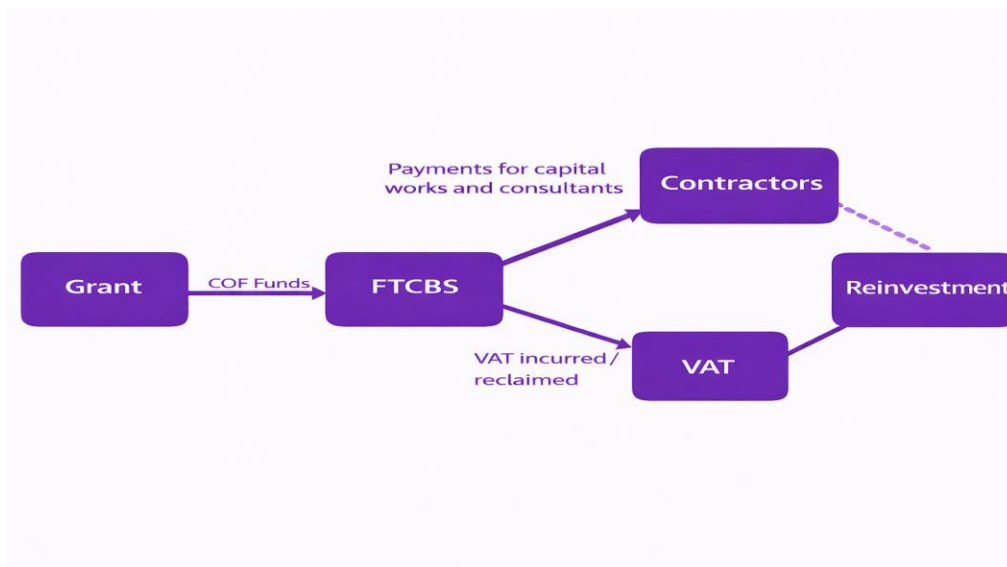
The improvement works at Badgers Hill were financed through two concurrent public funding streams:

1. Community Ownership Fund (COF) – £364,114 awarded to FTCBS by Government through the Department for Levelling up, Housing & Communities (DLUHC) and then the Ministry of Housing, Communities & Local Government (MHCLG), comprising £314,114 capital and £50,000 revenue funding. Eligible spend commenced from 13 October 2023.

2. Premier League Stadium Fund (PLSF) – Up to £150,000 awarded jointly to Frome Town AFC and FTCBS via the Football Foundation.

Only the PLSF grant required claim-based drawdowns supported by invoices and certifications, with final payments released upon completion, inspection, and registration of the property charge.

¹ Date advised by Frome Town Council



4. Methodology

- Review of FTCBS QuickBooks records, bank statements, and VAT returns.
- Examination of architect’s cost schedule and reconciliation to grant claims.
- Verification of payment trail from grant receipts → contractor payments → VAT reclaims.
- Identification of any retained funds, reallocated VAT, or unexplained balances.

5. Chronology of Key Financial Events

Date	Transaction / Event	Source / Evidence	Notes
13 th October 2023	First payment related to project	Cashbook	Bank Statement missing
1 st February 2024	Receipt of DLUHC Grant £50,000	Cashbook & Bank Statement	Funds were held on deposit and transferred over as payments came in
13 th December 2024	Receipt of MHCLG Grant £314,114	Cashbook & Bank Statement	First payment to [REDACTED] had already been made
1 st September 2025	Retention payments made to contractors	Cashbook	Bank Statement missing. Retentions made although believe project not completed

6. Findings

Record Keeping

FTCBS used Quickbooks for its record keeping. All payments relating to the receipt of the initial grant of £50,000 were processed through the Profit and Loss method with an allocated budget code 'Facility Development Board', although several expenses relating to the project were mis-coded.

Payments relating to the project build, however, did not pass through the Profit and Loss account but were registered in the Balance sheet as payments under Tangible Assets.

The Cashbook within Quickbooks showed all payments and receipts relating to the project and the grant funds, which from the period 5th December 2023 to 16th Decemeber 2024 could be matched against bank statements. There were then missing periods of bank statements, namely 17th December 2024 to 28th January 2025, then 12th March to 31st March 2025 and 28th May 2025 to date.

Quickbooks Figures

The Cashbook:

Expenditure	-£386,254.60
Grant Income	<u>£364,114.00</u>
	-£22,140.60
VAT if fully reclaimed	<u>£79,974.37</u>
Project balance remaining	£57,833.77

Accounting figures (which exclude VAT) did not correlate to the cashbook:

Profit & Loss Expenditure	£59,674.11
Balance Sheet Expenditure	<u>£367,386.59</u>
TOTAL	£427,060.07
Less Funding	<u>£364,114.00</u>
Project overspend	£62,946.07

It was apparent that there were errors within the figures.

Meeting with Architect/Contract Administrator

This took place in Frome Town Hall on Tuesday 25th November and it quickly became apparent that invoice entries in Quickbooks were incorrect and further identified that some payments attributed to the project by FTCBS were actually non-related.

Further Investigation

A comparison of the Architect's records to the Quickbook records took place and anomalies were identified. The Quickbook records showed that invoices were missing, had been mis-quoted against payments and expenditure recorded invoices as having been paid in full when portions of it were paid by Frome Town Council on behalf of FTAFC.

Tangible Assets			
	R&I Building Work	£ 367,386.59	q/books figure
28/11/2025	██████████	£ 7,600.00	██████████
10/12/2024	██████████	£ 17,648.15	██████████
12/12/2024	██████████	£ 6,650.00	██████████
21/12/2024	██████████	£ 17,100.00	██████████
28/12/2024	██████████	£ 17,537.00	██████████
17/01/2025	██████████	£ 23,702.50	██████████
29/01/2025	██████████	£ 14,250.00	██████████
14/02/2025	██████████	£ 22,325.00	██████████
03/03/2025	██████████	£ 42,108.75	██████████
11/03/2025	██████████	£ 28,866.85	██████████
31/01/2024	██████████	£ 14,250.00	██████████
11/03/2025	██████████	£ 9,443.00	██████████
02/04/2025	██████████	£ 12,973.00	██████████
27/04/2025	██████████	£ 7,457.50	██████████
01/09/2025	██████████	£ 18,680.97	██████████
18/03/2025	██████████	£ 7,056.64	██████████
		£ 267,649.36	
		£ 53,529.89	
		£ 321,179.25	

*full figure was in qbks but FTC paid the balance and so should have claimed their portion of VAT. Total bill £17,910/26 + VAT (3,582.05)			
**On cashbook but not put through quickbooks as b/sheet payment of only £3,433.33 + VAT. Assume remaining VAT not claimed			
***was in quickbooks but under ██████████			
****full figure was in qbks but FTC paid the balance £77719.50 and so should have claimed their portion of VAT. Total bill £128250 + VAT (21,375)			
*****full figure was in qbks but FTC paid £53279.52 (48p short) and so should have claimed their portion of VAT. Total bill £87920.22 + VAT (14,653.37)			
^ ██████████ doesn't appear in qbks so assume invoice not reclaimed. Cbook attributed it to LMD583. FTC paid balance			
^^ ██████████ doesn't appear in qbks so assume VAT not reclaimed. Cbook attributed it to ██████████			
^^^ ██████████ doesn't appear in qbks so assume VAT not reclaimed. Cbook attributed it to ██████████ Retention monies			

Fortunately records for Phase 1 in Quickbooks relating to the pre-build stage were only different by a small amount which related to items that were non-project expenses.

The Cashbook figure was adjusted to account for a few items that the initial investigation believed were project related but on reference to the Architect were not.

11/04/2024	Architects			£ 1,487.50
	Architects			£ 2,975.00
24/06/2024	Architects			£ 4,689.55
19/08/2024	Architects		t	£ 6,349.50
09/12/2024	Architects		t	£ 1,770.00
09/01/2025	Architects	Standing Order --		£ 2,950.00
20/02/2025	Architects			£ 2,950.00
27/05/2025	Architects			£ 2,006.00
01/09/2025	Architects			£ 4,451.50
28/03/2024	Capital Projects Professional Services	Standing Order -		£ 949.00
11/04/2024	Capital Projects Professional Services	Standing Order -		£ 700.00
04/11/2024	Capital Projects Professional Services	Standing Order -		£ 909.95
29/11/2024	Capital Projects Professional Services			£ 1,308.00
30/11/2024	Capital Projects Professional Services			£
06/12/2024	Capital Projects Professional Services			£ 1,125.00
02/04/2025	Capital Projects Professional Services			£ 147.75
03/05/2025	Capital Projects Professional Services	Standing Order -		£ 4,469.26
27/05/2025	Capital Projects Professional Services		l	£ 375.00
27/05/2025	Capital Projects Professional Services	Standing Order -		£ 833.33
27/05/2025	Capital Projects Professional Services	Standing Order -		£ 1,000.00
29/05/2025	Capital Projects Professional Services			-£ 147.75
01/09/2025	Capital Projects Professional Services			£ 2,068.73
13/10/2023	Essential Improvements	Standing Order -		£ 1,295.00
05/12/2023	Essential Improvements	Standing Order -		£ 2,875.00
21/12/2023	Essential Improvements			£ 3,725.00
01/02/2024	Ground & Clubhouse Maintenance	Safety Services -		£ 3,175.00
27/08/2024	Ground & Clubhouse Maintenance			£ 995.00
01/02/2024	Staff			£ 150.00
09/12/2024	Legal & Professional	Anthony Collins Solicitors		£ 1,350.00
				£57,932.32

VAT Treatment

From the adjusted figures, it was apparent that the VAT that was attributable to expenses was only £60,577.37 and not the figure based on the Quickbooks entries.

VAT returns were then analysed to establish what had been reclaimed from HMRC. Five returns had been submitted and paid, one return had been submitted but there was no record of payment in Quickbooks and the final return remained open.

VAT reclaimed and paid	£46,138.29
VAT reclaim submitted & unpaid	£199.00
VAT reclaim still open	£4161.10

Forensic Narrative

FTCBS received a £50,000 grant which they classified as Facility Development Board (FDB) grant on 1 February 2024. This funding was intended to cover early-stage design, feasibility,

tendering, and enabling works required to progress the redevelopment of the Badgers Hill site and the clubhouse infrastructure.

Phase 1 Expenditure

Between late 2023 and mid-2025, FTCBS incurred **£64,979.80** of professional fees and essential early works. This exceeded the original £50,000 grant by **£14,979.80**. VAT that was attributable to these works was **£7,047.48** which should have been reclaimed to offset the residual expenditure.

Transition to Phase 2

By December 2024, FTCBS had received the **£314,114 MHCLG Funding** and against this spent **£321,179.25**. VAT that was attributable to these works was **£53,529.89** which should have been reclaimed. After consultation with the Architect, it was recognised that a few items in Phase 1 Expenditure may actually have been attributable to the Phase 2 construction side of the improvement project but this was not how FTCBS portrayed this within their Quickbook accounting.

Project Actuals

Cashbook / Bank			
Exp (actual)	-£ 386,159.05		
Inc (actual)	<u>£ 364,114.00</u>	-£ 22,045.05	
A/cs figures			
Phase 1 (from P&L)			
Exp (actuals)	£ 57,932.32		
VAT attributable	<u>£ 7,047.48</u>	£ 64,979.80	
Tangible Assets			
Tangible Assets	£ 267,649.36		
VAT attributable	<u>£ 53,529.89</u>	<u>£ 321,179.25</u>	£ 386,159.05
Complete project			
FT CBS Phase 1	£ 57,932.32	£ 7,047.48	£ 64,979.80
FT CBS Phase 2	£ 267,649.36	£ 53,529.89	£ 321,179.25
	<u>£ 325,581.68</u>	<u>£ 60,577.37</u>	<u>£ 386,159.05</u>
Funding			
DLUHC	£ 50,000.00		£ 50,000.00
MHCLG	£ 314,114.00		£ 314,114.00
	<u>£ 364,114.00</u>		<u>£ 364,114.00</u>
Project deficit			-£ 22,045.05

The Project actuals highlight the inaccuracy of the Quickbooks figures. Using actual invoices and reconstructing each payment demonstrates that the cashbook position, once adjusted, is the correct baseline.

VAT Treatment

Had the attributable VAT been fully reclaimed, the project should have been fully funded leaving a residual balance of £38,532.32

However, with evidence through paid returns in Quickbooks that FTCBS only reclaimed £46,138.29, the project could still have been fully funded and **should have left a residual project balance of £24,093.24.**

Cash Balances and Controls

Unfortunately, I have not been able to confirm bank account balances before and after grant activity and all expenditure due to missing statements.

Conclusion

Based on the information available, the evidence suggests that the grant funding provided to Frome Town Community Benefit Society (FTCBS) was largely used for the Badgers Hill Stadium Improvement Project, and there is no indication that project funds were intentionally diverted elsewhere. However, the financial information held in QuickBooks was inconsistent and incomplete, and several key records—particularly bank statements—were missing. This makes it impossible to fully verify all movements of funding.

Once the project expenditure was reconstructed to the Quickbook records, using actual invoices, the figures showed that the capital works should have been fully covered by grants, provided that the VAT attributable to the project had been fully reclaimed and retained for project use.

The VAT analysis indicates that not all of the reclaimable VAT was recovered, and of the VAT that was reclaimed, it does not appear that the full amount was reinvested into the capital works. The pattern of transactions suggests that some VAT reclaim may have been used to support the day-to-day operation of FTCBS, rather than being reserved for the stadium project. Because bank statements for several periods were missing, the exact movements and timings cannot be fully verified.

In summary:

- The project itself appears to have been delivered using the grant funding available.
- The CBS's accounting records were not reliable or complete.
- Part of the VAT reclaimed appears to have been absorbed into operational activity.
- Missing bank statements prevent a complete financial reconciliation.

Given that FTCBS is no longer trading, no further process improvements can be implemented and this review represents the clearest position that can be reached with the documentation available.

Recommendations

As FTCBS is no longer trading, the scope for corrective action is limited. However, for Frome Town Council's purposes, the following steps are advisable:

1. Notify future Administrators of the VAT Position

Provide them with:

- the VAT attributable to the project (£60,577.37),
- the VAT actually reclaimed (£46,138.29), and
- the estimated unresolved balance.

This ensures the VAT issue is formally recorded within the administration process.

2. Request Missing Bank Statements Through future Administrators

While the CBS cannot now correct its internal processes, the administrators may be able to access missing bank records. These statements would allow FTC to close the file with maximum possible certainty.

3. Retain All Reconstruction Work for Audit and Funding Bodies

The invoice-based reconstruction should be kept securely and shared with:

- DLUHC/MGCLG (COF),
- The Football Foundation (PLSF),
- The administrators,
- External auditors, if required.

This protects the Council, ensuring transparency and demonstrating responsible oversight.

4. Apply Learning to Future Partnership Projects

Although not a recommendation for FTCBS, the Council should note the benefit of:

- requiring quarterly financial monitoring,
- ensuring VAT tracking from the outset, and
- receiving copies of bank statements during delivery.

This is for future governance, not retrospective correction.