

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

COUNTY BOROUGH SUPPLIES

STATEMENT OF ACCOUNTS

2008/09



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Explanatory Foreword

Financial Statements

The Joint Committee's Statement of Accounts consists of:

- a) a statement of responsibility for the Statement of Accounts;
- b) a statement of accounting policies;
- c) a trading account, which summarises its income and expenditure for the year;
- d) a balance sheet, which summarises its assets and liabilities at the year end;
- e) a cash flow statement, which summarises the cash receipts and payments on both capital and revenue activities for the year.

These are preceded by an analysis of the financial performance in the year.

Analysis of Financial Performance

At its 26th March, 2008 meeting, the Joint Committee prepared a budget for County Borough Supplies activities for the 2008/2009 financial year and approved the financing of the cost of a service review from reserves.

The following table compares the combined budget of the activities plus the review with the actual performance and shows the variations that have occurred. Brackets indicate income or a decrease in expenditure.

	Budget	Actual	Variance
	£000	£000	£000
Income			
Catalogue Sales (net)	(1,110)	(1,084)	26
Other income	(230)	(229)	1
Total Income	(1,340)	(1,313)	27
Expenditure			
Employees	970	924	(46)
Premises	86	99	13
Transport	85	74	(11)
Supplies & Services	160	158	(2)
Service Review	23	24	1
Third Party Payments	0	0	0
Support Services	33	31	(2)
Finance Charges	6	1	(5)
Reduction in Bad Debt Provision	0	2	2
Total Expenditure	1,363	1,313	(50)
DEFICIT/(SURPLUS) FOR YEAR	23	0	(23)

The accounts of the Catalogue Supplies Joint Committee show that 2008/2009, its thirteenth year of trading, has produced a surplus of **£476**.

The under-spend compared with budget was due to a combination of **reductions** in the following **expenditure headings**

- **employees**, where vacancies were left unfilled to reduce future core expenditure ;
 - the **support service** charge, where the budget did not reflect later changes in the time allocation bases of calculation (see note 2 to the accounts for detail);
 - **finance charges**, due largely to the reduction in interest rates
- and an **increase** in
- **premises** where the cost of electricity and gas increased by more than that of general inflation

There were also variations on **income** comprised of a **decrease** in

- **net trading income** compared to original budget of £26k due to competition from other providers in the marketplace and pressure on local authority budgets

The level of gross sales was higher than budget by 1.77%, from £5.359m to £5.454m. This was a slight reduction in real terms ignoring inflation on the previous year's level.

Gross margins of 19.87% were higher than the 18.96% in 2007/08.

The reduction in the revenue contribution from trading was counteracted by the reduction in wage costs from the non-filling of some posts and a rationalization of catalogue production.

Future Development

An independent service review undertaken by APSE (The Association of Public Service Excellence) on the future development of the County Supplies Service, was published during the year which identified possible areas for development. The costs of this review (£23,514) are included below Supplies and Services and funded by reserves identified in March 2008. Upon consideration of the review, the committee improved monitoring, confirmed the short-term future of the organisation and initiated a medium term Business Plan to identify the direction in which operations are to be developed. This plan is to be considered at its November 2009 meeting.

Stock Days

The average number of days a stock item was held decreased from 48 days to 34 days reflecting the strategy of speedier turnover of a lower stock level. There was a change to purchasing reduced quantities, streamlined purchasing and enhanced control.¹

Debtor Days

The average number of days for which a debt is outstanding has decreased compared to the previous year. The decrease is from 40 days in 2007/08 to 38 days in 2008/09.²

As a measure of activity, the number of active customers served on an establishment basis was 1,703 and the number of transactions during the year was 273,243 from 43,601 orders. By comparison, in 2007/08, the number of customers served on an individual orderer basis was 3,450 and the number of transactions during the year was 272,611 from 41,968 orders.

1	<u>Stocks</u>	x	365
	Cost of Sales		
2	<u>Debtors</u>	x	365
	Sales		

Statement of Responsibilities for the Statement of Accounts

The Joint Committee's Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (in accordance with Section 151 of the Local Government Act 1972). That officer is the Committee's Treasurer, the Corporate Director - Resources, Bridgend County Borough Council.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts

Joint Committee's Certificate

The Statement of Accounts of Catalogue Supplies Service Joint Committee as at 31 March 2009 was approved by the Committee of 26 November 2009.

Signed :

Chairman of Committee

Date : 26/11/09

The Treasurer's Responsibilities

The Treasurer (Corporate Director – Resources, Bridgend CBC) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the SORP'). The Statement of Accounts is required to present fairly the financial position of the Joint Committee at the accounting date and its income and expenditure for the year then ended.

In preparing this Statement of Accounts, the Corporate Director - Resources, Bridgend CBC has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the local authority Statement of Recommended Practice (SORP)

The Corporate Director - Resources, Bridgend CBC has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Treasurer's Certificate

I certify that the Statement of Accounts presents fairly the financial position of Catalogue Supplies Service Joint Committee at 31 March 2009.

Signed : Mr G Moss

Corporate Director – Resources BCBC

Date : 26/11/09

The Annual Governance Statement

1. Scope of responsibility

Catalogue Supplies Service Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This Committee has been jointly established by Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Caerphilly County Borough Council and Rhondda Cynon Taf County Borough Council. Bridgend County Borough Council acts as lead authority with responsibility for the stewardship of its financial affairs.

In discharging this overall responsibility, the Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes the arrangements for the management of risk.

Bridgend County Borough Council acting in its stewardship role has not approved a single over-arching code of corporate governance but has various policies and processes that are consistent with the principles of the CIPFA/ SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how the Authority has complied with the code. The Council has decided to adopt the CIPFA framework and Annual Governance Statement approach for 2008/09.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and cultures and values, by which the Joint Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Catalogue Supplies Service Joint Committee for the year ended 31st March 2009 and up to the date of approval of the statement of accounts.

3. The Governance Environment

Bridgend CBC

An assurance gathering exercise, which identified key policies, was undertaken by Bridgend C.B.C, which has the financial stewardship of the Joint Committee, to review how the CIPFA/SOLACE governance framework core principles were upheld by the Authority during the year 2008/09. The fundamental principles of corporate governance being:-

- i. focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area
- ii. members and officers working together to achieve a common purpose with clearly defined functions and roles
- iii. promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- iv. taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- v. developing the capacity and capability of members and officers to be effective
- vi. engaging with local people and other stakeholders to ensure robust public accountability

The Council's aims, objectives and main priority areas are detailed in its Corporate Improvement Plan 2008–2011.

The Constitution of Bridgend C.B.C, defines the roles and responsibilities of the Cabinet (the Executive), Overview and Scrutiny Committees, Full Council and other Committees and Officers.

The Council has an Audit Committee which is a key component of corporate governance. It provides a source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. In addition, the Standards Committee has a duty to promote and maintain high standards of conduct for Members.

The Corporate Director Resources is the responsible officer for the administration of the Council's affairs under section 151 of the Local Government Act 1972. The statutory definition of the Responsible Financial Officer was developed by case law in Attorney General -v- De Winton 1906. It was established that he is not merely a servant of the authority but holds a fiduciary relationship to the local taxpayers. Section 151 of the Local Government Act 1972 requires every authority in England and Wales to "... make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".

The Council published its Policy for the Management of Risk in February 2006. The Corporate Management Board is responsible for the management of risks in all areas of the Council.

Catalogue Supplies Service Joint Committee

The Joint Committee's Constitution sets out how the Committee operates, how decisions are made, and the procedures which are followed. It defines the roles and responsibilities of the Members and Officers, the membership and powers of the Committee.

The elements of the internal control environment of the Joint Committee are achieved as follows

- (i) Establishing and monitoring the achievement of the County Borough Supplies Service objectives
 - Memorandum of Agreement defining the constitution refers to the submission of estimates to the Committee and preparation of an annual report and statement of accounts.
 - The ongoing Joint Supplies Service Review. This has regularly reviewed operations and the commercial environment on a quarterly basis and has reported to the Joint Committee.
 - An independent review carried out by APSE (The Association of Public Service Excellence) into the future development of the service in a fast changing competitive environment.
- (ii) Facilitation of policy and decision-making
 - Catalogue Supplies Service Joint Committee which makes executive decisions and meets on a quarterly basis comprises members from Bridgend CBC, Merthyr Tydfil CBC, Caerphilly CBC and Rhondda Cynon Taf CBC.
- (iii) Ensuring compliance with established policies, procedures, laws and regulations
 - Function delegated to Bridgend C.B.C.
- (iv) Ensuring the economical, effective and efficient use of resources and secure continuous improvement in the way functions are exercised
 - Catalogue Supplies Service Joint Committee
- (v) Facilitating the financial management of the Committee
 - Under the financial stewardship of Bridgend C.B.C. by way of the support service agreement and periodic internal audit reviews.
- (vi) Facilitating the performance management of the authority and its reporting
 - Bridgend C.B.C. Corporate Improvement arrangements
 - Questionnaires

4. Review of Effectiveness

The Council having the stewardship of the Joint Committee's finances has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of:-

- the Corporate Directors within the Council
- the work of the internal auditors, the comments made by the external auditors in their management letters and other reports;
- the reports of other independent inspection bodies and Welsh Assembly Government.

The process for maintaining and reviewing the effectiveness of the governance framework includes the following:-

- A Performance Management Framework
- An Overview and Scrutiny function
- The Audit Committee
- Internal Audit

- The Joint Risk Assessment for the Authority has been undertaken involving the Wales Audit Office, Corporate Management Board and Cabinet.
- A Programme Management Board

A review of County Borough Supplies was undertaken by BCBC Internal Audit, dated 31st March 2009 as part of their 2008/09 annual Internal Audit Plan. The area was previously subject to internal review in 2006/07 and was then graded adequate.

The functions of the section were documented, key controls were identified and testing undertaken. The audit findings are based on discussions with staff, observations, and the results of sample testing.

It was the Audit Opinion that *“based on the limited audit work carried out, it is felt that there are adequate controls in place to minimise potential risk to the authority and to ensure that the section’s objectives are met. The overall opinion is that the controls in place are operating effectively and the level of assurance gained is adequate. During the audit a number of strengths and areas of good practice were identified as follows:*

- *Stringent monitoring of stock discrepancies and profitability.*
- *Low levels of bad debts.*

It was also noted that the service has managed to achieve a significant reduction in its stock levels since the financial year ended 31st March 2008. A reduction of approximately 14% had been achieved at 30th September 2008 with a target of 20% reduction by the year end. It was felt that the benefits of this reduction potentially could be to the detriment of the service provided to customers. However, the Supplies Manager stringently monitors the performance indicator for product availability on a daily basis and reports the figures to the Joint Committee on a quarterly basis. It was also noted that for the period April 2008 – February 2009, product availability is 97.4% which is above the target of 96%. The following key issues were identified during the audit which need to be addressed:

- *Controls over banking need to be enhanced.*
- *Checks of drivers’ licenses for those charged with driving duties should be documented.*

We have made a number of recommendations. These include one off occurrences of failures in control which may be due to one off errors or weaknesses in the system. These are detailed in the main report and accompanying action plan.

This report is a report of exception and therefore only where issues have been identified have they been commented on.”

5. Significant Governance Issues

No significant governance issues were identified during 2008/09 as a result of the review of arrangements.

6. Certification of Annual Governance Statement

Signed:

.....

Chairperson of the Joint Committee - R Burns

.....

Corporate Director – Resources - G Moss

.....

Joint Supplies Service Manager – P Hughes

Date

Statement of Accounting Policies

General Policies

The Statement of Accounts summarises the committee's transactions for the 2008/09 financial year and its position at the year end of 31 March 2009. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008* (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets. The organisation has produced a surplus for the thirteen years of its existence and there are currently no plans to terminate its operations. The Joint Committee and Treasurer therefore considered it appropriate to prepare the accounts on a going concern basis. As long as current performance continues the organisation will be operative for at least 12 months from the date of accounts signature.

Accrual of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges due from customers are accounted for as income at the date the Committee provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where supplies have been received but not yet consumed, they are carried as stocks on the balance sheet.
- Interest payable on borrowings and receivable investments is accounted for in the year, to which it relates, on a basis that reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

Stock and Work in Progress

Stocks and stores have been included in the accounts at the average purchase price. This policy is in not accordance with the Statement of Standard Accounting Practice 9 (Stocks and Long Term Contracts), which requires valuation at the lower of cost or net realizable value. A review of stock and market prices has found that no material changes have occurred. A provision is held in the accounts to provide for items identified as obsolete.

Allocation of Support Services

The charge for support services includes Information Technology, Legal, Committees, Cash Receipting, Payments, Audit and Accountancy.

Employees and Pensions Costs

The County Borough Supplies Service employs no staff directly. Staff are employed by the Service's stakeholder organisations (principally Bridgend County Borough Council- see note 4 to the financial statements), and their costs are recharged. Staff participate in

the ex-Mid-Glamorgan County Council Fund administered by Rhondda Cynon Taf County Borough Council. The pension costs that are charged to the accounts in respect of its staff are equal to the contributions paid to the funded pension scheme for these employees.

Provisions

Provisions are made where an event has taken place that gives the committee an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Committee may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate revenue account when the Committee becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party, this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Reserves

The Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the Surplus on the Income and Expenditure Account. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against the revenue account for expenditure.

The Reserve for Plant and Equipment is used for evening out expenditure on larger items such as computer software for e-trading which are not capitalised.

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

Financing Charges

These are calculated on the average monthly cash balance for the year and represent an interest charge at base rate plus 1%, which varied between 6.25 % and 2%, for the overdrawn balance financed by the host authority.

Core Financial Statements

2008/09

Trading and Income and Expenditure Account for the year ended 31st March 2009

2007/2008			2008/2009		Note
£000	£000		£000	£000	
	5,359	Sales		5,454	
		Cost of Sales:			
(489)		Opening Stock	(570)		
(4,424)		Plus Purchases	(4,205)		
	<u>570</u>	Less Closing Stock	<u>405</u>	<u>(4,370)</u>	
	1,016			1,084	
	<u>699</u>	Other Income		<u>229</u>	(6)
	1,715			1,313	
		Expenditure:			
(946)		Staff Costs	(924)		(1, 5)
(87)		Premises	(99)		
(79)		Transport	(74)		
(441)		Supplies & Services	(182)		
0		Third Party Payments	0		
(32)		Support Services	(31)		(2)
(8)		Financing Charges	(1)		(3)
(5)		Stock Obsolescence Provision	0		
<u>13</u>	<u>(1,585)</u>	Bad Debt Provision	<u>(2)</u>	<u>(1,313)</u>	(8)
	<u>130</u>	Surplus for the year		<u>0</u>	

Statement of the Movement on the Surplus of the Income and Expenditure Account for the year ended 31st March 2009

£000		£000	Note
130	Surplus for the year on the Income and Expenditure Account	0	
352	Income and Expenditure Account Balance Brought Forward	482	(13)
<u>482</u>	Income and Expenditure Account Balance Carried Forward	<u>482</u>	(13)

The above results represent the total recognised gains or losses for both financial years

Cash Flow Statement 2008/2009

2007/2008 £000		2008/2009 £000	Note
	Revenue Activities		
	Cash Outflows		
(945)	Cash paid to or on behalf of employees	(921)	
<u>(6,109)</u>	Other operating costs	<u>(5,869)</u>	
(7,054)		(6,790)	
	Cash Inflows		
<u>6,946</u>	Cash received for goods and services	<u>7,046</u>	
(108)		256	
	Returns on investment & servicing of finance		
	Cash Outflow		
(8)	Interest Paid	(1)	
<u>(116)</u>	Net Increase/ (Decrease) in cash –	<u>255</u>	(15), (16), & (17)
	Net Revenue Cash Flow		

Certification of Accounts

Statement of Accounts 2008/2009

Catalogue Supplies Service Joint-Committee

County Borough Supplies

Treasurer's Certificate

I certify that the accounts set out in Pages 9 to 19 present fairly the financial position of the Committee as at 31st March 2009

Signed

Gareth Moss BA (Hons), CPFA

Corporate Director – Resources, Bridgend County Borough Council

Treasurer to the Catalogue Supplies Service Joint Committee

Dated.....

Joint Committee's Certificate

The Statement of Accounts of Catalogue Supplies Joint Committee at 31st March 2009 was approved by the Committee on 26th November 2009

Signed

Chairperson of Joint Committee

Dated

Notes to the Core Financial Statements

1. Officers' Emoluments

The Accounts and Audit Regulations (Wales) 2005 require the starting point to be £60,000 for this disclosure. There were no staff members whose gross pay exceeded this figure in 2008/2009 (or 2007/2008).

2. Support Services

The charges are as follows: -

	2007/2008	2008/2009
	£	£
Accountancy/IT	19,859	17,346
Creditors / Payroll/HR	8,808	10,475
Internal Audit	2,475	2,505
Facilities Management	622	581
Legal Services	111	0
Procurement	49	161
TOTAL	31,924	31,068

The audit fee charged by our auditors KPMG was as follows: -

	2007/2008	2008/2009
	£	£
Audit Fee	1,750	1,820

3. Financing Charges

These are calculated on the average cash balance at month end, at the average Bank of England base rate plus 1%, which varied between 6.25% and 2% during the year.

4. Related Party Transactions

There are no material transactions that are not disclosed in the accounts.

Membership of the Committee is composed of two members each from: -

Bridgend C.B.C.
 Caerphilly C.B.C.
 Merthyr Tydfil C.B.C.
 Rhondda Cynon Taf C.B.C.

Bridgend County Borough Council acts as the host authority for support services, including accounting and banking services.

The Rhondda Cynon Taf County Council Superannuation Fund is used for pension services.

As at 31 March 2009, the following permanent staff were employed, who had been seconded on local government re-organisation in 1996 from:-

2007/08 Nos		2008/09 Nos
2	Bridgend C.B.C.	2
3	Caerphilly C.B.C.	3
4	Rhondda Cynon Taf C.B.C.	3

There are 32 staff (36 in 2007/08) in addition to this, who were subsequently employed by Bridgend C.B.C on behalf of the Joint Committee, and there is a full time equivalent of 2.5 staff employed from agencies (2007/08 2.5). Some members and officers may act as school governors for schools with which the organisation trades.

5. **Pension Costs**

The actual amount charged to the revenue accounts for pensions included under employees was £ 117,038 (£129,591 in 2007/08).

6. **Other Income**

Entitlement to retro rebates energy contract support (2007/08: £167k) ceased in October 2007 but other income now includes £59k payments for other rebates (2007/08: £81k) and £134k for catalogue sponsorship (2007/08: £355k for two catalogues).

7. The **debtor** balance consists of the following categories –

2007/08 £000		2008/09 £000
135	Reserved debtors for trading activities	64
1,121	Sundry Debtors	830
<u>1,256</u>	Total	<u>894</u>

8. The **provision for bad and doubtful debts** has been calculated to include all debt older than one year at percentages dependant on time outstanding. This is regarded as adequate to cover all long-standing debt and a proportion of recent debt, which is generally collected in total within six weeks.

2007/08 £000	Movements during the year	2008/09 £000
(14)	Opening Balance	(1)
0	Write-offs	0
13	(Increase)/Decrease in provision from revenue	(2)
<u>(1)</u>	Closing Balance	<u>(3)</u>

9. The **stock** balance relates to stock of finished goods held at average purchase price for trading with the constituent authorities and related organisations. The reduction during the year was a deliberate policy to reduce overheads.

2007/08 £000		2008/09 £000
<u>570</u>	Stock	<u>405</u>

10. The provision for stock obsolescence **has been created amounting to £13,129 to provide for items of stock identified as slow moving or obsolete (unchanged since £13,129 31st March, 2008).**

2007/08		2008/09
£000		£000
	Movements during the year	
(22)	Opening Balance	(13)
14	Write-offs	0
(5)	Increased contribution from revenue	0
(13)	Closing Balance	(13)

11. The creditor **balance consists of the following categories –**

2007/08		2008/09
£000		£000
26	Customer Accounts in Credit	30
195	Reserved Creditors	86
354	Sundry Creditors	203
90	H.M.R.C. – Other Taxes -V.A.T.	72
665	Total	391

12. There was no movement in the **reserve for plant and equipment**. This reserve is earmarked for developments of e-trading which have been delayed pending agreement on the detail of the business plan.

2007/08		2008/09
£000		£000
29	Balance Brought Forward	29
0	Movements	0
29	Balance Carried Forward	29

13. The movements on the **accumulated surplus account** are as follows -

2007/08		2008/09
£000		£000
352	Balance Brought Forward	482
130	Surplus for the year	0
482	Balance Carried Forward	482

14. The **movement in total reserves** is as follows

2007/08		2008/09
£000		£000
381	Balance Brought Forward	511
130	Surplus	0
511	Balance Carried Forward	511

15. **Reconciliation of Income and Expenditure Account to Cash Flow on Revenue Activities**

2007/08		2008/09
£000		£000
130	Surplus on Income and Expenditure Account	0
	Plus/(less) Movement in relevant Balance Sheet items:-	
(195)	(Increase)/Decrease in Debtors/Provisions	364
(90)	(Increase)/Decrease in Stock/Provision	165
39	Increase/(Decrease) in Creditors	(274)
<u>(116)</u>	Cash Inflow/(Outflow) from Revenue Activities	<u>255</u>

16. **Analysis of Changes in Cash during the Year**

	Balance b/fwd	Balance c/fwd	Change during the year
	£000	£000	£000
Cash /(Overdrawn)	<u>(636)</u>	<u>(381)</u>	<u>255</u>

17. **Cash** is held by the Bridgend County Borough Council, the financial services provider as part of its general bank account. No separate bank account exists for County Borough Supplies.

Glossary of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Agency services

Agency services are services provided for us by an outside organisation.

Amortisation

Reduction in value of capital expenditure, which has not created an asset, through charges to revenue.

Audit

An audit is an independent examination of the Council's accounts.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the end of the accounting period.

Best Value Accounting Code of Practice (BVACOP)

The Best Value Accounting Code of Practice modernises the system of Local Authority accounting and reporting to ensure it meets the needs of modern local government, in particular the duty to secure and demonstrate Best Value in the provision of services to the community.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Capital expenditure

Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Adjustment Account

This is money set aside in the Council's accounts for capital spending and to repay loans.

Capital receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cash flow Statement

This is a statement that summarizes the movements in cash during the year.

Balance Sheet

The balance sheet combines the assets, liabilities and other balances of all our services, at the end of the financial year, 31st March.

Contingent liabilities

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events.

Corporate and Democratic Core (CDC)

CDC is a service defined by the Best Value Accounting Code of Practice representing costs relating to Member activity (Democratic Representation and Management) and costs that provide the infrastructure to ensure that services can be provided (Corporate Management).

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Deferred grants

The government grants deferred account represents the balance of grants applied to the financing of fixed assets awaiting amortization to the Income and Expenditure account to match the depreciation of the relevant assets.

Depreciation

Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.

Direct Service Organisation (DSO)

This was a term referring to parts of the Council's own organisation. It consisted of workers directly employed (including supervisory staff), accommodation, equipment etc used to carry out specified tasks for the Council.

Financial Year

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

Finance leases

Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.

Fixed asset

These are long-term assets that are used in the provision of services (usually for more than one year).

Financial Reporting Standard (FRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Government grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Income and Expenditure Account

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an amount payable at some time in the future.

Minimum Revenue Provision (MRP)

This is an amount that has been set aside to repay loans.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Operating assets

These are assets used in the running / provision of services.

Operating leases

These are leases where risks of ownership of the asset remain with the owner.

Post balance sheet events

Post balance sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-billing authority (for example a community council) so that it can cover its expenses (after allowing for its income).

Prior year adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Reserves

These are the sums set aside to meet future expenditure. They may be earmarked to fund specific expenditure or be held as general reserves to fund non specific future expenditure.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of fixed assets.

Revenue account

This is an account which records our day to day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Statement of Standard Accounting Practice (SSAP)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Statement of Total Recognised Gains and Losses (STRGL)

The purpose of the statement is to show all gains and losses recognised in a period, to reflect the Council's financial performance during the year.

Stocks

Stocks are raw materials purchased for day to day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

Work in progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.