

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

COUNTY BOROUGH SUPPLIES

STATEMENT OF ACCOUNTS

2009/10



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Explanatory Foreword

By Allan Phillips, Head of Property and Finance

1. Introduction To The Statement Of Accounts

The accounts for 2009/10 have been produced in line with a new Statement of Recommended Practice (SORP) for 2009.

These accounts consist of the following financial statements:

a) Statement of responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Joint Committee and its officers for the preparation and approval of the Statement of Accounts.

b) Annual governance statement

This statement provides a continuous review of the effectiveness of the Joint Committee's governance framework including the system of internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses.

c) Statement of accounting policies

The purpose of this Statement is to explain the basis of the figures in the Accounts. It outlines the accounting policies that have been adopted.

d) The 'core' financial statements

The Joint Committee's 'core' financial statements' consists of:

- (i) a trading account, which summarises its income and expenditure for the year;
- (ii) a balance sheet, which summarises its assets and liabilities at the year end;
- (iii) 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.

e) The notes to the Accounts

These are disclosures relating to the financial statements.

2. Analysis of Financial Performance

At its 13th November, 2008 meeting, the Joint Committee prepared a budget for County Borough Supplies activities for the 2009/2010 financial year.

The following table compares the budget with actual expenditure and income for the year and shows the variances that have occurred. Brackets indicate income, or a decrease in expenditure.

Comparison of actual spend with budget 2009/10

	Revised Budget 2009/10 £000	Actual 2009/10 £000	Variance 2009/10 £000
Income			
Catalogue Sales (net)	(1,110)	(1,144)	(34)
Other income *	(230)	(192)	38
Total Income	(1,340)	(1,336)	4
Expenditure			
Employees	923	925	2
Premises	88	96	8
Transport	87	68	(19)
Supplies & Services *	201	184	(17)
Support Services	35	34	(1)
Finance Charges	6	1	(5)
Increase in Bad Debt Provision		3	3
Total Expenditure	1,340	1,311	(29)
DEFICIT/(SURPLUS) FOR YEAR	0	(25)	(25)

*Expenditure/income budget adjusted by £60k to reflect changed accounting practice related to catalogue financial arrangements i.e. original budget expenditure/income being £1,400,000.

The accounts of the Catalogue Supplies Joint Committee show that 2009/2010, its fourteenth year of trading, has produced a surplus of **£25k**.

The main under-spends compared with budget were due to a combination of **reductions** in the following **expenditure headings**

- **transport**, where continued efficiencies in vehicle utilisation were achieved. ;
- **supplies & services**, reduced costs as a result of producing the annual catalogue as a single volume publication,
- **finance charges**, due largely to the reduction in interest rates

and an **increase** in

- **premises** predominately due to additional maintenance costs required to the building,
- **employees** - minor variance of £2k.

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

- **non trading income** compared to original budget of £38k due to a reduction in the support for the catalogue from suppliers due to the current economic climate.

The level of gross sales increased from £5.454m to £5.517m (1.17%).

Gross margins of 20.74% were higher than the 19.87% in 2008/09.

The net assets of the Catalogue Supplies Service stood at £520k as at 31 March 2010 (£511k at 31 March 2009)

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 2008/09 financial year. 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. In November 2009 the Joint Committee approved a 5 year Business Plan for the Joint Service.

The Business Plan strategy broadly encompasses two inter-related developments:-

- (a) The extension of use of the catalogue-supply arrangements to schools in adjacent local authority areas, and
- (b) The modernisation of the Service to facilitate increased efficiency and effectiveness for the managing authorities primarily and other customer groups general.

Stock Days

The average number of days a stock item was held increased from 34 days to 42 days.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 38 days in 2008/09 to 35 days in 2009/10.²

As a measure of activity, the number of active customers served on an establishment basis was 1806 and the number of transactions during the year was 262,747 from 44,510 orders.

By comparison, in 2008/09, the number of customers served on an individual order basis was 1,703 and the number of transactions during the year was 273,243 from 43,601 orders.

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

The 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 Head of Property and Finance, 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 2010 was approved by the Committee of 24th June 2010.

Signed :

Chairman of Committee

Date :

The Treasurer's Responsibilities

The Treasurer (Head of Property and Finance, 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 Head of Property and Finance, 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 Head of Property and Finance, 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 a true and fair view of the financial position of Catalogue Supplies Service Joint Committee at 31 March 2010.

Signed :

Head of Property and Finance

Date :

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 various elements of the framework and the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement of internal control. The Council's Annual Governance Statement for 2009/10 will be presented to Audit Committee in July 2010 for approval.

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 2010 and up to the date of approval of the statement of accounts.

3. The Governance Environment

Bridgend CBC

Policies & Plans

An assurance gathering exercise was undertaken by Bridgend C.B.C - which has the financial stewardship of the Joint Committee - to review how the core principles were upheld by the Authority during the year 2009/10. A summary of the policies against each core principle is detailed below:-

- 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 2009–2012. The Authority's Core Values as set out in the Plan are to strive to be:-

- **F**air (considering everyone's needs and circumstances),
- **A**mbitious (always trying to improve what we do and aiming for excellence),
- **C**ustomer focused (remembering the need to serve the local communities) and
- **E**fficient (delivering effective services that are value for money).

Council's Constitution and Audit Committee

The Constitution of Bridgend C.B.C, as revised in March 2010, sets out how the Council operates how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It defines the roles and responsibilities of the Cabinet (the Executive), the Overview and Scrutiny Committees, Full Council and other Committees and Officers. Within the Constitution, there are protocols for effective communication and rules of procedures.

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.

Financial Management

The 'Section 151' Officer (currently the Head of Property and Finance) 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 from case law in Attorney General -v- De Winton 1906. It was established that he or she 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". He or she is responsible for ensuring that appropriate advice is given on all financial matters, for maintaining proper financial accounts and records and maintaining an effective system of internal financial control.

Code of Conduct

The Council has established Codes of Conduct for both Employees and Members that define expected standards of personal behaviour. These are contained within Part 5 of the Constitution.

Risk Management and Business Continuity

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. In addition to risk management policies, the Authority has a business continuity management strategy in place and is in the process of developing Business Continuity plans. The aim of the strategy is to create an internal environment where risks to the Council's business are minimised and interruptions to service provision are prevented as far as possible.

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.
 - The Joint Committee agreed a 5 year Business Plan during 2009/10. Planned regular reports to the Joint Committee to review both the progress of the implementation programme together with the planned turnover growth.
- (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 and agreed with regulators in September 2009 involving the Wales Audit Office, Corporate Management Board and Cabinet.
- A Corporate Programme Management Board
- A Risk Management Programme Board
- Monitoring Officer

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 and was graded adequate. The results of the Audit Review were reported to the Joint Committee in June 2009. The previous internal review was undertaken in 2006/07.

5. Significant Governance Issues

No significant issues were identified during 2009/10 as a result of the review of arrangements.

6. Certification of Annual Governance Statement

Signed:

Chairperson of the Joint Committee - R Burns

.....Date.....

Section 151 Officer – A Phillips

.....Date.....

Joint Supplies Service Manager – P Hughes

.....Date.....

Statement of Accounting Policies

1. General principles

The Statement of Accounts summarises the council's transactions for the 2009/10 financial year and its position at the year end of 31 March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2009* (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 fourteen 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.

2. Accruals 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, charges and rents 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 on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have 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.

3. 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 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 Income and Expenditure Account so that there is no net charge against the revenue account for the 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.

4. 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.

5. 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.

6. Allocation of Support Services

The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2008 (BVACOP)*. For 2009/10, most support service costs have been apportioned by a variety of methods. The most important being:

- actual use of support service
- estimated staff deployment, in some cases backed by formal time recording systems
- apportionments based on related financial or physical quantities (e.g. employee numbers, number of deliveries etc)

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

7. 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.

8. 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.

9. Financing Charges

These are calculated on the average monthly cash balance for the year and represent an interest charge at base rate plus 1%. The charge during 2009/10 was therefore 1.5%, for the overdrawn balance financed by the host authority.



Core Financial Statements 2009/10

Trading and Income and Expenditure Account for the year ended 31st March 2010

2008/2009		Description	2009/2010		Note
£000	£000		£000	£000	
	(5,454)	Income		(5,517)	
		Turnover(Sales)			
570		Less Cost of Sales:	405		
4,205		Opening Stock			
		Plus Purchases	4,466		
(405)	4,370	Less Closing Stock	(498)	(4,373)	
	(1,084)	Gross Profit on Issues		(1,144)	
	(229)	Other Income		(192)	(6)
	(1,313)	Gross Profit		(1,336)	
		Operating Expenditure:			
924		Staff Costs	925		(1, 5)
99		Premises	96		
74		Transport	68		
182		Supplies & Services	184		
31		Support Services	34		(2)
1		Financing Charges	1		(3)
0		Stock Obsolescence Provision	0		
2		Bad Debt Provision	3		(8)
	1,313	Total Operating Expenditure		1,311	
	0	Net Surplus for the year		(25)	

Statement of the Movement on the Surplus of the Income and Expenditure Account for the year ended 31st March 2010

2008/09	Description	2009/10	Note
£000		£000	
0	Surplus for the year on the Income and Expenditure Account	25	
482	Income and Expenditure Account Balance Brought Forward	482	(13)
0	Amount reserved for modernisation	(70)	(13)
482	Income and Expenditure Account Balance Carried Forward	437	(13)

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

Balance Sheet as at 31st March 2010

31 st March, 2009		Description	31 st March, 2010		Note
£000	£000		£000	£000	
		Current Assets			
405		Stock	498		(9)
(13)		Less Provision for Obsolescence	(13)		(10)
	392			485	
894		Debtors	750		(7)
(3)		Less Provision for Doubtful Debts	(6)		(8)
	891			744	
	1,283	Total Assets		1,229	
		Less current liabilities			
	(391)	Creditors	(185)		(11)
	(381)	Cash Overdrawn	(524)		
	511	Net Assets		520	
		Financed by:-			
	482	Accumulated Surplus		437	(13)
	29	Reserve for modernisation programme		83	(12)
	511	Total net worth		520	(14)

Cash Flow Statement for Year Ended 31 March 2010

The figures for the 2008/09 Cash Flow Statement have been restated to reflect the methodology followed during the production of the Cash Flow 2009/10.

2008/2009 Restated £000	Description	2009/2010 £000	Note
	Revenue Activities		
	Cash Outflows		
921	Cash paid to or on behalf of employees	919	
<u>4,868</u>	Other operating costs	<u>5076</u>	
5,789		5,995	
	Cash Inflows		
<u>(6,045)</u>	Cash received for goods and services	<u>(5,853)</u>	
(256)		142	
	Returns on investment & servicing of finance		
	Cash Outflow		
1	Interest Paid	1	
(255)	Net (Increase)/ Decrease in cash – Net Revenue Cash Flow	143	<i>(15), (16), & (17)</i>

Certification of Accounts

Statement of Accounts 2009/2010

Catalogue Supplies Service Joint-Committee

County Borough Supplies

Treasurer's Certificate

I certify that the accounts set out in Pages 14 to 22 present fairly the financial position of the Committee as at 31st March 2010

Signed

Allan Phillips CPFA

Head of Property and Finance – 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 2010 was approved by the Committee on 24th June 2010

Signed

Chairperson of Joint Committee

Dated



Notes to the Core Financial Statements 2009/10

Notes to Trading Income and Expenditure Account

1. Officers' Emoluments

The Accounts and Audit (Wales) (amendment) Regulations 2010 require the starting point to be £60,000 for this disclosure. There were no staff members whose gross pay exceeded this figure in 2009/2010 (or 2008/2009).

2. Support Services

The charges are as follows: -

Description	2008/2009 £	2009/2010 £
Accountancy/IT	17,346	18,516
Creditors / Payroll/HR	10,475	8,880
Internal Audit	2,505	5,545
Facilities Management	581	469
Legal Services	0	287
Procurement	161	455
TOTAL	31,068	34,152

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

Description	2008/2009 £	2009/2010 £
Audit Fee	1,820	2,000

3. Financing Charges

These are calculated on the average cash balance at month end, at the average Bank of England base rate plus 1%. The charge during the year remained constant at 1.5%.

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 2010, the following permanent staff were employed, who had been seconded on local government re-organisation in 1996 from:-

2008/09 Nos	Description	2009/10 Nos
2	Bridgend C.B.C.	2
3	Caerphilly C.B.C.	3
3	Rhondda Cynon Taf C.B.C.	3

There are 29 staff (32 in 2008/09) 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 3 staff employed from agencies (2008/09 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 £ 113,357 (£117,038 in 2008/09).

6. **Other Income**

Entitlement to retro rebates energy contract support ceased in October 2007 but other income now includes £63k payments for other rebates (2008/09: £59k), £111K for catalogue sponsorship (2008/09: £134k) and £11k for site recharge (2008/09: £17k).

Notes To Balance Sheet

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

2008/09 £000	Description	2009/10 £000
64	Reserved debtors for trading activities	3
830	Sundry Debtors	747
894	Total	750

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.

2008/09 £000	Movements during the year	2009/10 £000
(1)	Opening Balance	(3)
0	Write-offs	0
(2)	(Increase)/Decrease in provision from revenue	(3)
(3)	Closing Balance	(6)

9. The **stock** balance relates to stock of finished goods held at average purchase price for trading with the constituent authorities and related organisations.

2008/09 £000	Description	2009/10 £000
405	Stock	498

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).

2008/09 £000	Movements during the year	2009/10 £000
(13)	Opening Balance	(13)
0	Write-offs	0
0	Increased contribution from revenue	0
(13)	Closing Balance	(13)

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

2008/09 £000	Description	2009/10 £000
30	Customer Accounts in Credit	30
86	Reserved Creditors	113
203	Sundry Creditors	0
72	H.M.R.C. – Other Taxes -V.A.T.	42
391	Total	185

12. The movement on the, **reserve for plant and equipment** during the year reflected the funding of in year agreed expenditure and an increase in the earmarked provision to finance the modernisation programme which includes the development of e-trading agreed in the business plan.

2008/09 £000	Description	2009/10 £000
29	Balance Brought Forward	29
	<u>Movements</u>	
	Use of earmarked reserve to fund service initiatives	(16)
0	Increase in reserve	70
29	Balance Carried Forward	83

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

2008/09 £000	Description	2009/10 £000
482	Balance Brought Forward	482
	Transfer to earmarked reserve for service modernisation	(70)
0	Surplus for the year	25
482	Balance Carried Forward	437

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

2008/09 £000	Description	2009/10 £000
511	Balance Brought Forward	511
	Use of earmarked reserve to fund service initiatives	(16)
0	Surplus	25
511	Balance Carried Forward	520

Notes to Cash Flow Statement

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

2008/09 £000	Description	2009/10 £000
0	Surplus/(Deficit) on: Surplus on Income and Expenditure Account	9
	Plus/(less) Movement in relevant Balance Sheet items:-	
364	(Increase)/Decrease in Debtors/Provisions	147
165	(Increase)/Decrease in Stock/Provision	(93)
(274)	Increase/(Decrease) in Creditors	(206)
255	Cash Inflow/(Outflow) on Revenue Activities	(143)

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

	Bal B/F 01/04/09 £'000	Bal C/F 31/03/10 £'000	Change During Year £'000
Cash at Bank (Overdraft)	(381)	(524)	(143)

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 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)

Catalogue Supplies Service Joint Committee Statement of Accounts 2009/2010

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.

Depreciation

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

Earmarked Reserve

These are reserves set aside for a specific purpose.

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.

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.

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.