

Coychurch Crematorium Joint Committee

Statement of Accounts

2011/12



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Explanatory Foreword

Coychurch Crematorium was opened in 1971 to satisfy the requirement for a cremation service within a 15 mile radius of Bridgend. The Crematorium is owned and operated by a Joint Committee on behalf of Bridgend County Borough Council, the Vale of Glamorgan Council and Rhondda Cynon Taff County Borough Council.

The role of the Committee is to oversee the management of the Crematorium in accordance with

- The Environmental Protection Act, 1990
- The Cremation Regulations, 1930
- The Local Authorities Cemetery Order, 1977
- The Federation of British Cremation Authorities Code of Cremation Practice

and to determine fees charged with respect to the operation of the Crematorium's functions and to oversee a quality service for the bereaved within budget constraints.

1. Introduction to the Statement of Accounts

The accounts for 2011/12 have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2010. They are in accordance with International Financial Reporting Standards.

The Joint Committee's Statement of Accounts consists of the following 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

1. Movement in Reserves Statement on the Crematorium Fund Balance

This statement shows the movement in the year on different reserves held by the Joint Committee. These are analysed into 'usable reserves' i.e. those that can be applied to fund expenditure and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Joint Committee's services details of which can be found in the Comprehensive Income and Expenditure Statement. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Joint Committee. This shows that the total Joint Committee fund balance has increased by £93k.

2. The Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, and summarises the income and expenditure incurred on the day to day running of the Crematorium's activities.

For 2011/12, the Crematorium showed a surplus on the Comprehensive Income and Expenditure Statement of £93k.

3. Balance Sheet

This shows the Joint Committee's financial position as at 31 March 2012, where the net worth was £2,601m. The statement summarises the Joint Committee's assets and liabilities, the balances and reserves at the Committee's disposal, its long-term indebtedness and the fixed and net current assets used in the Committee's operations. Reserves are reported in two categories. Usable reserves can be used by the Committee to provide services subject to the need to maintain a prudent level of reserves. The second category, Unusable Reserves, are not available to provide services. This includes reserves that hold unrealised gains and losses on assets, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences.

4. Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of Coychurch Crematorium during the reporting period and shows that the Committee's cash position had increased by £117k.

Coychurch Crematorium Joint Committee Statement of Accounts 2011/12

The statement shows how Coychurch Crematorium generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of Coychurch Crematorium are funded by way of recipients of services provided by Coychurch Crematorium. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to Coychurch Crematorium's future service delivery.

e) The notes to the accounts

These are disclosures relating to the financial statements.

Analysis of Financial Performance

The actual performance for the year compared to the budget is shown in the table below:

Actual		Revised Budget	Actual	Variance
2010/11		2011/12	2011/12	2011/12
£'000		£'000	£'000	£'000
	<u>Expenditure</u>			
229	Employees	236	234	-2
184	Premises	286	279	-7
	Supplies, Services &			
125	Transport	131	122	-9
79	Agency/Contractors	79	86	7
24	Administration	26	25	-1
116	Capital Financing Costs	50	51	1
757	Gross Expenditure	808	797	-11
	<u>Income</u>			
-955	Crematorium Fees etc	-954	-890	64
-198	(Surplus)/Deficit	-146	-93	53
-198	Transfer (to)/from Reserve	-146	-93	53

Reasons for differences between budget and spend

The financial position as at 31 March 2012 showed a net surplus within the year of £93k.

Explanations for the more significant variances from budget are given below:

- A net overspend of £9k on supplies, services & transport due to minor variances on budget heads

- A net overspend of £7k on agency/contractors due to increased grounds maintenance costs.
- An income shortfall of £64k due to a reduction in the number of cremations carried out

2. Use of Surpluses

The Joint Committee has been self-sufficient, funding itself from trading revenues for a number of years. Any surplus or deficit at the end of the financial year is transferred to a balance sheet reserve. The main purpose of the reserve is to even out variations between financial years, and, if sufficient monies are built up, to operate as a contingency to cover unforeseen items of expenditure which cannot be offset by savings elsewhere. In the longer term, the Business Plan envisages generating sufficient monies so that the reserve can be used to fund expenditure aimed at service improvements.

The surplus for 2011/12 of £93k has been added to the accumulated reserve for the Crematorium bringing the total of that reserve to £415k.

3. Fixed Assets and Capital Borrowing Facilities

The Joint Committee cannot borrow to fund capital expenditure. Where large items of capital expenditure have been required, Bridgend CBC, the host authority, has undertaken borrowing on behalf of the committee and this has either been funded by other constituent authorities making capital contributions or the expenditure has been funded from the revenue account. Outstanding borrowing on the Committee's behalf totals £323k and fixed assets are valued at £2.601m.

4. The Impact of the Current Economic Climate on the Joint Committee

The economic climate has little effect on the activity at the Crematorium, with cremation being now used for more than 70% of all deaths. However, the establishment of a private sector Crematorium in the Vale of Glamorgan has reduced the number of cremations undertaken in Coychurch Crematorium, with a corresponding reduction in income generated.

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 for the Joint Committee is the Treasurer, who is the Assistant Chief Executive, Section 151 Officer, Bridgend County Borough Council.
- to 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 the Coychurch Crematorium Joint Committee as at 31st March 2012 was approved by

Signed :

Chairperson of the Joint Committee

Date :

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), is required to give a true and fair view of the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31 March 2012.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Treasurer 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 Coychurch Crematorium Joint Committee at 31 March 2012.

Signed :

Assistant Chief Executive, Section 151 Officer

Date :

The Annual Governance Statement

1. Scope of responsibility

Coychurch Crematorium 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, the Vale of Glamorgan Council and Rhondda Cynon Taff 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 has not approved a single over-arching code of corporate governance, but has several 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 is presented to the Audit Committee every year 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 Coychurch Crematorium Joint Committee for the year ended 31st March 2012 and up to the date of approval of the Statement of Accounts.

3. The Governance Environment

Bridgend CBC

Policies and Plans

An assurance gathering exercise, which identified key policies, was undertaken to review how the CIPFA/SOLACE governance framework core principles were upheld by the Authority during the year 2011/12. 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 behavior
- 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 Plan 2010-13.

Council's Constitution and Audit Committee

The Council's Constitution, 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), 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 Authority has a clear framework of delegation within its Schemes of Delegation, updated in February 2010, that ensures that policy and decision making within the Authority operates efficiently following documented 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 is the responsible officer for the administration of the Council's affairs under section 151 of the Local Government Act 1972. He 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

The Council published its Policy for the Management of Risk in February 2006 which was updated in February 2010. It identifies that all Elected Members and employees of the Council need to make themselves aware of risks in the decision making process and everyday work situations. The Corporate Management Board is responsible for the management of risks in all areas of the Council.

Coychurch Crematorium Joint Committee

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

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

- (i) Establishing and monitoring the achievement of the Coychurch Crematorium's 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.
 - Crematorium Business Plan. A Service Level Business Plan was submitted to the Committee in March, 2012.
- (ii) Facilitation of policy and decision-making
 - Coychurch Crematorium Joint Committee which makes executive decisions and meets on a quarterly basis comprises members from Bridgend County Borough Council, Vale of Glamorgan County Borough Council and Rhondda Cynon Taff County Borough Council.
 - Crematorium Business Plan

- (iii) Ensuring compliance with established policies, procedures, laws and regulations
 - Function delegated to Bridgend County Borough Council.
 - Code of Crematorium Practice
- (iv) Ensuring the economical, effective and efficient use of resources and secure continuous improvement in the way functions are exercised
 - Coychurch Crematorium Joint Committee
- (v) Facilitating the financial management of the Committee
 - Under the financial stewardship of Bridgend County Borough Council by way of the support service agreement and periodic internal audit reviews
- (vi) Facilitating the performance management of the authority and its reporting
 - Bridgend County Borough Council Corporate Improvement arrangements
 - Questionnaires

4. Review of Effectiveness

Bridgend County Borough 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 who have responsibility for the development and maintenance of the governance environment.
- 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 measures and actions:-

- 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, other regulatory bodies, Corporate Management Board and Cabinet.
- A Programme Management Board

A review of the Coychurch Crematorium was undertaken by the shared Bridgend County Borough Council/ Vale of Glamorgan Council Internal Audit service during 2011, which was reported to the Joint Committee on 2nd December, 2011.

The functions of the section were documented; key controls were identified and testing undertaken. The audit findings were based on discussions with staff, observations, and the results of sample testing. The findings stated that the systems provide reasonable assurance that the key risks to the operation are controlled.

As part of the Bridgend County Borough Council Corporate Improvement arrangements, a range of local indicators has been introduced to assist with the monitoring performance. One of these indicators monitors users' satisfaction with the Council's bereavement services. Statistics are obtained by means of a questionnaire, which is sent to bereaved families at an appropriate time following a cremation. The latest questionnaire showed a 100% positive overall satisfaction level, with responses ranging from good to excellent.

The service level business plan, mentioned under 3 (i) above, identified the need to improve facilities and infrastructure, especially to plan for the re-build of cremators and possible mercury abatement and to generate income to fund the above.

5. Significant Governance Issues

No significant governance issues were identified during 2011/12 as a result of the review of arrangements.

6. Certification of Annual Governance Statement

Signed:

.....
Cllr xxxxxxxxxxxx
Chairperson of the Joint Committee
Date

.....
Ness Young, CPFA
Treasurer to the Joint Committee
Assistant Chief Executive, S151 Officer, Bridgend County Borough Council
Date

.....
Joanna Hamilton B. Sc. (Hons), AICCM
Crematorium Manager and Registrar
Date

Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the committee's transactions for the 2011/12 financial year and its position at the year end of 31 March 2012. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2011/12 and the *Service Reporting Code of Practice 2011/12* supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost, modified by the revaluation of certain categories of tangible fixed assets and financial instruments.

2 Accruals of Income & 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 inventories (stocks) on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 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.

3 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not

add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising

before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The Joint Crematorium Memorandum of Agreement states that

- The Local Government Act 1933 forbids the delegation to a Joint Committee of the power to borrow money and consequently
- “all property acquired or works constructed by means of capital expenditure borrowed shall belong to and be vested in the Council by whom the amount is borrowed but shall be maintained, controlled and managed by the Committee for crematoria purposes”, in this case Bridgend C.B.C.

The Fixed Assets are shown on the balance sheet although their legal title lies with Bridgend CBC as the risk and rewards of ownership rest with the Joint Committee. Similarly, the external borrowings taken out by BCBC to finance the assets of the crematorium are shown in these financial statements.

4 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

The depreciation policy adopted for 2011/12 is calculated on the following bases:

- buildings – Depreciated on a straight-line basis according to estimated asset lives (ranging from 10 to 50 years) based on the value at the start of the year except for land, which is not depreciated.
- vehicles, plant, furniture and equipment – Depreciated on a straight-line basis according to estimated asset lives (ranging from 3 to 10 years).

5 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Accumulated Surplus Balance in the Movement in Reserves Statement so that there is no net charge against the revenue account for the expenditure.

6 Minimum Revenue Provision

Charges are made to the income and expenditure account for depreciation, which are transferred out to the Capital Adjustment Account in the Statement of the Movement of the Surplus and replaced by the Minimum Revenue Provision.

In accordance with its prudential responsibility the Committee makes a provision from its revenue accounts for the redemption of loan debt. This minimum provision is set at 4% of debt.

7 Capital Charges

Depreciation is charged to the Income and Expenditure Account and there is an adjustment in the Statement of the Movement on the Surplus of the Income and Expenditure Account, which removes depreciation and replaces it with the Minimum Revenue Repayment and charges actual external interest.

Clause 7(2) of the Joint Committee Memorandum of Agreement states that “the Committee shall from time to time pay to the Council who shall borrow money for the said purposes the amounts of all interest and all instalments of principal or sinking fund contributions as and when the same shall become due and the cost of taking up any loans raised for such purpose”.

8 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 *Service Reporting Code of Practice* 2011/12. For 2011/12, support service costs have been apportioned by a variety of methods. The most important being:

- Agreed fixed charges
- 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, floor area etc)

9 Pension Costs

The Council participates in a pension fund for employees of the Crematorium which provides members with defined benefits related to pay and service.

The pension costs that are charged to the revenue account in respect of Crematorium employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. These costs have been determined on the basis of the contribution rates that are set to meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant government regulations.

10 Inventories

Inventories (stocks) are included in the Balance Sheet at the lower of cost and net realisable value.

11 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grant / contribution will be received.

Amounts recognised as due to the Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When

conditions are satisfied, the grant or contribution is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Accumulated Surplus Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

12 Employee benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in the Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs

13 Leases

The Joint Committee uses leasing as a means of acquiring equipment.

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

14 VAT

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

Core Financial Statements

2011/12

Movement in Reserves Statement For Years Ended 31 March 2011 & 2012

	Accumulated Surplus Balance £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Short Term Compensated Absences £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000	Notes
Balance at 31 March 2010	124	124	674	1,531	1	2,206	2,330	
<u>Movement in reserves during 2010/11</u>								
Surplus or (deficit) on provision of services	267	267					267	
Total Comprehensive Expenditure and Income	267	267	0	0	0	0	267	
<u>Adjustments between accounting basis & funding basis under regulations</u>	(71)	(71)	(17)	88		71	0	
Net Increase/(Decrease) before Transfers to Earmarked Reserves	196	196	(17)	88	0	71	267	
Transfers to/from Earmarked Reserves	2	2			(2)	(2)	0	
Increase/(Decrease) in Year	198	198	(17)	88	(2)	69	267	
Balance at 31 March 2011 carried forward	322	322	657	1,619	(1)	2,275	2,597	
<u>Movement in reserves during 2011/12</u>								
Surplus or (deficit) on provision of services	93	93	0			0	93	
Total Comprehensive Expenditure and Income	93	93	0	0	0	0	93	
<u>Adjustments between accounting basis & funding basis under regulations</u>	(1)	(1)	(18)	19		1	0	
Net Increase/(Decrease) before Transfers to Earmarked Reserves	92	92	(18)	19	0	1	93	
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0	
Increase/(Decrease) in Year	92	92	(18)	19	0	1	93	
			0					
Balance at 31 March 2012 carried forward	414	414	639	1,638	(1)	2,276	2,690	

Comprehensive Income & Expenditure Statement 2011/12

2010/11			Description	2011/12			Notes
Gross Expenditure Restated	Gross Income Restated	Net Expenditure Restated		Gross Expenditure Restated	Gross Income Restated	Net Expenditure Restated	
£'000	£'000	£'000		£'000	£'000	£'000	
231		231	Staff Costs	234		234	
184		184	Premises	279		279	
125		125	Supplies, Services & Transport	122		122	
79		79	Agency/Contractors	86		86	
24		24	Administration	25		25	
43		43	Depreciation & Deferred Income	47		47	
686	0	686	Gross Cost of Services	793	0	793	
			<u>Income</u>				
	(955)	(955)	Fees & Charges		(890)	(890)	
686	(955)	(269)	Net Cost of Services	793	(890)	(97)	
2		2	Financing & Investment Expenditure	4		4	
688	(955)	(267)	(Surplus)/Deficit on Provision of Services	797	(890)	(93)	
0	0	0	Other Comprehensive Income & Expenditure	0	0	0	
688	(955)	(267)	Total Comprehensive Income or Expenditure	797	(890)	(93)	

Balance Sheet for Years Ended 31 March 2011 & 2012

1st April 2011 £000	Description	1st April 2012 £000	Notes
2,643	Property, Plant & Equipment	2,599	
4	- other land and buildings	2	
	- plant and equipment		
2,647	Long Term Assets	2,601	
32	Inventories	31	
105	Short Term Debtors	90	
199	Cash and Cash Equivalents	316	
336	Current Assets	437	
	Short Term Borrowing		
(15)	Short term borrowing	(13)	
(14)	Short Term Creditors	(23)	
(29)	Current Liabilities	(36)	
(1)	Provision for Accumulated Absences	(1)	
(356)	Long Term Borrowing	(310)	
(357)	Long Term Liabilities	(311)	
2,597	Net Assets	2,691	
	Usable reserves		
322	- Accumulated Surplus	414	
	Unusable reserves		
657	- Revaluation Reserve	639	
1,619	- Capital Adjustment Account	1,639	
(1)	-Short-term Accumulating Compensated Absences Account	(1)	
2,597	Total Reserves	2,691	

Cash Flow statement as at 31 March 2012

2010/11 £'000		2011/12 £'000	Notes
(267)	Net (surplus) or deficit on the provision of services	(93)	
(39)	Adjust net surplus or deficit on the provision of services for noncash movements	(72)	
	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
(306)	Net cash flows from Operating Activities	(165)	
66	Investing Activities	0	
48	Financing Activities	48	
(192)	Net (increase) or decrease in cash and cash equivalents	(117)	
7	Cash and cash equivalents at the beginning of the reporting period	199	
199	Cash and cash equivalents at the end of the reporting period	316	

Certification of Accounts

Statement of Accounts 2011/12

Coychurch Crematorium Joint Committee

Treasurer's Certificate

I certify that the accounts set out in Pages 20 to 41 present a true and fair view of the financial position of the Committee as at 31st March 2012.

Signed

Ness Young

Ness Young CPFA
Assistant Chief Executive, Section 151 Officer

Treasurer to the Coychurch Crematorium Joint Committee

Dated.....

Joint Committee's Certificate

The Statement of Accounts of Coychurch Crematorium Joint Committee at 31st March 2012 was approved by the Committee on 7th September 2012.

Signed

Cllr xxxxxxxxxxxx

Chairperson of Joint Committee

Dated

**Notes to the
Core
Financial
Statements
2011/12**

_Notes to the Movement in Reserves Statement

1. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The tables below detail the adjustments for 2011/12

Movements in Reserves Statements for Year ended 31 March 2012

2011-12	Accumulated Surplus Balance £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Short term Compensated Absences £'000	Unusable Reserves £'000	T Re £
<u>Adjustments between accounting basis & funding basis under regulations</u>							
-							
Adjustments Primarily involving the Capital Adjustment Account							
Reversal of items Debited or Credited to the Comprehensive Income and Expenditure Statement:							
Charges for Depreciation of Non-Current Assets	29	29	(18)	(11)		(29)	
Insertion of items not Debited or Credited to the Comprehensive Income and Expenditure Statement:							
Statutory Provision for the repayment of debt - (MRP)	(15)	(15)		15		15	
Voluntary provision above MRP	(33)	(33)		33		33	
Additions	(82)	(82)		82			
Impairment	82	82		-82		(82)	
Other adjustments include							
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	18	18		(18)		(18)	

Coychurch Crematorium Joint Committee Statement of Accounts 2011/12

Adjustments Primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0				0
Total Adjustments 2011/12	-1	-1	(18)	19	0	(81)

Notes to the Comprehensive Income and Expenditure Statement

1. Levies and Contributions

There were no contributions requested or received for 2011/2012 (or 2010/11) from member authorities for revenue.

2. Officers' Emoluments

The Accounts and Audit Regulations (Wales) 2004 require the threshold to be £60,000 for this disclosure. There are no staff members whose gross pay exceeds this figure.

3. Pension Costs

In 2011/12 the Joint Committee paid £34,839 (£36,748 – 2009/10) employer's contributions representing approximately 21% of employees' pensionable pay. In addition £3,307 (£3,210 – 2009/10) was paid in relation to added years awarded. The fund provides members with defined benefits related to pay and service. The contribution rate is determined by the fund's actuary, being based on triennial actuarial valuations. Under Superannuation Regulations, contribution rates are set to meet 100% of the overall liabilities of the fund.

Further information can be found in Rhondda Cynon Taff County Borough Council Pension Fund's Annual Report which is available upon request from the Director of Finance, Rhondda Cynon Taff County Borough Council, Bronwydd, Porth, Rhondda, Rhondda Cynon Taff.

http://www.rctpensions.org.uk/Home_Page.htm

4. Pensions Liabilities FRS 17 Disclosures

No disclosures have been included with regard to FRS 17 as only 7 full time employees are part of the scheme and the employer's contribution is small in relation to the total expenditure and it is considered immaterial. The fixed charges for this exercise irrespective of the size of the organisation penalise a small operation and it is considered that it would make the exercise counter-productive.

5. Related Party Transactions

The support service charge from Bridgend County Borough Council for 2011/12 is £25k. (£24k – 2010/11) for the following functions:

Coychurch Crematorium Joint Committee Statement of Accounts 2011/12

2010/11 £		2011/12 £
10,986	Communities Admin	10,986
1,210	Internal Audit	1,280
3,615	Accountancy	3,838
1,210	Cash Control	1,280
4,825	Human Resources	5,120
1,210	Creditors	1,280
1,055	Committee	1,119
24,111	Total	24,903

In addition, grounds maintenance services are provided by Bridgend County Borough Council, the cost of which was £81,048 (£74,494 – 2010/11).

6. External Audit Costs

In 2011/12 the joint committee incurred fees of £2,100 (£2,050 – 2010/11) relating to external audit and inspection.

7. Leasing costs

In 2010/11 the rentals payable in the year in respect of operating leases were £2,303 (£1,993 – 2010/11).

This is in relation to Intruder Alarm equipment which was taken out on behalf of the committee in June 2007 by BCBC's Building Maintenance department until June 2012.

Notes to the Balance Sheet

8. Movement in Fixed Assets

The crematorium buildings, land, fixtures and fittings were independently valued as at 1 April, 2009, by Alder King Chartered Surveyors on the under mentioned basis in accordance with the Statements of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Fixed Assets are included in the Balance Sheet on the valuation basis set out in the Statement of Accounting Policies. Additions are included in the accounts at their cost of acquisition. Depreciation has been charged to the income and expenditure account for cremators and buildings.

Coychurch Crematorium Joint Committee Statement of Accounts 2011/12

	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Total £'000
Cost or Valuation			
At 1st April, 2011	2,752	7	2,759
Additions	82		82
Disposals	0		0
Reclassifications	0		0
Revaluations	0		0
At 31st March 2012	2,834	7	2,841
Depreciation and Impairments			
As at 1st April 2011	-110	-3	-113
Loss on Revaluation	0		0
Charge for 2011/12	-43	(2)	-45
Impairment on 2011/12 exp	-82		-82
Disposals	0		0
Reclassifications	0		0
Removal of Accumulative bal on revaluation	0		0
At 31st March 2012	(235)	(5)	(240)
Balance Sheet as at 1 April 2011	2,643	4	2,647
Balance Sheet as at 31 March 2012	2,599	2	2,601

Nature of Asset Holding			
Owned	2,599	2	2,601

9. Capital Expenditure and Financing

There was no capital investment which required financing during the year as all capital additions have been funded direct from revenue.

10. Inventories

Stocks of £31,014 (31/3/2011 - £31,650) relate to various items purchased for future use in the Garden of Remembrance.

11. Short Term Debtors

This represents the monies owed to the Coychurch Crematorium Joint Committee. The main debtors are listed below:

2010/11 £		2011/12 £
97,455	Trade debtors	87,562
2,356	Constituent Authorities	2,356
99,811	Total	89,918

12. Long and short term loans

The loans balance represents the monies due to Bridgend County Borough Council that administer the loans on behalf of the Joint Crematorium Committee.

Loans are raised in order to finance capital expenditure for the crematorium. The redemption of the loans is in accordance with the legal requirements of the Council and is at the minimum revenue provision level of 4% plus an additional principal repayment.

2010/11 £'000		2011/12 £'000
(419)	Balance brought forward	(371)
31	Additional Principal	33
17	Minimum Revenue Provision Principal Repaid	15
(371)	Balance carried forward	(323)

13. Short Term Creditors

These represent monies owed by the Coychurch Crematorium Joint Committee and are analysed as follows:

2010/11 £	Short Term Creditors	2011/12 £
4	Other Local Authorities	1
10	Other Entities & Individuals	22
14		23

The creditor balance consists of the following category: –

2010/11 £	Description	2011/12 £
14	Reserved Creditors	23
14	Total	23

The balance of reserved creditors relates to £276 for unfunded pension costs to Rhondda Cynon Taff CBC, £509 payroll reserves due to travelling expenses incurred in March but not paid until April, £5,331 for utilities (March), £1,246 for inventories received and not invoiced, £4,195 for medical referee charges and £10,908 for various maintenance works.

14. Statement of Movement in Reserves

Reserve	Opening Bal 2010/11 £'000	Movement 2010/11 £'000	Closing Balance 2010/11 £'000	Purpose of Reserve £'000	Further Detail of Movements £'000
Revaluation Reserve	657	-18	639	Store of gains on revaluation of fixed assets not yet realised through sales.	
Capital Adjustment Account	1,619	20	1,639	Store of capital resources set aside to meet past expenditure	
Accumulated Surplus	322	93	415	Store of surpluses from previous year to fund capital works in future years	
Short-term Accumulating Compensated Absences Account	1		-1		
Total	2,599	95	2,692		

15. Usable Reserves

The following notes detail the Usable Reserves for Coychurch Crematorium Joint Committee:-

Accumulated Surplus

This reflects the accumulated (surplus)/deficit for the year and the balance of any previous year's surpluses held to fund any future capital works. In 2011/12 a surplus of £93k was generated which has been added to this reserve.

2010/11 £'000		2011/12 £'000
(124)	Opening Balance	(322)
(198)	Transfer to revenue account re (surplus)/deficit	(93)
(322)	Closing Balance	(415)

16. Unusable Reserves

The following notes detail the Unusable Reserves for Coychurch Crematorium Joint Committee:-

a) Revaluation Reserve

This records the accumulated gains on fixed assets held by the committee arising from increases in value as a result of inflation or other factors.

2010/11 £'000		2011/12 £'000
675	Revaluations made in year	657
-18	Write Down of Accumulated Revaluation Reserve in line with depreciation	-18
657	Total	639

b) Capital Adjustment Account (CAA)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Coychurch Crematorium Joint Committee Statement of Accounts 2011/12

2010/11 £'000		2011/12	
		£'000	£'000
(1,531)	Balance brought forward		(1,619)
0			
43	Depreciation & Impairment	46	
0			46
(31)	Additional Principal		(33)
(17)	MRP		(15)
0	Capital contributions deferred		0
(66)	Fixed Asset addition		0
(18)	Write down of Revaluation Gain		(18)
0	capital conts deferred w/off to CAA		0
(1,619)	Balance Carried Forward		(1,639)

c) Short Term Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Accumulated Surplus Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Accumulated Surplus Balance is neutralised by transfers to or from the Account.

17. Government grants and capital contributions deferred

Under IFRS, the balance on both the Government Grants Deferred Account and the Capital Contribution Deferred Account (which represented the remaining value of capital grants or contributions that had been applied to finance the acquisition or enhancement of fixed assets) was transferred to the Capital Adjustment Account on the 1 April 2009.

Notes to the Cash Flow Statement

18. Operating Activities

The cash flows for operating activities include the following items:-

2010/11 £'000		2011/12 £'000
(262)	Net (surplus) or deficit on the provision of services	(93)
	<u>Accruals adjustments:</u>	
(1)	Increase/(Decrease) in Stock	(1)
6	Increase/(Decrease) in Debtors/Provisions	(15)
1	Increase/(Decrease) in Creditors/Provisions	(9)
(2)	Movement on provisions for accumulated absences	0
(48)	Remove Depreciation & Deferred income	(130)
(306)		(248)

19. Investing Activities

No investing activities were carried out in 2011/12

20. Financing Activities

The cash flows for financing activities include the following items:

2010/11 £'000		2011/12 £'000
48	Repayments of short- and long-term borrowing	48
48	Net Cash flows from Financing Activities	48

21. Minimum Revenue Provision

The joint committee is required by statute to set a prudent Minimum Revenue Provision (MRP) for the repayment of external debt. In accordance with this requirement the provision for 2011/12 has been calculated as shown below.

2010/11 £'000		2011/12 £'000
419	Loans Outstanding b/fwd	371
17	Minimum Revenue Requirement (4%)	15

22. Cash & Cash Equivalents

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 Coychurch Crematorium.

23. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Best Value Accounting Code of Practice*. This is in the format in which information is reported to the Joint Committee. However, these reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- they exclude any accrual in respect of the cost of holiday entitlements earned by employees but not taken before the year-end.

The income and expenditure of the Crematorium recorded in the budget reports for the comparative year (2010/11) is as follows:

Crematorium Income and Expenditure 2010/11	£'000
Fees, charges & other service income	(955)
Government grants	-
Total Income	(955)
Employee expenses	229
Other operating expenses	504
Support Service Recharges	24
Total operating expenses	757
Net Cost of Services	198

Reconciliation of Reported Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

The below reconciliation shows how the figures in the analysis of reported income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement for the comparative year (2010/11) :-

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement 2010/11	£'000
Cost of Services in Service Analysis	(198)
Add services not included in main analysis	-
Add amounts not reported to management	45
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(114)
Net Cost of Services in Comprehensive Income and Expenditure Statement	(267)

The income and expenditure of the Crematorium recorded in the budget reports for the comparative year (2011/12) is as follows:

Crematorium Income and Expenditure 2011/12	£'000
Fees, charges & other service income	(890)
Government grants	-
Total Income	(890)
Employee expenses	234
Other operating expenses	538
Support Service Recharges	25
Total operating expenses	797
Net Cost of Services	(93)

Reconciliation of Reported Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

The below reconciliation shows how the figures in the analysis of reported income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement for the comparative year (2010/11) :-

Coychurch Crematorium Joint Committee Statement of Accounts 2011/12

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement 2011/12	(£'000)
Cost of Services in Service Analysis	(93)
Add services not included in main analysis	-
Add amounts not reported to management	48
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(48)
Net Cost of Services in Comprehensive Income and Expenditure Statement	(93)

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.

Budget

A budget (or estimate) is a plan of income and spending. 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 Crematorium's accounts for capital spending and to repay loans.

Comprehensive Income and Expenditure Statement

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.

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 summarises the movements in cash during the year.

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 Crematorium 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 Crematorium to use in the following accounting year.

Current liabilities

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

Debtor

A debtor is an organisation / someone who owed the Crematorium 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.

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).

International Financial Reporting Standard (IFRS)

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.

Inventories

Inventories 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.

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. This should be a prudent amount.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Authority.

Net Realisable Value

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

Open Market Value in Existing Use (OMVEU)

OMVEU is a basis for valuation of fixed assets.

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.

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.