

BRIDGEND COUNTY BOROUGH COUNCIL
COYCHURCH CREMATORIUM JOINT COMMITTEE

FRIDAY 30 JUNE 2017

REPORT OF THE TREASURER

ANNUAL ACCOUNTING STATEMENT 2016-17

1. Purpose of the Report

- 1.1 The purpose of this report is to present the unaudited Annual Accounting Statement following closure of the accounts for the financial year 2016-17 to the Joint Committee, and to obtain approval to submit the Statement for Coychurch Crematorium to the Wales Audit Office.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 None.

3. Background

- 3.1 Under Regulation 14 of the Accounts and Audit (Wales) Regulations 2014, Coychurch Crematorium is required to complete an Annual Accounting Statement as they are classed a smaller local government body with annual income and expenditure below £2.5 million.
- 3.2 The Accounts and Audit (Wales) Regulations 2014 require that the Joint Committee must formally approve the Annual Accounting Statement by 30 June and certify that they present fairly the financial position of Coychurch Crematorium.
- 3.3 Following which, unless the Annual Accounting Statement needs to be amended, the auditor will certify the Statement and send it back to the Joint Committee for publication with no further approval required by the Joint Committee. If however amendments are required, the auditor will send the Statement back to the Joint Committee for amendment and re-approval before the auditor can certify the Statement. The certified Annual Accounting Statement must be published by no later than the 30 September.

4. Current Situation /Proposal

- 4.1 Section 1 of the Annual Accounting Statement (**Appendix 1**) shows that in 2016-17 Coychurch Crematorium made a net surplus of £347,000 (difference between Line 1 'Balances brought forward' and Line 11 'Balances carried forward'). The surplus has been added to the accumulated reserve for the Crematorium brought forward at 31 March

2016, bringing the total of that reserve to £1,082,000 at 31 March 2017 compared to £735,000 in the preceding year.

- 4.2 The following table shows a summary of the final financial position for the Crematorium for 2016-17 as compared to the budget set at the start of the financial year.

Table 1 – Crematorium Financial Position 2016-17

Actual 2015-16 £'000		Budget 2016-17 £'000	Actual 2016-17 £'000	Variance 2016-17 £'000
	<u>Expenditure</u>			
255	Employees	297	295	(2)
165	Premises	331	269	(62)
991	Supplies, Services & Transport	170	107	(63)
89	Agency/Contractors	89	109	20
48	Administration	41	48	7
50	Capital Financing Costs	50	46	(4)
1,598	Gross Expenditure	978	874	(104)
	<u>Income</u>			
(1,138)	Crematorium Fees etc.	(1,074)	(1,196)	(122)
(0)	BCBC Contribution	(26)	(25)	1
(1,138)	Gross Income	(1,100)	(1,221)	(121)
460	(Surplus)/Deficit	(122)	(347)	(225)
460	Transfer (to)/from Reserve	(122)	(347)	

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

- The underspend of £62,000 on Premises is made up of an underspend on Planned Maintenance (£45,000), due to Crematory Roof Replacement, CAMEO Payment and Land Extension Design all being less than budgeted and the Organ Upgrade works being delayed until 2017-18. Also there was an underspend on Gas bills (£20,000), due to the efficiency of the new cremators and a reduction in usage. These are offset by small variances on the other subjectives within Premises.
- The underspend of £63,000 on Supplies and Services expenditure is made up of Equipment Repairs & Maintenance (£32,000), Items of Resale (£33,000) and Security Costs (£5,000). These are offset by small overspends on Purchase of Equipment (£2,500), Printing (£2,500) and Miscellaneous Expenses (£2,000).
- A net overspend of £7,000 on Administration (support service charge), although the spend is slightly lower than 2015-16. The budget was kept at 2015-16 budget levels as the actual spend for 2015-16 was unknown when the budget was set for the financial

year. A breakdown of the support service charge for the current and previous year is provided in Table 2 below:

Table 2 – Support Services

2015-16 £		2016-17 £
12,045	Communities Admin	12,045
2,880	Internal Audit	2,880
6,740	Accountancy	5,610
650	Procurement	1,350
6,560	IT	6,740
30	Sundry Debtors	-
3,210	Human Resources	3,180
13,780	Facilities Management (postal service)	14,050
1,120	Creditors	970
1,210	Committee	1,260
48,225	Total	48,085

- An over recovery of income of £121,000 due to a higher number of cremations performed than budgeted for, and the increase in cremation related products.

4.4 In addition to the Annual Accounting Statement, a supplementary Balance Sheet is provided in Table 3 below. This supplementary information provides a further breakdown of the figures recorded in the Annual Accounting Statement, is purely for information only, and is not subject to audit at year end.

Table 3 – Balance Sheet for Years Ended 31 March 2016 & 2017

31 March 2016 £'000	Description	31 March 2017 £'000	Equivalent Line on Annual Return
3,026	Property, Plant & Equipment	3,285	
900	- other land and buildings	900	
	- Community Assets		
3,926	Long Term Assets	4,185	12
30	Inventories	29	8
154	Short Term Debtors	118	8
565	Cash and Cash Equivalents	990	9
749	Current Assets	1,137	
	Short Term Borrowing		
(5)	Short term borrowing	(79)	13
(13)	Short Term Creditors	(55)	10
(18)	Current Liabilities	(134)	
(123)	Long Term Borrowing	(-)	13
(123)	Long Term Liabilities	(-)	
4,534	Net Assets	5,188	
	Usable reserves		
735	- Accumulated Surplus	1,082	7
	Unusable reserves		
986	- Revaluation Reserve	1,349	
2,812	- Capital Adjustment Account	2,757	
1	-Short-term Accumulating Compensated Absences Account	-	
4,534	Total Reserves	5,188	

4.5 Further information to explain the balances are provided below:

- Property, Plant and Equipment of £4.185 million as recorded on Line 12 of the Annual Accounting Statement represent buildings, land, and fixtures and fittings. The increase in the value of non-current assets is due in the main to the revaluation of the assets in 2016-17.
- Inventories of £29,000 relates to stock included in the Balance Sheet at the lower of cost and net realisable value and relate to memorials purchased for future use in the Garden of Remembrance.

- Short term debtors of £118,000 represent the monies owed to the Coychurch Crematorium Joint Committee by trade debtors such as Funeral Directors.
- Cash and cash equivalents of £990,000 represents cash 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.
- Short term creditors of £55,000 represent monies owed by the Coychurch Crematorium Joint Committee for goods/services received in 2016-17.
- The short term borrowing balance totalling £79,000 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% (£436 in 2016-17) plus an additional principal repayment (£49,564 in 2016-17). The outstanding loan of £79,000 will be repaid in full in 2017-18, as agreed by the Joint Committee at the meeting on 3 March 2017.
- 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 a reserve that holds the timing differences between the annual leave entitlement for staff and actual annual leave taken at the 31 March 2017.
- The accumulated surplus of £1,082,000 as recorded in Line 11 of the Annual Accounting Statement reflects the surplus for the current year and the balance of any previous year's surpluses/deficits held to fund any future capital works.
- 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 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. The Account balance was -£299 as at 31 March 2017 (2016 -£1,145).

5. **Effect upon Policy Framework and Procedure Rules**

5.1 None.

6. **Equalities Impact Assessment**

6.1 There is no impact on specific equality groups and disability duties.

7. **Financial Implications**

7.1 None.

8. **Recommendation:**

8.1 It is recommended that the Joint Committee approves the Annual Accounting Statement for Coychurch Crematorium for 2016-17 and to submit the Accounting Statement for Coychurch Crematorium to the Wales Audit Office.

**RANDAL HEMINGWAY
HEAD OF FINANCE, S151 OFFICER
BRIDGEND COUNTY BOROUGH COUNCIL
TREASURER TO THE COYCHURCH CREMATORIUM JOINT
COMMITTEE**

June 2017

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Background Papers: Report of the Treasurer
Coychurch Crematorium Joint Committee
March 3 2017