

Coychurch Crematorium Joint Committee

Statement of Accounts

2013-14



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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 2013-14 have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2013. The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which presents a true and fair view of the financial position and transactions of Coychurch Crematorium. In developing proper accounting practices, the Code is based on International Financial Reporting Standards.

These are the first full set of accounts since they were last required to be published in 2009-10. During the period 2010-11 to 2012-13 the Crematorium was exempt from completing a Statement of Accounts and instead was required to complete an Annual Return. The main change in the accounting requirements since the 2009-10 accounts were prepared is the requirement to disclose the cost of exit packages agreed. Exit packages include voluntary severance arrangements, compulsory redundancy costs, pension contributions in respect of added years, ex gratia payments and other related departure costs. The accounts have also been amended to reflect the requirement of IAS 1 "Presentation of Financial Statements"- Other Comprehensive Income.

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 £481k.

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.

The 2013-14 Code required the authority to adopt the changes in IAS1 "Presentation of Financial Statements" in respect of applying new groupings of the reported amounts under Other Comprehensive Income and Expenditure into those transactions that will be reclassified separately to the surplus/deficit on the

provision of services and those transactions that will not be reclassified. The change in accounting policy has been applied retrospectively. The requirements introduced by the amendments of IAS 1 are only a change in the presentation requirements of the Comprehensive Income and Expenditure Statement.

For 2013-14, the Crematorium showed a surplus on the Comprehensive Income and Expenditure Statement of £549k.

3. Balance Sheet

This shows the Joint Committee's financial position as at 31 March 2014, where the net worth was £3.287M. 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 £420k.

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 2012-13 £'000 | | Revised Budget 2013-14 £'000 | Actual 2013-14 £'000 | Variance 2013-14 £'000 |
|-------------------------------------|-----------------------------------|---|-------------------------------------|---------------------------------------|
| | <u>Expenditure</u> | | | |
| 236 | Employees | 244 | 240 | (4) |
| 253 | Premises | 326 | 249 | (77) |
| 146 | Supplies, Services & Transport | 162 | 170 | 8 |
| 81 | Agency/Contractors | 79 | 86 | 7 |
| 35 | Administration | 27 | 42 | 15 |
| 51 | Capital Financing Costs | 50 | 50 | 0 |
| 802 | Gross Expenditure | 888 | 837 | (51) |
| | <u>Income</u> | | | |
| (925) | Crematorium Fees etc | (950) | (1,318) | (368) |
| (123) | (Surplus)/Deficit | (62) | (481) | (419) |
| (123) | Transfer (to)/from Reserve | | (481) | |

The actual performance for the year is provided in the format in which information is normally reported to the Joint Committee, and excludes any accrual in respect of the cost of holiday entitlements earned by employees but not taken at the year end and any adjustments between accounting basis and funding basis under regulations. The final outturn for 2013-14 showed a surplus of £481k.

This is different to the figure reported in the Comprehensive Income and Expenditure Account of £549k surplus which includes an adjustment in respect of an upward asset revaluation of £63k. In 2009-10 the land at the crematorium was revalued resulting in a revaluation loss of £63k being charged to the Comprehensive Income & Expenditure Account. However, in 2013-14 the land element was reclassified to Community Assets (see page 36) which is recorded at Historic cost. The previous revaluation loss was therefore removed to bring the asset back to Historic Cost which resulted in a reversal of the charge to the Comprehensive Income and Expenditure Account in 2013-14 as required by capital accounting regulations.

Reasons for differences between budget and spend

The final outturn for 2013-14 showed a net surplus within the year of £481k.

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

- A net underspend of £4k on employees as a result of a part year vacancy.
- A net underspend of £77k on Premises costs due mainly to a decrease in planned maintenance and a reduction in the annual charge for business rates due to a rating revaluation.
- An increase of £8k in relation to Supplies, Services & Transport as a result of an increase in equipment purchases.
- A net overspend of £15k on Administration as a result of an increase in central support recharges due to the change in the methodology used.
- An over recovery of income of £368k as a result of additional cremations resulting from the closure due to fire of the neighbouring Neath Port Talbot CBC crematorium at Margam in July 13. The number of cremations increased from 1,484 in 2012-13 to 1,883 in 2013-14, an increase of 27%.

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 net movement on the general fund (after adjustments between accounting basis and funding basis under regulations) of £481k has been added to the accumulated reserve for the Crematorium bringing the total of that reserve to £1,019k.

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 £226k and fixed assets are valued at £2.494m.

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% - 75% of all deaths. This impact of the privately owned Crematorium in The Vale of Glamorgan has been reflected in the budget for 2013-14 however with the fire at the Margam Crematorium this budget was quickly superseded. The fire at Margam has led to a marked increase in Cremations however this is only temporary and will not be the case in 2014-15. The 2014-15 budget has therefore been set to reflect a reduction in the number of cremations when compared to 2013-14.

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 Corporate Director Resources, Section 151 Officer, 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 the Coychurch Crematorium Joint Committee as at 31st March 2014 was approved by

Signed :

Chairperson of the Joint Committee

Date :

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Coychurch Crematorium'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 2014.

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.

Certification of Accounts

The Treasurer should sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the Joint Committee at the reporting date and of its income and expenditure for the year ended 31 March 2014.

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 2014 and of its income and expenditure for the year ended 31 March 2014.

Signed :

**Interim Director of Resources, Interim Section 151 Officer, Bridgend
County Borough Council**

Date :

The Annual Governance Statement

1. Scope of responsibility

- 1.1 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.
- 1.2 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.
- 1.3 Bridgend County Borough Council acting in its stewardship role has developed a Code of Corporate Governance which is consistent with the framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 1.4 The Council's Annual Governance Statement is presented to the Audit Committee every year for approval. The Coychurch Crematorium Joint Committee has to produce its own Annual Governance Statement.
- 1.5 The Joint Committee's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)* as set out in the *Application Note to Delivering Good Governance in Local Government: Framework*.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and values, by which the Joint Committee is directed and controlled and the means by which it accounts to and engages with its stakeholders and customers. 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.

- 2.2 The system of internal control is a significant part of that framework and is designed to avoid inappropriate use or loss of public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and to manage their impact.
- 2.3 The system of internal control is based on an on-going 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.
- 2.4 The following paragraphs summarises the governance framework and the system of internal control, which has been in place at Coychurch Crematorium Joint Committee for the year ended 31st March 2014. The description of the arrangements in place is built around the core principles set out in the Council's Code of Corporate Governance.

3. The Governance Environment

3.1 Bridgend CBC

Policies and Plans

- 3.1.1 The six principles of corporate governance that underpin the effective governance of all local authority bodies as defined by CIPFA and SOLACE, incorporating the WG governance principles (shown in italics) are as follows:
- Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; (*Putting the Citizen First*); (*Achieving Value for Money*).
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles; (*Knowing Who Does What and Why*);
 - Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; (*Living Public Service Values*);
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; (*Fostering Innovation Delivery*);
 - Developing the capacity and capability of Members and officers to be effective; (*Being a Learning Organisation*);
 - Engaging with local people and other stakeholders to ensure robust public accountability; (*Engaging with Others*).

The Council's aims, objectives and main priority areas are detailed in its Corporate Improvement Plan 2013–2017. The Corporate Plan includes Improvement Priorities which are aligned with the key outcomes of the Local Service Board's 'Bridgend County Together' Single Integrated Partnership Plan. This ensures that the Council is able to deliver on the commitments made with partner organisations.

Council's Constitution and Audit Committee

- 3.1.2 The Constitution is at the heart of Bridgend County Borough Council's business and 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 also provides a framework that regulates the behaviour of individuals and groups including Coychurch Crematorium through codes of conduct, protocols and standing orders. The Constitution is a comprehensive document that is kept under continual review by the Monitoring Officer. It provides a point of reference for individuals and organisations both inside and outside the Council. Its Rules of Procedure govern the overall framework within which the Council operates. Procedural rules and codes of conduct outline how the Constitution will be put into effect. Whilst the Constitution is required by statute its content is not fully prescribed. The Council is satisfied that it is consistent with statute, regulations and guidance. To ensure continued compliance, the Assistant Chief Executive – Legal and Regulatory Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989.

It defines the roles and responsibilities of the Cabinet (as Executive), the Scrutiny Committee which holds the Cabinet to account, Full Council and other Committees and Officers. The Scrutiny Committees' functions provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control. Within the Constitution, there are protocols for effective communication and rules of procedures.

The Council has an Audit Committee which provides the focus for reviewing the effectiveness of the system of internal control. This is primarily based upon reviewing the work of Internal Audit and receiving reports from the Council's external auditors. The Committee provides assurance to the Council in relation to the effectiveness of the risk management framework, internal control environment and governance matters.

Financial Management

- 3.1.3 The Corporate Director Resources is the Section 151 Officer appointed under the 1972 Local Government Act and carries overall responsibility for the financial administration of the Council. 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. The Corporate Director

Resources and S151 Officer is also the Treasurer to the Joint Committee, and in this capacity ensures that proper arrangements are in place for the administration of the financial affairs of Coychurch Crematorium.

Code of Conduct

- 3.1.4 The Council has established Codes of Conduct for both Employees and Members that define expected standards of personal behaviour. This also applies to staff at Coychurch Crematorium. The Codes of Conduct are contained within Part 5 of the Constitution.

Risk Management

- 3.1.5 The Council has developed a robust approach to the management of risk and the risk management policy is aligned with Directorate Business Plans and the Council's performance management framework. All risks identified are assessed against the corporate criteria. Risks are viewed from both a Service and Council-wide perspective which allows the key risks to be distilled into a Corporate Risk Register. Most major risks are managed within one of the key strategic programmes. CMB regularly reviews the risk register and actions being taken to mitigate the risks. The Corporate Risk Register is also presented to Audit Committee for review.
- 3.1.6 The Council's approach to Risk Management ensures that key risks are considered when determining Council priorities, targets and objectives. These are incorporated into the Directorates' Business Plans and from 1 April 2014 into Service Plans too.
- 3.1.7 The crematorium's financial controls follow Bridgend Council's procedures and protocol. Annual Audits ensure that these practices protect the service and are transparent. Personnel are experienced and trained to undertake certain roles required for financial accountability.

3.2 Coychurch Crematorium Joint Committee

- 3.2.1 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.

Coychurch Crematorium Joint Committee Statement of Accounts 2013-14

- 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 approved by the Committee in March 2013. The Business Plan is monitored during the year and updates provided to the Joint Committee.
- (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. The Business Plan is presented annually to the Joint Committee for approval which includes service objectives and proposed maintenance, and improvement projects to enhance and maintain the Crematorium grounds and buildings for the forthcoming period.
- (iii) Ensuring compliance with established policies, procedures, laws and regulations
- Function delegated to Bridgend County Borough Council.
 - The Crematorium is a member of the Federation of Burial and Cremation Authorities (FBCA) and abides by its Code of Cremation Practice. The cremators and their operation conform to the current requirements of the Environmental Protection Act 1990 and are regularly tested by Environmental Health Officers for compliance with these regulations.
- (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 Coychurch Crematorium and its reporting
- Bridgend County Borough Council Corporate Improvement arrangements.
 - Questionnaire of users' satisfaction of the Council's bereavement services. The Crematorium carries out a quarterly review of questionnaire results which feeds into an annual assessment of the quality of service. This is one of the local indicators introduced to assist with the monitoring of performance as part of Bridgend County Borough Council's Corporate Improvement arrangements.

4. Review of Effectiveness

4.1 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.

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

- A Performance Management Framework (The Cabinet as Executive) which links the Council's vision of "Working together to improve lives" through services delivered at the frontline of the Council and how external factors influence the vision. This is known as the 'Golden Thread' for planning.
- A Resourced Scrutiny function which holds the Cabinet to account.
- The Audit Committee which is responsible for reviewing the effectiveness of the system of internal control.
- Internal Audit who undertake a continuous audit of Council services.
- A Corporate Management Board (CMB) who with the Cabinet lead on the implementation of the Medium Term financial strategy (MTFS) 2013-14 to 2016-17 underpinned by financial and performance data. This has now been rolled forward a year to cover the period 2014-15 to 2017-18 taking account of auditors' views and any issues which need to be addressed from 2013-14, together with a continued desire to embed a culture of medium term financial planning closely aligned with corporate planning.
- A Corporate Performance Assessment (CPA) forum to enable Cabinet, CMB and Heads of Service to :
 - ❖ Obtain a holistic view of the Council's performance;
 - ❖ Identify and explore cross-cutting issues and overspends that affect more than one area;
 - ❖ Critically challenge areas of poor performance; and
 - ❖ Identify service improvement opportunities, risks to delivery and resource implications.

This CPA achieve this through monitoring the Council's improvement priorities as defined by the Corporate Plan; agreed key indicators/measures and service actions that are linked to directorate priorities as defined by the Corporate Plan; the budget allocated to delivering improvement priorities; and Corporate risks.

- The Cabinet and Scrutiny Committee functions provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control.
- The Coychurch Crematorium Committee has a key role in reviewing and monitoring the effectiveness of the governance framework, and holds at least three meetings in a year for the transaction of general business.

4.3 An Audit review of the Crematorium was undertaken as part of Bridgend County Borough Council's 2013-14 Annual Internal Audit Plan in January 2014 by means of a Control Risk Self-Assessment (CRSA) Questionnaire was given a grading of 'substantial assurance' with regard to the management of risk. The results of the Audit Review were reported to the Joint Committee in March 2014. The Crematorium are audited on a regular basis and the next internal audit review is planned for 2014-15.

4.4 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. This indicator 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.

4.5 The service level business plan, mentioned under 3.2.1 (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

5.1 No significant governance issues were identified during 2013-14 as a result of the review of arrangements.

6. Certification of Annual Governance Statement

Signed:

.....
Cllr B Stephens
Chairperson of the Joint Committee
Date

.....
Treasurer to the Joint Committee
Interim 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 2013-14 financial year and its position at the year end of 31 March 2014. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2013-14 and the *Service Reporting Code of Practice (SeRCOP)* 2013-14 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 Joint Committee 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 Joint Committee). 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 Coychurch Crematorium.

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 2013-14 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 2013-14 (SeRCOP)*. For 2013-14, most 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 Joint Committee when there is reasonable assurance that:

- the Joint Committee 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 Coychurch Crematorium. 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 has in previous years used 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). The crematorium holds no leases.

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.

15 Provisions & Contingent Liabilities

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 or amount 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.

There are no contingent liabilities impacting on the Crematorium.

16 Cash & Cash Equivalents

The Crematorium's cash balance represents its share of the Bridgend County Borough Council general bank account. No separate bank account exists for Coychurch Crematorium. Coychurch Crematorium does not undertake short term investments.

Core Financial Statements 2013-14

Movement in Reserves Statement For Years Ended 31 March 2013 & 2014

| | 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 Crematorium Reserves £'000 | Notes |
|--|--|--------------------------------------|---------------------------------|---|--|--|---|------------|
| Balance at 31 March 2012 | 415 | 415 | 639 | 1,639 | (1) | 2,277 | 2,692 | |
| <u>Movement in reserves during 2012-13</u> | | | | | | | | |
| Surplus or (deficit) on provision of services Other Comprehensive (expenditure) and Income | 125 | 125 | - | - | - | - | 125 | |
| | | | (79) | | | (79) | (79) | |
| Total Comprehensive Expenditure and Income | 125 | 125 | (79) | - | - | (79) | 46 | |
| <u>Adjustments between accounting basis & funding basis under regulations</u> | (2) | (2) | (18) | 19 | 1 | 2 | 0 | (1) |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | 123 | 123 | (97) | 19 | 1 | (77) | 46 | |
| Transfers to/from Earmarked Reserves | - | - | - | - | - | - | - | (15 & 16) |
| Increase/(Decrease) in Year | 123 | 123 | (97) | 19 | 1 | (77) | 46 | |
| Balance at 31 March 2013 carried forward | 538 | 538 | 542 | 1,658 | - | 2,200 | 2,738 | |
| <u>Movement in reserves during 2013-14</u> | | | | | | | | |
| Surplus or (deficit) on provision of services | 549 | 549 | - | - | - | - | 549 | (15) |
| Total Comprehensive Expenditure and Income | 549 | 549 | - | - | - | - | 549 | |
| <u>Adjustments between accounting basis & funding basis under regulations</u> | (68) | (68) | (18) | 86 | - | 68 | 0 | (1) |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | 481 | 481 | (18) | 86 | - | 68 | 549 | |
| Transfers to/from Earmarked Reserves | - | - | - | - | - | - | - | (15 & 16) |
| Increase/(Decrease) in Year | 481 | 481 | (18) | 86 | - | 68 | 549 | |
| Balance at 31 March 2014 carried forward | 1,019 | 1,019 | 524 | 1,744 | - | 2,268 | 3,287 | |

Comprehensive Income & Expenditure Statement 2013-14

| 2012-13 | | | Description | 2013-14 | | | Notes |
|-------------------|--------------|-----------------|--|-------------------|--------------|-----------------|--------------------------------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure | |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | |
| 236 | | 236 | Staff Costs | 240 | | 240 | (3,4) (6) |
| 253 | | 253 | Premises | 249 | | 249 | |
| 146 | | 146 | Supplies, Services & Transport | 170 | | 170 | |
| 81 | | 81 | Agency/Contractors | 86 | | 86 | |
| 35 | | 35 | Administration | 42 | | 42 | |
| 46 | | 47 | Depreciation & Revaluation | (19) | | (19) | |
| 798 | - | 798 | Gross Cost of Services | 768 | | 768 | |
| | | | <u>Income</u> | | | | |
| - | (925) | (925) | Fees & Charges | | (1,318) | (1,318) | |
| 798 | (925) | (127) | Net Cost of Services | 768 | (1,318) | (550) | |
| 2 | | 2 | Financing & Investment Expenditure | 1 | | 1 | |
| 800 | (925) | (125) | (Surplus)/Deficit on Provision of Services | 769 | (1,318) | (549) | |
| | | 79 | <u>Items that will not be reclassified to the (Surplus)/ Deficit on the Provision of Services</u> (Surplus) / deficit on revaluation of non current assets | | | - | |
| - | - | 79 | Other Comprehensive Income & Expenditure | - | - | | |
| | | (46) | Total Comprehensive Income or Expenditure | | | (549) | |

Balance Sheet for Years Ended 31 March 2013 & 2014

| 1st April 2013 £'000 | Description | 1st April 2014 £'000 | Notes |
|----------------------------|---|----------------------------|-------|
| | Property, Plant & Equipment | | |
| 1,449 | - other land and buildings | 1,405 | (9) |
| 1,026 | - Community Assets | 1,089 | |
| 2,475 | Long Term Assets | 2494 | |
| 31 | Inventories | 30 | (11) |
| 109 | Short Term Debtors | 165 | (12) |
| 420 | Cash and Cash Equivalents | 840 | (22) |
| 560 | Current Assets | 1,035 | |
| | Short Term Borrowing | | |
| (11) | Short term borrowing | (9) | (13) |
| (22) | Short Term Creditors | (16) | (14) |
| (33) | Current Liabilities | (25) | |
| (264) | Long Term Borrowing | (217) | (13) |
| (264) | Long Term Liabilities | (217) | |
| 2,738 | Net Assets | 3,287 | |
| | Usable reserves | | |
| 538 | - Accumulated Surplus | 1,019 | (15) |
| | Unusable reserves | | |
| 542 | - Revaluation Reserve | 524 | (16a) |
| 1,658 | - Capital Adjustment Account | 1744 | (16b) |
| - | -Short-term Accumulating Compensated Absences Account | - | |
| 2,738 | Total Reserves | 3,287 | |

Cash Flow statement as at 31 March 2014

| 2012-13 £'000 | | 2013-14 £'000 | Notes |
|------------------|--|------------------|-------|
| (125) | Net (surplus) or deficit on the provision of services | (549) | |
| (25) | Adjust net surplus or deficit on the provision of services for noncash movements | 82 | |
| (2) | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (1) | |
| (152) | Net cash flows from Operating Activities | (468) | (18) |
| - | Investing Activities | - | |
| 48 | Financing Activities | 48 | (20) |
| (104) | Net (increase) or decrease in cash and cash equivalents | (420) | |
| 316 | Cash and cash equivalents at the beginning of the reporting period | 420 | |
| 420 | Cash and cash equivalents at the end of the reporting period | 840 | |

**Notes to the
Core
Financial
Statements
2013-14**

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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 Joint Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Committee to meet future capital and revenue expenditure.

The tables below detail the adjustments for 2013-14 and 2012-13:

Movements in Reserves Statements for Year ended 31 March 2013

| 2012-13 | Accumulated Surplus Balance £'000 | Movement in Usable Reserves £'000 | Revaluation Reserve £'000 | Capital Adjustment Account £'000 | Short Term Compensated Absences £'000 | Movement In Unusable Reserves £'000 |
|---|--|---|---------------------------------|---|--|--|
| <u>Adjustment 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 | 47 | 47 | | (47) | | (47) |
| Insertion of Items not Debited or Credited to the Comprehensive Income and Expenditure Statement : | | | | | | |
| Statutory Provision for the repayment of debt - MRP | (13) | (13) | | 13 | | 13 |
| Voluntary provision above MRP | (35) | (35) | | 35 | | 35 |
| Other adjustments include | | | | | | |
| Adjustments between CAA and Revaluation Reserve for Depreciation that is related to the revaluation balance rather than Historic Cost | | | (18) | 18 | | 0 |
| Adjustment primarily involving the Financial Instruments Adjustment Account: | | | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | | | | | | |
| Adjustment primarily involving the Accumulated Absences Account: | | | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | (1) | (1) | | | 1 | 1 |
| Total Comprehensive Expenditure and Income | (2) | (2) | (18) | 19 | 1 | 2 |

Movements in Reserves Statements for Year ended 31 March 2014

| 2013-14 | Accumulated Surplus Balance £'000 | Movement in Usable Reserves £'000 | Revaluation Reserve £'000 | Capital Adjustment Account £'000 | Short Term Compensated Absences £'000 | Movement In Unusable Reserves £'000 |
|---|--|---|---------------------------------|---|--|--|
| <u>Adjustment 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 | 44 | 44 | | (44) | | (44) |
| Revaluation losses/gain on Non-Current Assets | (63) | (63) | | 63 | | 63 |
| Insertion of Items not Debited or Credited to the Comprehensive Income and Expenditure Statement : | | | | | | |
| Statutory Provision for the repayment of debt - MRP | (11) | (11) | | 11 | | 11 |
| Voluntary provision above MRP | (38) | (38) | | 38 | | 38 |
| Revaluations gains due to reclassification of asset | | | | | | |
| Other adjustments include | | | | | | |
| Adjustments between CAA and Revaluation Reserve for Depreciation that is related to the revaluation balance rather than Historic Cost | | | (18) | 18 | | (0) |
| Adjustment primarily involving the Financial Instruments Adjustment Account: | | | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | - | - | - | - | - | - |
| Total Comprehensive Expenditure and Income | (68) | (68) | (18) | 86 | - | 68 |

Notes to the Comprehensive Income and Expenditure Statement

2. Levies and Contributions

There were no contributions requested or received for 2013-2014 from member authorities for revenue.

3. Officers' Remuneration

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 2013-14 (or 2012-13).

The Code of Practice 2013-14 requires that the Crematorium disclose the number and cost of exit packages agreed. No exit packages were agreed during 2013-14 and 2012-13.

4. Pension Costs

In 2013-14 the Joint Committee paid £39,318 (£35,375 – 2012-13) employer's contributions representing approximately 15% of employees' pensionable pay. In addition £3,557 (£3,478 – 2012-13) 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, CF39 9DL

<http://www.rctpensions.org.uk/Home.aspx>

5. Pensions Liabilities IAS19 Disclosures

No disclosures have been included with regard to IAS19. Staff participate in the Rhondda Cynon Taf County Borough Council Pension Fund which is a local Government defined benefit scheme. There were 10 full time employees who were part of the scheme in 2013-14. 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.

6. Support Services

The support service charge from Bridgend County Borough Council for 2013-14 is £42k. (£35k – 2012-13) for the following functions:

Coychurch Crematorium Joint Committee Statement of Accounts 2013-14

| 2012-13 £ | | 2013-14 £ |
|----------------------------|-------------------|----------------------------|
| 10,986 | Communities Admin | 11,315 |
| 20 | Internal Audit | 4,120 |
| 10,330 | Accountancy | 11,160 |
| 1,380 | Procurement | 1,500 |
| 7,000 | IT | 9,350 |
| 370 | Customer Care | - |
| 2,770 | Human Resources | 2,910 |
| 8,20 | Creditors | 680 |
| 1,150 | Committee | 1,120 |
| 34,826 | Total | 42,155 |

The recharging methodology was reviewed in 2013-14 and amended to reflect current levels of support.

In addition Bridgend County Borough Council provided the following services:-

- Grounds maintenance services the cost of which was £77,810 (£72,927 – 2012-13)
- Cleaning the cost of which was £7,133 (£7,133 – 2012-13)

7. External Audit Costs

In 2013-14 the joint committee incurred fees of £7,000 (£2,100 – 2012-13) relating to external audit and inspection.

8. Leasing costs

In 2013-14 the rentals payable in the year in respect of operating leases were £NIL (£563 – 2012-13).

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 and finished in June 2012.

Notes to the Balance Sheet

9. 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.

| | Other Land and Buildings £'000 | Vehicle, Plant and Equipment £'000 | Community Assets £'000 | Total £'000 |
|--|---|---|------------------------------|----------------|
| Cost or Valuation | | | | |
| At 1st April, 2012 | 1,808 | 7 | 1,026 | 2,841 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Reclassifications | - | - | - | - |
| Revaluations | (80) | - | - | (80) |
| At 31st March 2013 | 1,728 | 7 | 1,026 | 2,761 |
| Depreciation and Impairments | | | | |
| As at 1st April 2012 | (235) | (5) | - | (240) |
| Loss on Revaluation | | | | |
| Charge for 2012-13 | (44) | (2) | - | (46) |
| Impairment on 2012-13 expenditure | - | - | - | - |
| Disposals | - | - | - | - |
| Reclassifications | - | - | - | - |
| Removal of Accumulative balance on revaluation | - | - | - | - |
| At 31st March 2013 | (279) | (7) | - | (286) |
| | | | | |
| Balance Sheet as at 1 April 2012 | 1,573 | 2 | 1,026 | 2,601 |
| | | | | |
| Balance Sheet as at 31 March 2013 | 1,449 | - | 1,026 | 2,475 |

Coychurch Crematorium Joint Committee Statement of Accounts 2013-14

| | Other Land and Buildings £'000 | Vehicle, Plant and Equipment £'000 | Community Assets £'000 | Total £'000 |
|---|---|---|---------------------------------------|------------------------|
| Cost or Valuation | | | | |
| At 1st April, 2013 | 1,728 | 7 | 1,026 | 2,761 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Reclassifications | - | - | - | - |
| Revaluations | - | - | 63 | 63 |
| At 31st March 2014 | 1,728 | 7 | 1,089 | 2,824 |
| Depreciation and Impairments | | | | |
| As at 1st April 2013 | (279) | (7) | - | (286) |
| Loss on Revaluation | - | - | - | - |
| Charge for 2013-14 | (44) | - | - | (44) |
| Impairment on 2013-14 expenditure | - | - | - | - |
| Disposals | - | - | - | - |
| Reclassifications | - | - | - | - |
| Removal of Accumulative balance on revaluation | - | - | - | - |
| At 31st March 2014 | (323) | (7) | - | (330) |
| Balance Sheet as at 1 April 2013 | 1,449 | - | 1,026 | 2,475 |
| Balance Sheet as at 31 March 2014 | 1,405 | - | 1,089 | 2,494 |

10. 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.

11. Inventories

Stocks of £30,080 (31.3.2013 - £30,923) relate to various items purchased for future use in the Garden of Remembrance.

12. Short Term Debtors

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

| 2012-13 £'000 | | 2013-14 £'000 |
|------------------|-------------------------|------------------|
| 107 | Trade debtors | 163 |
| 2 | Constituent Authorities | 2 |
| 109 | Total | 165 |

13. 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.

| 2012-13 £'000 | | 2013-14 £'000 |
|------------------|--|------------------|
| (323) | Balance brought forward | (275) |
| 35 | Additional Principal | 38 |
| 13 | Minimum Revenue Provision Principal Repaid | 11 |
| (275) | Balance carried forward | (226) |

14. Short Term Creditors

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

| 2012-13 £'000 | Short Term Creditors | 2013-14 £'000 |
|------------------|------------------------------|------------------|
| - | Other Local Authorities | 9 |
| 22 | Other Entities & Individuals | 7 |
| 22 | | 16 |

The creditor balance consists of the following category:

| 2012-13 £'000 | Description | 2013-14 £'000 |
|------------------|--------------------|------------------|
| 22 | Reserved Creditors | 16 |
| 22 | Total | 16 |

15. Usable Reserves

Movements in the usable reserves for Coychurch Crematorium are detailed in the Movement in Reserves statement.

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 2013-14 a surplus of 481k was generated which has been added to this reserve.

| 2012-13 £'000 | | 2013-14 £'000 |
|------------------|---|------------------|
| (415) | Opening Balance | (538) |
| (123) | Transfer to revenue account re (surplus)/deficit | (481) |
| (538) | Closing Balance | (1,019) |

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.

| 2012-13 £'000 | | | 2013-14 £'000 |
|------------------|------------|--|------------------|
| | 639 | Balance at 1 April | 542 |
| (79) | | Losses not charged to the Surplus/deficit on the Provision of services | - |
| | (79) | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | - |
| | (18) | Write Down of Accumulated Revaluation Reserve in line with depreciation | (18) |
| | 542 | Balance at 31st March | 524 |

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 Joint Committee 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 2013-14

| 2012-13 £'000 | | 2013-14 £'000 |
|--------------------------|--|--------------------------|
| (1,639) | Balance brought forward | (1,658) |
| 47 | Depreciation & Impairment | 44 |
| (35) | Additional Principal | (38) |
| (13) | MRP | (11) |
| - | Revaluation gains on Property, Plant & Equipment | (63) |
| (18) | Write down of Revaluation Gain capital conts deferred w/off to CAA | (18) |
| (1,658) | Balance Carried Forward | (1,744) |

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. The account balance was £348 as at 31 March 2014 (2013 :£87)

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:-

| 2012-13 £'000 | | 2013-14 £'000 |
|------------------|---|------------------|
| (125) | Net (surplus) or deficit on the provision of services | (549) |
| | <u>Adjustment for non cash movements:</u> | |
| - | Increase/(Decrease) in Stock | (1) |
| 19 | Increase/(Decrease) in Debtors/Provisions | 56 |
| 1 | (Increase)/Decrease in Creditors/Provisions | 6 |
| 1 | Movement on provisions for accumulated absences | - |
| (46) | Remove Depreciation & Deferred income | (44) |
| - | Valuation charged to I&E | 63 |
| - | Unfinanced interest | 2 |
| (2) | Interest Paid | (1) |
| (152) | | (468) |

19. Investing Activities

No investing activities were carried out in 2013-14

20. Financing Activities

The cash flows for financing activities include the following items:

| 2012-13 £'000 | | 2013-14 £'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 2013-14 has been calculated as shown below.

| 2012-13 £'000 | | 2013-14 £'000 |
|------------------|-------------------------------------|------------------|
| 323 | Loans Outstanding b/fwd | 275 |
| 13 | Minimum Revenue Requirement (4%) | 11 |

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.

Analysis of Changes in Cash during the Year

| | Bal B/F 01/04/13 £'000 | Bal C/F 31/03/14 £'000 | Change During Year £'000 |
|-------------------------|---------------------------------------|---------------------------------------|---|
| Cash & Cash Equivalents | 420 | 840 | 420 |

23. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Joint Committee a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Coychurch Crematorium. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. There were no Contingent Liabilities impacting on the Crematorium.

24. Related Party Transactions

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

Membership of the Committee is composed in total of eleven members from: -

Bridgend C.B.C. (6)

Rhondda Cynon Taf C.B.C. (2)

Vale of Glamorgan Council (3)

As a result these Councils are considered related parties of the Joint Committee.

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.

Further information regarding related party transactions with County Borough Supplies are included in notes 6,12,13,14 and 22.

The debtor balance at the year end (note 12) includes related party transactions as follows:

Coychurch Crematorium Joint Committee Statement of Accounts 2013-14

| Related Parties | 2012-13 | 2013-14 |
|------------------------------|----------|----------|
| | Debtors | Debtors |
| | £'000 | £'000 |
| Bridgend C.B.C | - | - |
| Rhondda Cynon Taf C.B.C | 2 | 2 |
| Vale of Glamorgan Council | - | - |
| Total Related Parties | 2 | 2 |

25. Financial Instruments Disclosures- Fair Values of Assets and Liabilities

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

The following categories of financial instruments are carried in the balance Sheet:

| | Disclosure Note Ref | 31 March 2014 | | 31 March 2013 | |
|----------------------------------|---------------------|-----------------------|------------------|-----------------------|------------------|
| | | Carrying amount £'000 | Fair value £'000 | Carrying amount £'000 | Fair value £'000 |
| Short-term creditors | 14 | (16) | (16) | (22) | (22) |
| Cash & Cash | | | | | |
| Equivalents | 22 | 840 | 840 | 420 | 420 |
| Short-term debtors | 12 | 165 | 165 | 109 | 109 |
| Long and short term loans | 13 | (226) | (226) | (275) | (275) |
| | | 763 | 763 | 232 | 232 |

Short term creditors and debtors are carried at book value as this is a fair approximation of their value.

The Service is not exposed to significant credit risk as it provides a crematorium service to members of the public; there is no aged debt outstanding as accounts are settled promptly.

The Service is not exposed to market risk. Although interest due on its Long term loan provided by the host authority is paid at a variable rate equivalent to the base rate, the charge is replaced by the Minimum Revenue Provision (Note 6). In accordance with its prudential responsibility the Committee makes a provision from its revenue accounts for the redemption of loan debt. An increase in the base rate would therefore not affect the agreed repayment of loan debt which is set at 4%.

The Service is not exposed to significant liquidity risk as its only financial liabilities are short term creditors and a loan from the host authority mentioned above.

26. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There were no post balance sheet events impacting on Coychurch Crematorium Joint Committee.

27. Accounting Standards that have been Issued but not yet Adopted

There are no standards issued but not yet adopted with material impact on the Statement of Accounts.

28. Critical Judgements in Applying Accounting Policies

There are no critical judgements in applying accounting policies or major sources of estimation uncertainty within the Statement of Accounts.

29. 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 Service Reporting Code of Practice. This is in the format in which information is reported to the Joint Committee with no segmental analysis being reported as the Committee only has one operating segment. 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 to the Joint Committee is as follows:

| Crematorium Income and Expenditure | 2012-13 £'000 | 2013-14 £'000 |
|---|--------------------------|--------------------------|
| Fees, charges & other service income | (925) | (1,318) |
| Government grants | - | |
| Total Income | (925) | (1,318) |
| Employee expenses | 236 | 240 |
| Other operating expenses | 531 | 555 |
| Support Service Recharges | 35 | 42 |
| Total operating expenses | 802 | 837 |
| | | |
| Net Cost of Services | (123) | (481) |

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 is :-

| Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement | 2012-13 £'000 | 2013-14 £'000 |
|---|--------------------------|--------------------------|
| Cost of Services in Service Analysis | (123) | (481) |
| Add amounts not reported to management | (2) | (68) |
| Net Cost of Services in Comprehensive Income and Expenditure Statement | (125) | (549) |

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.

Depreciated Replacement Cost

Depreciated Replacement Cost is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and impairment. This valuation method is used for assets which are normally never exposed to the open market.

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).

2 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 the Coychurch Crematorium in return for past or future compliance with certain conditions relating to the activities of the Coychurch Crematorium.

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 Coychurch Crematorium.

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.

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.

Proposed audit report of the Appointed Auditor to the Joint Committee

Independent auditor's report to the Members of Coychurch Crematorium Joint Committee

I have audited the accounting statements and related notes of Coychurch Crematorium Joint Committee for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

Coychurch Crematorium Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement, and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 6 to 7, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Coychurch Crematorium Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Coychurch Crematorium Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Coychurch Crematorium Joint Committee as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Coychurch Crematorium Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett
Appointed Auditor
Wales Audit Office,
24 Cathedral Road,
Cardiff,
CF11 9LJ

xx September 2014