

**BRIDGEND COUNTY BOROUGH COUNCIL**

**REPORT OF THE TREASURER**

**COYCHURCH CREMATORIUM JOINT COMMITTEE**

**FRIDAY 24 JUNE 2016**

**ANNUAL ACCOUNTING STATEMENT 2015-16**

**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 2015-16 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 Since 2010-11 Coychurch Crematorium has been required to complete a statutory Annual Return as defined under the Accounts and Audit (Wales) (Amendment) Regulations 2010 as they had expenditure and income of less than £1million and were classified as being exempt by being deemed as a minor joint committee. The 2010 Regulations have now been revoked. The current Regulations are the Accounts and Audit (Wales) Regulations 2014 and the Annual Return is now referred to as the "Accounting Statement".
- 3.2 Minor joint committees that complete an annual accounting statement receive a limited assurance audit carried out in accordance with guidance issued by the Wales Audit Office.
- 3.3 During 2013-14 the income received by Coychurch Crematorium exceeded the £1million threshold and therefore were no longer classified as a minor joint committee, and was therefore required to produce a Statement of Accounts for the year ending 31<sup>st</sup> March 2014.
- 3.4 Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 increased the threshold of smaller local government bodies to those with annual income and expenditure from below £1 million to below £2.5 million. Consequently, Coychurch Crematorium again finds itself in a position where its level of annual income deems it no longer

necessary to produce an annual Statement of Accounts, but instead complete an Annual Accounting Statement.

- 3.5 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.
- 3.6 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 30th September.

#### 4. Current Situation /Proposal

- 4.1 Section 1 of the Annual Accounting Statement (**Appendix 1**) shows that in 2015-16 Coychurch Crematorium made a net deficit of £460,000 (difference between Line 1 'Balances brought forward' and Line 11 'Balances carried forward'). The deficit has been deducted from the accumulated reserve for the Crematorium brought forward at 31 March 2015, bringing the total of that reserve to £735,000 at 31 March 2016 compared to £1,195,000 in the preceding year.
- 4.2 The following table shows a summary of the final financial position for the Crematorium for 2015-16 as compared to the budget set at the start of the financial year.

**Table 1 – Crematorium Financial Position 2015-16**

Actual 2014-15 £'000		Revised Budget 2015-16 £'000	Actual 2015-16 £'000	Variance 2015-16 £'000
	<b><u>Expenditure</u></b>			
245	Employees	300	255	(45)
406	Premises	290	165	(125)
140	Supplies, Services & Transport	1008	991	(17)
82	Agency/Contractors	89	89	-
41	Administration	41	48	7
50	Capital Financing Costs	50	50	-
<b>964</b>	<b>Gross Expenditure</b>	<b>1,778</b>	<b>1,598</b>	<b>(180)</b>
	<b><u>Income</u></b>			
(1,140)	Crematorium Fees etc.	(1,032)	(1,138)	(106)
(1,140)	<b>Gross Income</b>	<b>(1,032)</b>	<b>(1,138)</b>	<b>(106)</b>
<b>(176)</b>	<b>(Surplus)/Deficit</b>	<b>(746)</b>	<b>460</b>	<b>(286)</b>
<b>(176)</b>	<b>Transfer (to)/from Reserve</b>		<b>460</b>	

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

- The Employees underspend of £45,000 relates to the budgeted staff restructure not taking place. The restructure is now planned to be implemented in 2016-17.
- The underspend of £125,000 on Premises is made up of Planned Maintenance (£100,000), Gas (£15,000), Electricity (£3,000) and Business Rates (£2,000). The underspend in Planned Maintenance is largely due to a delay in the replacement of the Crematory roof and Organ repairs. This work is now included in the 2016-17 budget.
- Included in Supplies and Services expenditure of £991,000 are the Replacement Cremator costs of £832,000. The main underspends are made up of the Replacement Cremators (£8,000), Purchase & Maintenance of Equipment (£24,000) and Audit Costs (£5,000). These are offset by a Carbon Reduction Charge for 2012-2016 (£18,000), resulting in the net underspend of £21,000.
- A net overspend of £7,000 on Administration (support service charge) mainly as a result of a large increase in facilities management costs. A breakdown of the support service charge for the current and previous year is provided in Table 2 below:

**Table 2 – Support Services**

2014-15 £		2015-16 £
11,655	Communities Admin	12,045
1,040	Internal Audit	2,880
12,620	Accountancy	6,740
760	Procurement	650
3,950	IT	6,560
10	Income Collection	0
-	Sundry Debtors	30
2,480	Human Resources	3,210
6,420	Facilities Management (postal service)*	13,780
690	Creditors	1,120
1,170	Committee	1,210
<b>40,795</b>	<b>Total</b>	<b>48,225</b>

- The total deficit for the year of £460,000 reflects the decision to use previous year's surpluses to fund the replacement of the Cremators. This deficit has been deducted from the accumulated useable reserve for the Crematorium bringing the total of that reserve to £735,000 (£1,195,000 in 2014-15).

- An over recovery of income of £106,000 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 2015 & 2016**

31 March 2015 £'000	Description	31 March 2016 £'000	Equivalent Line on Annual Return
2,262	<b>Property, Plant &amp; Equipment</b>		
900	- other land and buildings	3,026	
	- Community Assets	900	
<b>3,162</b>	<b>Long Term Assets</b>	<b>3,926</b>	12
30	Inventories	30	8
145	Short Term Debtors	154	8
1,050	Cash and Cash Equivalents	565	9
<b>1,225</b>	<b>Current Assets</b>	<b>749</b>	
	<b>Short Term Borrowing</b>		
(7)	Short term borrowing	(5)	13
(31)	Short Term Creditors	(13)	10
<b>(38)</b>	<b>Current Liabilities</b>	<b>(18)</b>	
<b>(170)</b>	Long Term Borrowing	<b>(123)</b>	13
<b>(170)</b>	<b>Long Term Liabilities</b>	<b>(123)</b>	
<b>4,179</b>	<b>Net Assets</b>	<b>4,534</b>	
	<b>Usable reserves</b>		
1,195	- Accumulated Surplus	735	7
	<b>Unusable reserves</b>		
986	- Revaluation Reserve	986	
1,999	- Capital Adjustment Account	2,812	
(1)	-Short-term Accumulating Compensated Absences Account	1	
<b>4,179</b>	<b>Total Reserves</b>	<b>4,534</b>	

4.5 Further information to explain the balances are provided below:

- Property Plant and equipment of £3.926 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 new cremators that were completed in 2015-16.
- Inventories of £30,000 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 £154,000 represents predominantly the monies owed to the Coychurch Crematorium Joint Committee by trade debtors such as Funeral Directors.
- Cash and cash equivalents of £565,000 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 £13,000 represent monies owed by the Coychurch Crematorium Joint Committee and includes a balance for annual leave not yet taken by staff. The two major creditors are for Medical Referee Fees (£4,294) and Plaques for Resale (£3,753).
- The short and long term borrowing loans balances totalling £128,000 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% (£887 in 2015-16) plus an additional principal repayment (£49,113 in 2015-16).
- 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 2016.
- The accumulated surplus of £735,000 as recorded in Line 11 of the Annual Accounting Statement reflects the deficit for the current year and the balance of any previous year's surpluses held to fund any future capital works. In 2015-16 an amount of £460,000 was used from the previous surpluses to fund the replacement cremators.
- 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 £1,145 as at 31 March 2016 (2015 -£1,399).

**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 2015-16 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 2016**

Contact Officer: Nigel Smith Tel No (01656) 643359  
Finance Manager-Financial Control & Closing  
Nigel.Smith@bridgend.gov.uk

**Background Papers**

None

## Annual Accounting Statement