

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

COUNTY BOROUGH SUPPLIES

STATEMENT OF ACCOUNTS

2015-16



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Narrative Report

1. County Borough Supplies

County Borough Supplies is the trading name of the Catalogue Supplies Service Joint Committee of local authorities, which was established as a collaborative arrangement between the four local authorities of Bridgend, Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils.

County Borough Supplies provides a purchasing and supply function which secures savings to corporate customers and schools through economies of scale and thereby contributes to the financial prudence of the authority. It achieves this by providing a single-source facility for each of the partnering authorities, through delivery via stores and a direct sourcing function for items of common and repetitive spend.

2. The Statement of Accounts

The accounts for 2015-16 have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2015-16. 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 performance and financial position and transactions of County Borough Supplies. In developing proper accounting practices, the Code is based on International Financial Reporting Standards.

The only change in requirement since the 2014-15 accounts were prepared is the decision by the Joint Supplies Committee to terminate the Service on the 31st March 2016 and the accounts have been prepared on the basis that the Service is no longer a going concern.

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 County Borough Supplies 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 accumulated surplus before any discretionary transfers to or from earmarked reserves undertaken by the Joint Committee. This shows that the total Joint Committee reserves have decreased by £527k.

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 County Borough Supplies' activities.

For 2015-16, County Borough Supplies showed a deficit on the Comprehensive Income and Expenditure Statement of £527k. The main reason for the deficit is the requirement to provide for redundancies in the year they are committed and the commissioning of a consultant to oversee the closedown of the Service.

3. Balance Sheet

This shows the Joint Committee's financial position as at 31 March 2016, where the net worth was £777k. 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 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 a reserve that holds the timing differences between the annual leave entitlement for staff and actual annual leave taken at the 31 March 2016.

4. Cash Flow Statement

This explains the financial position in cash terms and shows that the Committee's cash position had increased by £510k.

e) The notes to the Accounts

These are disclosures relating to the financial statements.

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3. Analysis of Financial Performance

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

Actual 2014-15 £000		Budget 2015-16 £000	Actual 2015-16 £000	Variance 2015-16 £000
	Income			
(1,417)	Catalogue Sales (net)	(1,246)	(1,084)	162
(129)	Other income	(100)	(46)	54
(4)	Financing Investment & Income	-	(4)	(4)
(1,550)	Total Income	(1,346)	(1,134)	212
	Expenditure			
783	Employees	797	1172	375
92	Premises	110	98	(12)
148	Transport	136	134	(2)
131	Supplies & Services	129	121	(8)
57	Third Party Payments	25	47	22
45	Support Services	54	53	(1)
(1)	Increase/(Decrease) in Provisions-(Bad Debt)		36	36
1,255	Total Expenditure	1,251	1,661	410
(295)	(Surplus)/Deficit for year	(95)	527	622

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. The final outturn as at 31 March 2016 showed a deficit of £527k.

Reasons for differences between budget and spend

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

- The Employee costs include a provision of £388K for the Redundancy cost as a result of the closure of the Service. The Code of Practice requires the costs to be recognised when they are committed not when they are paid. The payments will take place in 2016-17.
- The Supplies and Services include £43K costs incurred for a planned relocation of the Service. These plans were abandoned following the decision to close the Service in December 2015.
- The third party payments include the cost for consultants to close the Service.
- The income figure is lower than predicted because of a slowdown in the use of the Service following the proposal to close and the reduction in the stock available.

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Use of Surpluses

- 3.2 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. Once the remaining income has been collected and the closedown expenditure has been paid, any balances will be transferred to the partners on the basis agreed by the Joint Committee.

Future Development

- 3.3 The Joint Committee decided on the 18th December 2015 to close the service following the receipt of a notice of withdrawal from the Service by both Rhondda Cynon Taff and Merthyr. The service officially closed on 31st March 2016 and the Assets of the Joint Committee will be distributed to the Partners on the basis of the current Joint Committee agreement.

4. **Changes in Accounting Policies**

There are no changes to Accounting Policies in 2015-16 other than those required by the Code of Practice for the cessation of a Business. These are primarily the valuation of the stock at the lower of cost and net realisable value and the elimination of the provisions which are no longer required.

5. **Activity Data**

Inventory Days

Inventory days are calculated on stock held in the warehouse only and exclude catalogue direct items which are sent directly by the supplier to the customer. The average number of days an inventory item was held decreased from 44 days in 2014-15 to 1 day in 2015-16.¹

Since inventory turnover is associated with the cost of sales and average inventory, changes in either cost of sales or inventory can cause a change in the amount of inventory days. The decrease in inventory days in 2015-16 is as a result of the reduction and revaluation of stock.

Debtor Days

The average number of days for which a debt is outstanding has increased compared to the previous year. The increase is from 24 days in 2014-15 to 31 days in 2015-16.²

¹ $\frac{\text{Average Stocks}}{\text{Cost of Sales(excluding catalogue direct)}} \times 365$

² $\frac{\text{Average Debtors}}{\text{Sales}} \times 365$

Activity Measure

6. As a measure of activity, the number of customers served on an individual order basis was 1,956 and the number of transactions during the year was 246,845 from 39,456 orders.

By comparison, in 2014-15, the number of customers served on an individual order basis was 2,036 and the number of transactions during the year was 269,326 from 43,279 orders .

The decrease in 2015-16 in the customer base is as a result of the closedown of the Service and the cessation of order acceptance from February 2016.

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 Head of Finance and 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 Catalogue Supplies Service Joint Committee as at 31 March 2016 was approved by:

Signed :

Chairman of the Joint Committee

Date :

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), is required to give a true and fair view of the financial performance of the Joint Committee at the accounting date and its income and expenditure for the year ended 31 March 2016.

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 of Practice 2015-16

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 authority at the reporting date and of its income and expenditure for the year ended 31 March 2016.

Treasurer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Catalogue Supplies Service Joint Committee at 31 March 2016 and of its income and expenditure for the year ended 31 March 2016.

Signed :

Head of Finance, Section 151 Officer, Bridgend County Borough Council

Date :

The Annual Governance Statement 2015-16

1. Scope of Responsibility

- 1.1 The Joint Supplies Service (JSS) 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.
- 1.2 The Committee also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the exercise of its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

This builds upon the principles set out by the Welsh Government (WG) under the Wales Programme for Improvement (WPI) and the vision for public service delivery as set out in the "Programme for Government".

- 1.3 This Committee has been jointly established by Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Caerphilly County Borough Council and Rhondda Cynon Taf County Borough Council. Bridgend County Borough Council acts as lead authority with responsibility for the stewardship of its financial affairs.
- 1.4 In discharging its overall responsibilities, the Committee is also responsible for ensuring that it has proper arrangements for the governance of its affairs and a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 1.5 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).
- 1.6 The Council's Annual Governance Statement is presented to the Audit Committee every year for approval. The Joint Supplies Service (JSS) Committee has to produce its own Annual Governance Statement.
- 1.7 The Joint Committee's financial management arrangements conform to 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 ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.4 The following paragraphs summarise the governance framework and the system of internal control, which has been in place at Joint Supplies Service (JSS) Committee for the year ended 31 March 2016. The description of the arrangements in place is built around the core principles set out in the Council's Code of Corporate Governance (as the lead authority).

3. The Governance Framework

3.1 Bridgend CBC

Policies & 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*);
- 3.1.2 The Council's aims, objectives and main priority areas are detailed in its Corporate 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.

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- 3.1.3 The Council's core values encapsulated in the acronym FACE demonstrate the Council's commitment to the Public Service values which are to be:-
- **F**air (considering everyone's needs and circumstances),
 - **A**mbitious (always trying to improve what we do and aiming for excellence),
 - **C**itizen focused (remembering the need to serve the local communities) and
 - **E**fficient (delivering effective services that are value for money).

Council's Constitution and Audit Committee

- 3.1.4 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 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 Corporate Director Operational and Partnership Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989.
- 3.1.5 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.
- 3.1.6 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.
- 3.1.7 In addition, the Standards Committee has a duty to promote and maintain high standards of conduct by Town and Community Councillors and County Borough Councillors, co-opted members and Church and Parent Governor Representatives.

Financial Management

- 3.1.8 The Head of Finance is the Section 151 Officer appointed under the 1972 Local Government Act and carries overall responsibility for the financial administration of the Council. He is responsible for ensuring that appropriate advice is given on all financial matters, for maintaining proper financial accounts and records and maintaining an effective system of internal financial control. The Head of Finance and S151 Officer is also the Treasurer to the Joint Committee and in

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this capacity ensures that proper arrangements are in place for the administration of the financial affairs of County Borough Supplies.

Code of Conduct

- 3.1.9 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 County Borough Supplies. These are contained within Part 5 of the Constitution.

Risk Management

- 3.1.10 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.

- 3.1.11 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' and Service Business Plans.

- 3.1.12 The Joint Supplies Service Committee has identified its main risks as being:

- Closure of the Service on the 31st March 2016 (high risk)
- Additional revenue implications as a consequence of the building relocation in April 2016 (low risk). The project was terminated following the decision to close the Service, but some costs had been incurred in the year.

The Joint Supplies Service Committee have identified actions necessary to mitigate these risks in their Business Plan. Levels of risk are also mitigated by the annual undertaking and assurance of both independent internal and external auditing of operational policies which are reported to the JSS management Committee.

3.2 Joint Supplies Service (JSS) Committee

- 3.2.1 The Joint Committee's Constitution sets out how the Committee operates, how decisions are made, and the procedures which are followed. It defines the roles and responsibilities of the Members and Officers, the membership and powers of the Committee.

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

- (i) Establishing and monitoring the achievement of the County Borough Supplies Service objectives:

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- Memorandum of Agreement defining the constitution refers to the submission of estimates to the Committee and preparation of an annual report and statement of accounts.
 - The ongoing Joint Supplies Service Review. This has regularly reviewed operations and the commercial environment on a quarterly basis and has reported to the Joint Committee.
 - A five year Business Plan for the period 2015-16 to 2020-21 was approved by the Joint Supplies Service Committee on 11 May 2015. Progress reports will be presented to the JSS Committee on a regular basis for consideration.
 - The agreement to close the Service was approved by the Joint Supplies Service Committee on 18 December 2015.
- (ii) Facilitation of policy and decision-making :
- Joint Supplies Service Committee which makes executive decisions and holds three general business meetings a year comprises members from Bridgend County Borough Council, Merthyr Tydfil CBC, Caerphilly CBC and Rhondda Cynon Taf CBC.
- (iii) Ensuring compliance with established policies, procedures, laws and regulations:
- Function delegated to Bridgend County Borough Council. 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. The Monitoring Officer carries overall responsibility for ensuring compliance with the law and his staff work closely with departments to advise on legal matters. He is also responsible for continually reviewing the Constitution which at the heart of the Council's business and assigns responsibility within the Authority. It also provides a framework that regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders.
- (iv) Ensuring the economical, effective and efficient use of resources and secure continuous improvement in the way functions are exercised:
- The Joint Supplies Service Committee achieves this by regularly monitoring and reviewing its Business Plan, undertaking a monthly finance health check, regularly monitoring and reviewing performance indicators and habitually monitoring order book turnover.
- (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 committee and its reporting
- Bridgend County Borough Council Corporate Improvement arrangements.
 - A number of Key Performance Indicators have been reported to the Committee for several years, as a tool for the monitoring progress of service

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delivery. The performance indicators are periodically reviewed to ensure they reflect service needs. A new indicator has been introduced relating to new customers, reflecting the required objective of business growth whilst a number of existing indicators have also been enhanced providing further detailed information.

- Sustained quality of service delivery assessed by annual customer survey.
- Management of operational costs within agreed budget for respective period.

(vii) The management of staffing levels and structure in the Joint Supplies Service:

- Operational issues are managed under the Bridgend terms of employment without referral to Officers or Members; however more strategic decisions such as structure changes, retirement, and redundancies etc. which involve financial consideration are referred to the Joint Service Committee for consideration.

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 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.
- The Council's Chief Executive (as Head of Paid Service) leads the Council's officers and chairs the Corporate Management Board whose role is to promote a strong performance management culture and provide a challenge

on performance management, which compliments the Corporate Performance Assessment.

- 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 Joint Supplies Service 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 A review of County Borough Supplies was undertaken by Bridgend County Borough Council Internal Audit (dated October 2014) as part of their 2014-15 annual Internal Audit Plan and was given a grading of 'substantial assurance'. The results of the Audit Review were reported to the Joint Committee in January 2015. County Borough Supplies are audited on a regular basis and the next internal audit review is planned for 2016-17 which will now incorporate the review of Annual Return following the closedown of the Service.

5. Significant Governance Issues

5.1 The significant issue in 2015-16 was the decision taken by the Joint Committee to close the Service. The Service ceased to trade on the 31st March 2016.

6. Certification of Annual Governance Statement

Signed:

Date:

Chairperson of the Joint Committee

Signed:

Date:

Treasurer to the Joint Committee

S151 Officer, Bridgend County Borough Council Randal Hemingway

Signed:

Date:

Corporate Director - Operational and Partnership Services Andrew Jolley

Statement of Accounting Policies

1. General principles

The Statement of Accounts summarises the Committee's transactions for the 2015-16 financial year and its position at the year end of 31 March 2016. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2015-16 and the *Service Reporting Code of Practice (SeRCOP)* 2015-16 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost. The organisation has produced a net surplus since its inception with exception to 2010-11 when it decided to invest in service modernisation. The Joint Committee approved the termination of operations on the 31 March 2016 and the accounts have been prepared in accordance with this.

2. Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges due from customers are accounted for as income at the date the Committee provides the relevant goods.
- 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.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Reserves

The Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. 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.

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The Reserve for Plant and Equipment has been removed in 2015-16 as a result of the termination of the business.

A reserve is kept to manage the accounting processes for accumulated absences. This reserve does not represent usable resources for the organisation, and is further explained in the relevant policies section.

4. Provisions & Contingent Liabilities

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 There are no contingent liabilities impacting on the Catalogue Supplies Service Joint Committee.

5. Inventories (Stock and Work in Progress)

- 5.1 Inventories (stocks and stores) have been included in the accounts at the lower of cost or net realisable value, which is in accordance with the Code of Practice upon cessation of a business.
- 5.2 The provision held in the accounts to provide for items identified as obsolete or sold at less than net realisable value has been eliminated during 2015-16 due to the change in stock valuation.

6. Allocation of Support Services

- 6.1 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 2015-16 (SeRCOP)*. For 2015-16, most support service costs have been apportioned by a variety of methods. The most important being:

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- 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, number of deliveries etc)

6.2 The charge for support services includes Information Technology, Procurement, Human Resources, Legal Services, Cash Receipting, Payments, Insurance, Audit, Property and Accountancy.

7. VAT

7.1 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.

8. Employee and Pension Costs

8.1 The County Borough Supplies Service employs no staff directly. Staff are employed by Bridgend County Borough Council acting in its stewardship role, and their costs are recharged to the Service. Staff participate in the Rhondda Cynon Taf County Borough Council Pension Fund which is a local Government defined benefit scheme. The pension costs that are charged to the accounts in respect of its staff are equal to the contributions paid to the funded pension scheme for these employees.

9. Financing Charges & Interest Payable Earned

9.1 Finance charges or interest earned are calculated on the average monthly cash balance for the year and represent either an interest charge at base rate plus 1% or investment interest earned by the host authority which is applied at the average investment rate during the year. Any overdrawn balances are financed by the host authority. The JSS have had a positive cash position in the last two years with interest received on the surplus balance at a rate of 0.45% in 2015-16 (0.45% in 2014-15). See supporting note 7 for further information regarding the rate of interest received.

10. Employee benefits

10.1 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, paid sick leave and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the Comprehensive Income and Expenditure Statement, 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.

10.2 Termination and Post-Employment Benefits

An accrual has been created in the revenue account for termination and post-employment benefits. This accrual is to finance the redundancy and other post-employment costs upon the closedown of the Service. The Code of Practice requires that these be recognised when they are committed, not when they are paid.

11. Cash & Cash Equivalents

Cash is represented by cash in hand, and will also include bank overdrafts that are repayable on demand and that are integral to the organisation's cash management. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. County Borough Supplies does not undertake short term investments.



Core Financial Statements 2015-16

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

Movement in Reserves Statement For Years Ended 31 March 2015 & 2016

	Accumulated Surplus Balance £'000	Earmarked Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Committee Reserves £'000	Notes
Balance at 31 March 2014	920	88	1008	(3)	1005	
<u>Movement in reserves during 2014-15</u>						
Surplus or (deficit) on provision of services	301	-	301	-	301	
Total Comprehensive Expenditure and Income	301	-	301	(3)	301	
Adjustments between accounting basis & funding basis under regulations	(5)	-	(5)	5	-	1
Net Increase/ (Decrease) before Transfers to Earmarked Reserve	296	-	296	2	301	
Transfers to/from Earmarked Reserve	-	-	-	-	-	13,14
Increase/(Decrease) in 2014-15	296	-	296	2	301	
Balance at 31 March 2015 carried forward	1,216	88	1,304	2	1,306	
<u>Movement in reserves during 2015-16</u>						
Surplus or (deficit) on provision of services	(535)	-	(535)	-	(535)	
Total Comprehensive Expenditure and Income	(535)	-	(535)	-	(535)	
Adjustments between accounting basis & funding basis under regulations	8	-	8	(8)	-	1
Net Increase/ (Decrease) before Transfers to Earmarked Reserve	(527)	-	(527)	(8)	(535)	
Transfers to/from Earmarked Reserve	88	(88)	-	-	-	13,14
Increase/(Decrease) in 2015-16	(439)	(88)	(527)	(8)	(535)	
Balance at 31 March 2016 carried forward	777	-	777	(6)	771	

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

Comprehensive Income and Expenditure Statement 2015-16

2014-15			Description	2015-16			Notes
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	
777		777	Staff Costs	1,180		1,180	2,3
92		92	Premises	98		98	
148		148	Transport	134		134	
131		131	Supplies & Services	121		121	
57		57	Third Party Payments	47		47	
45		45	Support Services	53		53	
0	(1)	(1)	Bad Debt Provision	36		36	
1,250	(1)	1,249	Operating Expenditure	1,669	0	1,669	
	(4)	(4)	Financing & Investment Income and Expenditure		(4)	(4)	7
0	(4)	(4)	Financing & Investment Income	0	(4)	(4)	
	(6,418)	(6,418)	Income				8
		0	Turnover (Sales)		(6,226)	(6,226)	
			Less cost of Sales				
392			Opening Stock	370			
4,979			Plus Purchases	4,782			
(370)		5,001	Less Closing Stock	(10)		5,142	
5,001	(6,418)	(1,417)	Gross Profit	5,142	(6,226)	(1,084)	
	(129)	(129)	Other Income		(46)	(46)	
6,251	(6,552)	(301)	Surplus/Deficit	6811	(6,276)	535	

The notes on pages 28 to 40 form part of the financial statements.

Balance Sheet for Years Ended 31 March 2015 and 2016

31 March 2015 £'000	Description	31 March 2016 £'000	Notes
370	Inventories	10	9
672	Short Term Debtors	228	10
618	Cash	1,128	11
1,660	Current Assets	1,366	
(354)	Short Term Creditors	(595)	12
(354)	Current Liabilities	(595)	
1,306	Net Assets	771	
	Usable reserves		
1,216	Accumulated Surplus	777	13
88	Earmarked Reserve		13
	Unusable reserves		
2	Short-term Accumulating Compensated Absences Account	(6)	14
1,306	Total Reserves	771	

The notes on pages 27 to 39 form part of the financial statements.

Cash Flow Statement as at 31 March 2015 and 31 March 2016

2014-15 £'000		2015-16 £'000	Notes
(301)	Net (surplus) or deficit on the provision of services	535	
108	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(1,045)	
(193)	Net cash flows from Operating Activities	(510)	15
(193)	Net (increase) or decrease in cash and cash equivalents	(510)	
(425)	Cash and cash equivalents at the beginning of the reporting period	(618)	
(618)	Cash and cash equivalents at the end of the reporting period	(1,128)	11

The notes on pages 27 to 39 form part of the financial statements.



Notes to the Core Financial Statements 2015-16

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

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

The adjustment relates to Short-term accumulating compensated absences. These are benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code of Practice 2015-16, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, County Borough Supplies is required to accrue for any annual leave earned but not taken at 31 March each year, and amounts are transferred to the Accumulated Absences Account until the benefits are used in recognition of this.

The tables below detail the adjustments for 2014-15 and 2015-16:-

<u>2014-15</u>	Accumulated Surplus Fund Balance £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Short term Compensated Absences £'000	Total Reserves £'000
Adjustments primarily involving the Accumulated Absences Account :					
Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year	(5)	(5)	5	5	-
Total Adjustments 2014-15	(5)	(5)	5	5	-

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<u>2015-16</u>	Accumulated Surplus Fund Balance £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Short term Compensated Absences £'000	Total Reserves £'000
Adjustments primarily involving the Accumulated Absences Account :					
Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year	8	8	(8)	8	-
Total Adjustments 2015-16	8	8	(8)	8	-

For 2015-16 the adjustments primarily involving the accumulated absences account were £5,868.

Notes to the Comprehensive Income and Expenditure Statement

2. Officers' Remuneration

The Accounts and Audit (Wales) (amendment) Regulations 2014 require the starting point to be £60,000 for this disclosure. There were 3 staff members whose gross pay exceeded this figure in 2015-16 (Nil 2014-15).

Remuneration Band	2014/15 Number of Employees	2015/16 Number of Employees
£60,000-£64,999	0	0
£65,000-£69,999	0	1
£70,000-£74,999	0	0
£75,000-£79,999	0	2
Total	0	3

3. Exit Packages

The number of exit packages with the total cost per band (£'s) and the total cost of the compulsory and other redundancies are set out in the table below:

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Exit Packages (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number Exit Packages		Total Value Exit Packages	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
£0- £20,000	15	-	-	-	15	-	£214,019	-
£20,000-£40,000	3	-	-	-	3	-	£91,802	-
£40,000-£60,000	2	-	-	-	2	-	£81,190	-
	20	-	0	0	20	-	£387,011	-

4. Pension Costs

The actual amount charged to the revenue accounts for pensions included under employees was £80,075 (£82,683 in 2014-15). Pension costs are collected on behalf of County Borough Supplies employees and paid over to the pension body by Bridgend County Borough Council.

5. Support Services

The charges are as follows: -

Description	2014-15 £	2015-16 £
Accountancy	12,620	10,700
IT	9,950	17,510
Creditors / Purchasing	1,500	2,010
Internal Audit	3,090	20
Human Resources	6,200	8,550
Legal Services	2,800	6,960
Procurement	8,530	2,270
Property	0	4,790
Cash Control	10	0
TOTAL	44,700	52,810

Recharges are calculated on data from the preceding period. The IT recharge component of £17,510 (£9,950 in 2014-15) related to 'IT' support services which includes broadband network, communications, server storing and user support services. The Accountancy recharge relates to the cost of accountancy support provided to the service during the financial year.

Support services costs of £98k in 2015-16 (£92k in 2014-15) for Administrative Building Expenses were also incurred. These costs related to premises related expenditure such as energy, water, business rates (NNDR), building maintenance, cleaning/domestic, and supplies & services

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costs and are included within the total Premises costs shown in the Comprehensive Income & Expenditure Statement.

6. Provisions

These represent any provisions for stock obsolescence and bad and doubtful debts which have been charged to/from the revenue account in the year as follows:

2014-15			Movement During the year	2015-16		
Inventory £'000	Bad Debt £'000	Total £'000		Inventory £'000	Bad Debt £'000	Total £'000
(23)	(1)	(24)	Opening Balance	(20)	-	(20)
-	-	-	Write-Offs			-
3	1	4	Contribution to/(from) revenue	20	-	20
(20)	-	(20)	Closing Balance	-	-	-

The Inventory provision has been eliminated as the stock valuation included in the accounts is at the amount expected to be realised from its disposal. The Bad debt provision is based on the amount outstanding from Non-partner debt prior to the closedown of the Service.

7. Interest Receivable on Balances & Financing Charges

These are calculated on the average cash balance at month end, at the average Bank of England base rate plus 1% on overdrawn balances and the average BCBC investment rate during the year for surplus balances.

The level of interest rate applied was reviewed in 2014-15 to ensure that the additional rate of plus 1% would only apply in instances where there was a cash deficit at month end.

In 2015-16 an interest rate of 0.45% was applied (0.45% in 2014-15). Due to favourable cash flows experienced during the 2015-16 financial year interest of £4,005 was made (£4,347 in 2014-15).

8. Other Income

Other income includes catalogue sponsorship of £1k (£89k in 2014-15), contract rebates of £37k (£32k in 2014-15), site recharge income of £8k (£7k in 2014-15). In addition in 2015-16 there was income of £243 in respect of sale of scrap metal (£600 in 2014-15).

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Notes To Balance Sheet

9. Inventories

The inventory balance for 2015-16 is shown in the accounts at the amount the stock is expected to realise on disposal. Comparative figures for 2014-15 are not possible as the stock valuation for that period was at purchase cost.

10. Short Term Debtors

This represents the monies owed to the JSS Committee after making provision for debts that might not be recovered. The provision for bad and doubtful debts has been calculated on the amount outstanding from non-partner debt at the close of the business. This is regarded as adequate to cover the uncollectable debt outstanding at the 31 March 2016. The partner debt has been excluded as the Joint Committee agreed that any debt outstanding could be offset against the partners surplus from the disaggregation.

The main debtors are listed below:

2014-15 £'000	Short Term Debtors	2015-16 £'000
524	Other Local Authorities	224
148	Other Entities & Individuals	40
-	Bad Debt Provision	(36)
672		228

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

2014-15 £'000	Description	2015-16 £'000
670	Sundry Debtors	228
2	Accumulated absences	-
672	Total	228

11. Analysis of Changes in Cash during the Year

	Bal B/F 01/04/15 £'000	Bal C/F 31/03/16 £'000	Change During Year £'000
Cash at Bank (Overdraft)	618	1,128	510

Cash is held by the Bridgend County Borough Council, the financial services provider, as part of its general bank account. No separate bank account exists for County Borough Supplies.

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12. Short Term Creditors

These represent monies owed by the JSS Committee and are analysed as follows:

2014-15 £'000	Short Term Creditors	2015-16 £'000
92	Central Government Bodies	86
71	Local Authorities	425
191	Other Entities & Individuals	84
354		595

The **creditor** balance consists of the following categories:-

2014-15 £000	Description	2015-16 £000
58	Customer Accounts in Credit	42
204	Reserved Creditors	461
92	H.M.R.C. – Other Taxes -V.A.T.	86
-	Accumulated absences	6
354	Total	595

13. Usable Reserves

The following notes detail the Usable Reserves for the JSS Committee:-

a) Accumulated Surplus

The movements on the accumulated surplus account are as follows:

2014-15 £'000		2015-16 £'000
920	Balance Brought Forward	1,216
-	Transfer (to)/from earmarked reserve for service modernisation	-
301	Surplus/ (Deficit) for year	(527)
(5)	Adjustments (to)/from useable/ unusable reserves	88
1,216	Balance Carried Forward	777

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b) Earmarked Reserve for Plant & Equipment

The 2014-15 reserve has been eliminated as development work on the future relocation of the service was terminated when the decision to close the service was approved by the Joint Committee.

2014-15 £'000		2015-16 £'000
88	Balance Brought Forward	88
-	Use of earmarked reserve to fund service initiatives	-
-	Increase/ (Decrease) in Reserve	(88)
88	Balance Carried Forward	-

14. Unusable Reserves

The following notes detail the Unusable Reserves for JSS Committee:-

a) Short Term Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Accumulated Surplus 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.

2014-15 £'000 £'000			2015-16 £'000 £'000	
	(3)	Balance as at 1 April	2	
3		Settlement or cancellation of accrual made at the end of the proceeding year		(2)
2		Amounts accrued at the end of the current year		(6)
	5	Amounts by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(8)	-
	2	Balance as at 31 March	(6)	

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15. Operating Activities

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

2014-15 £'000		2015-16 £'000
(301)	Net (surplus) or deficit on the provision of services	535
	<u>Accruals adjustments:</u>	
(22)	Increase/(Decrease) in Inventories	(360)
(226)	Increase/(Decrease) in Debtors/Provisions	(444)
356	(Increase)/Decrease in Creditors/Provisions	(241)
193		(510)

16. Related Party Transactions

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

Membership of the Committee is composed of two members each from: -

Bridgend C.B.C.
Caerphilly C.B.C.
Merthyr Tydfil C.B.C.
Rhondda Cynon Taf C.B.C.

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 4, 6, 10 and 11.

There are 24 staff (26 in 2015-16), all who are employed by the host authority, and there is a full time equivalent of 6.5 staff employed from agencies (9 in 2014-15). Included in agency staff employed in 2015-16, were agency workers engaged as drivers to cover vacancies and long term absence (ranging between 4 and 7 drivers depending on demand), one agency worker covering the warehouse duties and one agency worker covering administrative duties. Some members and officers may act as school governors for schools with which the organisation trades.

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The organisation uses Bridgend County Borough Council vehicle hire arrangements on a spot hire basis for its transport needs.

The debtor balance at the year end (note 10) and short term creditors (note 12) includes related party transactions as follows:

Related Parties	2014-15			2015-16		
	Debtors	Creditors	Net	Debtors	Creditors	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Merthyr C.B.C		(2)	(2)	6	(3)	3
Bridgend C.B.C	94	(28)	66	74	(3)	71
Caerphilly C.B.C	193	(8)	185	60	(9)	51
Rhondda Cynon Taf C.B.C	134	(28)	106	51	(17)	34
Total Related Parties	421	(66)	355	191	(32)	159

Sales made to related parties are provided in the following table:

Related Parties Turnover (Sales)	2014-15 £'000	2015-16 £'000
Merthyr C.B.C	335	300
Bridgend C.B.C	1,111	1,008
Caerphilly C.B.C	1,508	987
Rhondda Cynon Taf C.B.C	2,114	1,377
Total Related Parties Turnover	5,068	3,672

There were no other material balances at the year end.

17. External audit costs

In 2015-16 the JSS incurred the following fees relating to external audit and inspection charged by the Wales Audit Office:-

2014-15 £	Description	2015-16 £
8,000	Audit Fee	8,000

18. 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.

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

	Disclosure Note Ref	31 March 2015		31 March 2016	
		Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Short-term creditors	12	(354)	(354)	(595)	(595)
Cash at Bank	11	618	618	1,128	1,128
Short-term debtors	10	672	672	228	228
		936	936	761	761

Short term creditors and debtors are carried at book value as this is a fair approximation of their value. The Catalogue Supplies Services provides a single source supplies facility predominately for its corporate customers (partnering authorities) and schools, and as such there is minimum risk that debtors will not be realised when due. In addition a provision is held in the Balance Sheet (Note 6) which is regarded as adequate to cover all long standing debt.

The Service is not exposed to significant market risk as interest received on cash is paid at the average rate of BCBC investments which was 0.45% in 2015-16. A 0.1% decrease in investment rate would reduce interest received on the year-end balance of £1,128,000 by £1,128

The Service is not exposed to significant liquidity risk as its only financial liabilities are short term creditors.

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19. 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 the Catalogue Supplies Service Joint Committee.

20. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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 Catalogue Supplies Service Joint Committee.

21. 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.

22. 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.

23. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *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:

- 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 JSS recorded in the budget reported to the Joint Committee, is as follows:

**Catalogue Supplies Service Joint Committee -Statement of Accounts
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Catalogue Supplies Service Income and Expenditure	2014-15 £'000	2015-16 £'000
Fees, charges & other service income	(1,550)	(1,134)
Total Income	(1,550)	(1,134)
Employee expenses	782	1,172
Other operating expenses	427	400
Support Service Recharges	45	53
Total operating expenses	1,254	1,625
Net Cost of Services	(296)	491

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	2014-15 £'000	2015-16 £'000
Cost of Services in Service Analysis	(296)	491
Add amounts not reported to management	(5)	44
Net Cost of Services in Comprehensive Income and Expenditure Statement	(301)	535

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.

Audit

An audit is an independent examination of the organisation's accounts.

Balance Sheet

The balance sheet combines the assets, liabilities and other balances of all our services, at the end of the financial year, 31st March.

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.

Service Reporting Code of Practice (SeRCOP)

The Service Reporting Code of Practice provides a consistent framework for reporting local authority data. SeRCOP is reviewed annually by the appropriate regulating body to ensure that it develops in line with the needs of modern local government, Transparency, Best Value and public services reform.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Cash flow Statement

This is a statement that summarizes the movements in cash during the year.

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

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

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Earmarked Reserve

These are reserves set aside for a specific purpose.

Financial Year

This is the accounting period. For County Borough Supplies it starts on 1st April and finishes on 31st March of the following year.

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International Financial Reporting Standard (IFRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

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.

JSS

County Borough Supplies is a Joint Supplies Service (JSS). Also known as the Catalogue Supplies Services Joint Committee.

Liability

A liability is an amount payable at some time in the future.

Movement in Reserves Statement (MIRS)

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

Net Realisable Value

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

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. The money collected is paid to the Welsh Government and redistributed to individual authorities in proportion to their adult population.

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.

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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.