

CHILTERNS CREMATORIUM JOINT COMMITTEE
30 JULY 2010

REPORT OF THE TREASURER

STATEMENT OF ACCOUNTS 2009/10

(Contact Officer: Alison Howes 01494 732260)

RECOMMENDATIONS

- 1. That the Statement of Accounts 2009/10 be approved and signed by the Chairman of the Joint Committee.**
- 2. That the Annual Governance Statement for 2009/10 be approved and signed.**

Report

- 1 The draft Statement of Accounts and Annual Governance Statement for the financial year 2009/10 are presented for consideration and approval.
- 2 The accounts are subject to inspection by the appointed external auditor and further amendments may be required as a result of their findings. It is anticipated that the external auditors will report the results of their audit to a meeting of this committee prior to 30 September 2010.
- 4 The unaudited Statement of Accounts for 2009/10 is attached at ***Appendix 2 (appended to the 55th Annual Report)***. The document has been prepared in accordance with the Code of Practice on Local Authority Accounting in the UK 2009 (SORP), the Best Value Accounting Code of Practice 2009 (BVACOP) and the Accounts & Audit Regulations 2003.
- 5 There has been one change in the 2009 SORP that impacts on the Crematorium's accounts which is the requirement for the accounts to be prepared on a "true and fair view" basis as opposed to a "presenting fairly" basis. This change has no practical effect on the way the accounts are drafted but is simply a recognition of the convergence of public sector accounting requirements with UK GAAP.
- 6 The approved timeframe for the Statement of Accounts is set out in statutory regulation. This requires approval of the accounts by the Joint Committee by 30 June - unfortunately it has not been possible to arrange a meeting to comply with this deadline - and publication of the accounts by 30 September. There will also be a period of public inspection from Monday, 9 August to Monday, 6 September.
- 7 The Statement of Accounts is a complex document and to assist Members in reviewing and understanding the accounts the following paragraphs constitute

a short guide to understanding the main sections of the Statement of Accounts and also summarise the main issues and points to note for the 2009/10 financial year.

- 8 The Statement of Accounts is broken down into the following sections:-
- Explanatory Forward, Accounting Policies and Statement of Responsibilities
 - Core Financial Statements
 - Income and Expenditure Account
 - Statement of Movement on the General Fund Balance
 - Statement of Total Recognised Gains and Losses
 - Balance Sheet
 - Cash Flow Statement
 - Annual Governance Statement

Explanatory Forward, Accounting Policies and Statement of Responsibilities

- 9 The purpose of the Explanatory Forward is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts. It gives a high level overview of the year's performance in terms of both revenue and capital spend and highlights the Crematorium's financial position at the end of the year and the outlook for the future. It also outlines significant factors that affect the understanding of the accounts.
- 10 The key points to note for 2009/10 are:-
- (a) A revenue surplus of £406,267 compared to a budgeted surplus of £343,399
 - (b) An improved position on the General Fund balance, which as at 31 March 2010 was £2,157,700.
 - (c) A fall in income from investments as a result of the impact of the recession on interest rates (£10,156 in 2009/10, £50,689 in 2008/09).
 - (d) Capital expenditure during the year of £209,366.
 - (e) A decrease in the Crematorium's net worth of £237,611 mainly attributable to an increase in the net liability on the pension fund of £695,742 offset by the revenue surplus.

- 11 The Statement of Accounting Policies sets out policies that have been adopted in compiling the accounts and in particular gives details of how surpluses are apportioned between the constituent authorities.
- 12 The Statement of Responsibilities explains the individual responsibilities of the Crematorium Joint Committee and the Treasurer in respect of the Statement of Accounts.

Income and Expenditure Account

- 13 The Income and Expenditure Account is fundamental to the understanding of the Crematorium's activities in that it reports the net operating surplus for the year.

- 14 Accompanying the income and expenditure account is a number of disclosure notes that give further explanations of the figures. The notes are required under the Statement of Recommended Practice (SORP) to give added clarity and understanding for the readers of the accounts.

Statement of Movement on General Fund Balance

- 15 The Income and Expenditure Account discloses the income receivable and expenditure incurred in operating the Crematorium for the year. The surplus achieved on the Income and Expenditure Account represents the amount by which income is greater than, or less than, expenditure.
- 16 In addition to the entries in the Income and Expenditure Account there are a number of amounts that are required by the special legislative regime under which public sector accounts are compiled to be charged or credited to the General Fund to determine the movement on the General Fund balance. The Statement of Movement on the General Fund Balance shows these amounts.
- 17 The final position on the General Fund at the end of the year is an important indication of the Crematorium's financial stewardship.

Statement of Total Recognised Gains and Losses

- 18 Not all the gains and losses experienced by the Crematorium are reflected in the Income and Expenditure Account. In addition to any surplus or deficit on the Income and Expenditure Account there may be other gains or losses, for example gains or losses on revaluations of fixed assets or pension fund actuarial gains and losses that need to be recognised. All gains and losses are brought together in the Statement of Total Recognised Gains and Losses. The accounts show that overall resources decreased by £237,611.

Balance Sheet

- 19 The balance sheet reports on the Crematorium's financial position as at 31 March and shows the value of its assets and liabilities. Again, there are a number of disclosure notes required by the SORP that accompany the balance sheet to provide further explanation of the figures.
- 20 Fixed Assets – this represents the value of the Crematorium's assets and includes the site land, two chapels, offices, staff bungalows, crematory and other equipment and stands at just over £3 million. The Crematorium's assets were last revalued as at 31 March 2007, the next full revaluation is scheduled to be completed before March 2012.
- 21 Current Assets – this relates to items that could be turned into cash at short notice and is made up of debtors i.e. money owed to the Crematorium, or short term investments. The Crematorium's short term investments are primarily monies invested for less than one year or deposits held in call or notice accounts. Total current assets stands at just under £2.3 million, an increase of

£400,000 over the 2009/10 position which mainly reflects an increase in the value of cash in hand in the bank account.

- 22 Current Liabilities – this is the opposite of current assets and relates to money the Crematorium owes to external bodies and organisations amounting to almost £95,000, a decrease of £61,000 over the previous year.
- 23 Equity – this section shows how assets and liabilities are funded. Not all of the items shown here are cash backed reserves. For example, the Capital Adjustment Account is used to reflect changes in the value of fixed assets, either by revaluation or disposal, and therefore most of the entries in this account are internal transactions that do not give rise to cash income or expenditure. The Pension Reserve is entirely an accounting entry to offset the Pension Liability figure. The Revenue Account reserve represents amounts being held on behalf of constituent authorities to fund future capital projects.

Cashflow

- 24 The cashflow statement shows the inflow and outflow of cash for the year for both revenue and capital and shows whether the Crematorium's cash position has improved on a year on year basis.

Annual Governance Statement

- 25 One of the key requirements of the Accounts and Audit Regulations is that an Annual Governance Statement is produced and published alongside the financial statements. This statement describes the Crematorium's framework of internal control and governance arrangements.
- 26 The best practice framework sets out what the statement should contain including:-
- responsibilities for ensuring there is a sound system of governance (incorporating the system of internal control)
 - an indication of the level of assurance that the systems and processes that comprise the Crematorium's governance arrangements can provide
 - a brief description of the key elements of the governance framework
 - a brief description of the process that has been applied in maintaining and reviewing effectiveness of the governance framework
 - an outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.
- 27 The AGS is incorporated into the Statement of Accounts document at **Appendix 2**. Although it is presented as part of the financial statements, the AGS is a statutory requirement and has to be approved and signed in its own right.
- 28 Any significant control issues are identified in the statement together with details of plans to address these.

Formal Approval of Accounts

- 29 The Accounts and Audit Regulations require the Chairman of the Joint Committee receiving the accounts to sign and date the Accounts to formally represent completion of the Joint Committee's approval process. The Chairman of the Joint Committee is therefore requested to sign the declaration in the financial statements once Members have considered this report and approved the Accounts.