

**CHILTERNS CREMATORIUM JOINT COMMITTEE
21 JUNE 2011**

REPORT OF THE TREASURER

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2010/11

(Contact Officer: Alison Howes 01494 732260)

RECOMMENDATION

- 1. To note the implications of the Accounts and Audit Regulations 2011 and to endorse the approach that the Joint Committee opts for smaller relevant body status.**
- 2. To note the appointment of Mazars LLP as the appointed auditor and the audit fee in respect of the 2010/11 audit.**
- 3. That the Small Bodies Annual Return for the year ended 31 March 2011 be approved and signed by the Chairman of the Joint Committee, the Clerk and Treasurer.**
- 4. That the accumulated revenue surplus be retained by the Joint Committee for future capital investment.**

Accounts and Audit Regulations (England) 2011

1. In March 2011 the Department for Communities and Local Government published the Accounts and Audit (England) Regulations 2011. These regulations came onto force on 31 March 2011 and apply to the preparation, approval and audit of statements of accounts and other accounting statements in respect of the year ending 31 March 2011 and later years.
2. These new regulations are of particular importance to Chilterns Crematorium Joint Committee as they contain a revised threshold in the definition of "smaller relevant bodies". The threshold has been raised from the current £1 million to £6.5 million (applied to gross expenditure or gross income, whichever is higher). The Joint Committee therefore falls back into the category of "smaller relevant body" as its gross income is £1.5 million.
3. The implication of this change is that "smaller relevant bodies" are permitted to prepare simpler published accounts and are subject to less demanding procedural requirements and less rigorous external audit with a resultant reduction in audit fee.

4. The Joint Committee has the option to elect to prepare accounts as if they were a larger relevant body i.e. no change over 2009/10. Different external audit arrangements would apply in this circumstance and the external audit fee would be much higher.
5. Members and officers of the Joint Committee have been concerned for some time that the amount of work required to produce full SORP compliant financial statements, and the level of external audit that this has demanded, is disproportionate to the size of the Crematorium's budget and its activities.
6. For this reason, the Treasurer is of the view that the Joint Committee should opt for smaller relevant body status and has prepared the 2010/11 financial statements on this basis. The Joint Committee is asked to endorse this approach.

Appointment of External Auditor and Audit Fee

7. The Audit Commission have appointed Mazars LLP to audit the accounts of Chilterns Crematorium Joint Committee for a two year period, commencing with the accounts for the year ending 31 March 2011.
8. The audit will be carried out under the Audit Commission's limited assurance audit approach. This requires the completion and submission of an annual return which must be approved by the relevant body by 30 June. It is anticipated that all audit work will be carried out remotely via the Small Bodies Annual Return and supplementary supporting documents.
9. The fees for limited assurance audit for small bodies are based on bands of annual income or expenditure (whichever is the higher). The audit fee for the Joint Committee 2010/11 audit will be £3,000 (the planned scale fee for 2010/11 as a larger relevant body would have been £10,500) subject to the annual return being completed properly and all necessary supporting documentation being provided.

Small Bodies Annual Return for the year ended 31 March 2011

10. The Small Bodies Annual Return for the year ended 31 March 2011 is attached at **Appendix 1**. It comprises the following sections:-
 - Section 1 – Accounting Statements
 - Section 2 – Annual Governance Statement
 - Section 3 – External Auditor's certificate and opinion (to be added following completion of audit)
 - Section 4 – Annual Internal Audit report (to be completed prior to Committee Meeting)

11. It should be noted that Section 1 Accounting Statements has been formally certified by the Treasurer as presenting fairly the financial position of the Crematorium and requires formal approval by the Joint Committee and the signature of the Chairman. Section 2 Annual Governance Statement also requires formal approval by the Joint Committee and must be signed by both the Chairman and the Clerk.
12. To supplement the information contained in the Annual Return and to aid Members understanding of the financial position of the Joint Committee officers have compiled more detailed financial statements which are attached in **Appendix 2** although it should be noted that these are not being submitted for audit.

Income and Expenditure

13. The key points to note for 2010/11 are:-

- A revenue surplus of £242,502 compared to a budgeted surplus of £260,607
- Higher income from fees & charges as the actual number of cremations exceeded the budgeted assumption
- A marginal improvement in income from investments but still significantly lower than in previous years due to the continuing low interest rates
- Consultancy fees were under utilised in the year mainly due to the timing of the report on the structural survey to facilitate a planned programme of maintenance
- VAT recovery on revenue expenditure was reduced due to the increased capital spend this has led to an increase in the VAT loss for the year
- Capital expenditure during the year of £531,560 mainly attributable to the Mercury Abatement and Heat transfer works.
- An improved position on the General Fund balance, which as at 31 March 2011 was £2,400,202

Balance Sheet

14. The key points to note for 2010/11 are:-

- 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 almost £3.4 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 and will take into account the current capital works being undertaken.
- 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 and up to one year or deposits held in call or notice accounts. Total current assets stands at just over £2.4 million, an increase of £168,000 over the 2009/10 position which mainly reflects an increase in the level of investments held.

- Current Liabilities – this is the opposite of current assets and relates to money the Crematorium owes to external bodies and organisations amounting to almost £20,000, a decrease of £75,000 over the previous year.
- Equity – this section shows how assets and liabilities are funded. Not all of the items shown here are cash backed reserves. The General Fund Account reserve represents amounts being held on behalf of constituent authorities to fund future capital projects.

Cashflow

15. 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.

General Fund Reserve

16. The apportionment between constituent authorities of the General Fund balance of £2.4 million as at 31 March 2011 is shown in the table below. Members are asked to agree the retention of the accumulated balance by the Joint Committee for future capital investment. This will be subject to further review when the financial strategy and 2012/13 budgets are considered later in the year.

District Council	Balance 31.3.2010	Apportionment 2010/2011	Balance 31.3.2011
	£	£	£
Aylesbury Vale	602,430	71,861	674,291
Chiltern	652,534	65,892	718,426
Wycombe	902,736	104,749	1,007,485
Totals	2,157,700	242,502	2,400,202

ABATEMENT AND HEATING PROJECTS

(Contact Officer: Oliver Asbury 01494 732066)

RECOMMENDATIONS

1. That the update report on the projects be noted.

1. The Mercury Abatement and Heating projects progressed well during 2010/11 and within expected timescales. The New Heating and Hot Water system is 90% complete but dependant on the final commissioning of the Abatement and Heat Recovery equipment before it can be finalised.
 2. The main project of installing Mercury Abatement equipment is nearing completion with electrical connections and final commissioning to be undertaken.
 3. Project finances have been reviewed by the Treasurer and project engineer and aside from a few essential variations or additions such as asbestos removal from the electrical cupboard and minor electrical upgrades no significant variations have been raised.
 4. Since the last update report it has become apparent that there is a need to upgrade the site's incoming electrical supply near the main building. This is currently being dealt with within existing and approved budgets.
 5. At the time of writing this report it is anticipated the Abatement and Heat Recovery systems should be commissioned in August 2011 with any snagging and adjustments being made well ahead of the December 2012 deadline for 50% abatement.
 6. Final project costs will be the subject of a closing out report to the Joint Committee.
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