

**CHILTERNS CREMATORIUM
JOINT COMMITTEE**

2006-2007

STATEMENT OF ACCOUNTS

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EXPLANATORY FORWARD

Introduction

The Accounts for the Chiltern Crematorium Joint Committee for the financial year 1 April 2006 to 31 March 2007 are set out in the following pages. They have been prepared in accordance with the Accounts and Audit Regulations 2003, issued under Sections 23 and 35 of the Local Government Act 1982 and recommended best practice. The accounts for 2005/06 are shown for comparison purposes.

This Statement of Accounts is a complete record of the financial activities of the Joint Committee and incorporates the following core financial statements:-

- (a) **Income and Expenditure Account:** this account reports the net cost for the year of the operating the Crematorium.
- (b) **Balance Sheet:** this shows the financial position of the Joint Committee at the end of the financial year.
- (c) **Cash Flow Statement:** this statement summarises the inflow and outflow of cash.

A summarised version of the core financial statements has been incorporated into the accounts of Chiltern District Council being the lead authority for the Joint Committee.

Overview of Financial Results for 2006/07

The detailed financial results and position for the year end are shown in the statement and show a net operating surplus for the year of £552,263. This compares to a budgeted surplus position of £504,780. The main reason for the improved position is higher than expected income from fees and charges. After taking into account a revenue contribution to fund capital expenditure incurred during the year and pension fund adjustments the overall reported net surplus is £415,446 to be apportioned between the constituent authorities.

Capital Expenditure

The capital expenditure of £131,347 was incurred in the year and has been entirely funded from revenue balances (see Note 4 on page 11 for a breakdown). This compares to an estimated spend of £326,610. The major refurbishment and new chapel project is complete but final certificates are awaited, the 2006/07 unspent budget provision will therefore be carried forward to 2007/08.

Pension Fund

As recommended by the external auditors, the Chilterns Crematorium accounts include FRS17 accounting entries in respect of pension costs. Further details of accounting policy and how pension costs have been treated in the accounts are set out in greater detail within the relevant sections of the accounts. The FRS17 requirements do not impact on the Chilterns Crematorium financial performance but do ensure that its net Pension Fund liability is recognised in the balance sheet. The net liability at 31 March 2007 is £589,359. The financial position of the Chilterns Crematorium remains healthy as the deficit on the pension fund will be made good in the longer term by increased contributions into the fund over the remaining working life of employees. The level of contributions required is assessed by the pension fund actuaries on a triennial basis. The next fund valuation is due at 31 March 2007. The pension fund figures and disclosures for the year are provided by the pension fund actuaries. A notional split has been applied to the figures to reflect the fact that they relate to both Chiltern District Council and Chilterns Crematorium employees. These two bodies are entirely separate and the figures reported in these accounts relate to Chilterns Crematorium staff only.

For further information please contact Tina Pearce at Chiltern District Council, Council Offices, King George V Road, Amersham, Bucks HP6 5AW (direct line: 01494 732233 or email tpearce@chiltern.gov.uk).

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Treasurer's responsibilities:

The Treasurer, Malcolm Crawford CPFA, in his role as Director of Corporate Services at Chiltern District Council is responsible for the preparation of the Statement of Accounts in accordance with regulations and proper practice. The Statement of Accounts is required to "present fairly" the financial position of the Joint Committee. The Treasurer's responsibility includes keeping proper accounting records, maintaining investments and a positive cash flow and taking reasonable steps to detect fraud and other irregularities.

The External Auditor's responsibilities:

Grant Thornton (previously RSM Robson Rhodes) are the Joint Committee's external auditors in their role as the Council's auditors and it is their responsibility to conduct the audit in such a way that they obtain all the information and explanations they need to give them reasonable reassurance that the Statement of Accounts is free from material misstatement. Their report is shown at the end of the Statement of Accounts.

CERTIFICATION OF ACCOUNTS

The Statement of Accounts is prepared in accordance with the provisions of the Account and Audit Regulations 2003 issued under Section 27 of the Audit Commission Act 1998 and by Section 66(4) of the Local Government and Housing Act 1989.

I certify that the Statement of Accounts presents fairly the financial position of the Authority at 31 March 2007 and its income and expenditure for the year then ended.



Malcolm Crawford

Treasurer

Date: 22 June 2007

APPROVAL OF ACCOUNTS BY JOINT COMMITTEE

The accounts have been approved by the Chilterns Crematorium Joint Committee at its meeting on 2 July 2007.

Peter Cartwright

Chairman

Date: 2nd July 2007

STATEMENT OF ACCOUNTING POLICIES

General

The statement of accounts presented on the following pages has been compiled in accordance with the Chartered Institute of Public Finance's (CIPFA) Codes of Practice which are recognised by statute as representing proper accounting practices.

Basis on which debtors or creditors at the year-end are included in the Balance Sheet

All capital transactions have been recorded in the accounts on the basis of receipts and payments during the year.

Most revenue transactions are recorded on an income and expenditure basis. Debtors balances, therefore, include sums still due to the Crematorium Joint Committee but not yet received, and creditors balances sums for goods delivered and services received for which payment has not yet been made. In both cases, where precise amounts cannot be determined, estimates are included.

There are, however, certain exceptions to the 'accruals' principle. The main items are:-

- (i) Telephone expenses and similar periodic payments are included in the accounts on a payments basis and not accrued to the 31st March each year.
- (ii) Income for plaques is received for a five year period but is accounted for on a cash basis in the year received.

The difference between the amounts charged annually to the Revenue Accounts in respect of these items and the amounts that would be charged if they were accrued to 31 March each year is not significant.

Nature of Reserves and Provisions

The Joint Committee is not legally permitted to maintain funds and operating surpluses are being accumulated to defray future capital expenditure as detailed in the capital programme.

Borrowing

The Joint Committee repaid all its borrowing in the year 1990/91 and is, therefore, debt free.

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised. Land and buildings included in the balance sheet as at 31st March 2006 were revalued at 31st March 2007. Formal revaluations will be taken at intervals of not more than five years and the next will be carried out prior to 31st March 2012.

The crematorium has been valued on a depreciated replacement cost basis and the staff bungalows at open market value for existing use.

Depreciation

Depreciation is provided for on fixed assets with a finite useful life, including buildings, in accordance with FRS15. A straight-line method is used over the following periods:-

Buildings	29 years
Bungalows	50 years
Plant, Machinery & Equipment	5 – 10 years

Charges to the income and expenditure account for the use of assets cover the annual provision for depreciation. These charges are matched by an appropriation of equal amounts from the capital financing account. This ensures that there is no net effect on the distribution of surplus to the Constituent Authorities.

Fixed Asset Restatement Account

The balance on the fixed asset restatement account represents the difference between the valuation of assets as at April 2003 and the latest valuation as at 31 March 2007. A net deficit of £247,372 on revaluations was debited to the reserve in the current year.

Basis of Valuation of Investments

These are included at the lesser of the original price or realisable value.

Stocks and Works in Progress

Stocks and work in progress are normally valued at the lower of cost or realisable value.

Apportionment of Surpluses/Deficits

Any operating surplus or deficit in any year is apportioned between the Constituent Authorities on the basis of the number of cremations from the area of each authority in comparison to total cremations. The current agreement by all constituent authorities is that any surplus will not be distributed but will be retained by the Joint Committee for use in funding capital expenditure and/or to meet future deficits.

Pension Costs

The accounts have been prepared in accordance with the requirements of FRS17. The current policy under FRS17 reflects a commitment in the longer term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

CHILTERNS CREMATORIUM JOINT COMMITTEE
Income and Expenditure Account
for the year ended 31 March 2007

2005/2006 £	Income and Expenditure Account	2006/2007 £
330,517	Employee Related Expenditure (Note 1)	347,262
214,156	Premises Related Expenditure (Note 2)	216,625
108,039	Supplies and Services (Note 3)	103,739
92,944	Depreciation	98,954
745,656	Total Expenditure	766,580
1,051,560	Fees and Charges (Note 5)	1,205,063
7,099	Other Income (Note 6)	14,826
92,944	Capital Financing Account	98,954
1,151,603	Total Income	1,318,843
(405,947)	Net Operating (Surplus) / Deficit	(552,263)
349,750	Capital Expenditure financed from revenue (Note 4)	131,347
31,695	Pensions Interest cost & Expected Return on Assets (Note 7)	19,940
18,858	Contribution to/(from) Pension Reserve (Note 7)	(14,470)
5,644	(Surplus) / Deficit in Year	(415,446)

CHILTERNS CREMATORIUM JOINT COMMITTEE
Balance Sheet as at 31 March 2007

2005/2006 £	Balance Sheet	2006/2007 £
	Fixed Assets	
3,428,469	Net Fixed Assets (Note 8)	3,213,490
	Current Assets	
5,129	Stocks	4,699
2,346	Short Term Investments	308,495
28,609	Debtors (Note 9)	54,435
240,708	Cash in Hand	284,048
276,792	Total Current Assets	651,677
	Current Liabilities	
(66,941)	Creditors	(26,379)
(673,444)	Long Term Liabilities (Note 10)	(589,359)
2,964,876	Total Assets less Liabilities	3,249,429
	Financed by:-	
1,730,691	Fixed Asset Restatement Account	1,483,319
1,697,777	Capital Financing Account	1,730,170
(673,444)	Pension Reserve (Note 11)	(589,358)
209,852	Revenue Account (Note 12)	625,298
2,964,876	Net Worth	3,248,429

**CHILTERN'S CREMATORIUM JOINT COMMITTEE
CASHFLOW STATEMENT 31ST MARCH 2007**

£'s 2005/2006		£'s 2006/2007
(1,031,714)	Cash Received for Goods and Services	(1,175,434)
(1,031,714)	Total Revenue Cash Inflows	(1,175,434)
377,100	Cash Paid to Employees	361,417
241,534	Other Operating Costs	344,065
618,634	Total Revenue Cash Outflows	705,482
(413,080)	Revenue Activities Net Cash (Inflow) / Outflow	(469,952)
(4,917)	Interest Received	(12,048)
0	Interest Paid	0
(4,917)	Returns on Investment Net Cash Inflow	(12,048)
353,553	Purchase of Fixed Assets	132,512
353,553	Capital Activities Net Cash Outflow	132,512
(64,444)	Net Cash (Inflow) / Outflow – All Activities	(349,488)
	Management of Liquid Resources	
(64,444)	Net (Increase) / Decrease in Short Term Deposits	(349,488)
(64,444)	Net (Increase) / Decrease in Cash	(349,488)

(Note 13)

Notes to the Financial Statements

1. Employee Expenses

2005/2006 £	Expenditure	2006/2007 £
271,545	Salaries, Wages & Associated Expenses	318,463
30,117	Medical Referees - Fees & Expenses	25,347
21,873	Organists' Fees	50
6,801	Staff Advertising	2,870
181	Interview Expenses	3
330,517	Total of Employee Related Expenditure	347,262

2. Premises Related Expenditure

2005/2006 £	Expenditure	2006/2007 £
12,417	Maintenance of Buildings	31,693
2,225	Security	2,136
4,057	Waste Disposal	3,779
10,227	Maintenance of Grounds	9,982
53,503	Maintenance of Cremators, Plant & Equipment	17,438
11,483	Electric	15,570
43,608	Gas	49,786
52,579	Rates	62,318
965	Water	1,189
4,239	Furniture & Fittings	3,730
1,999	Cleaning Materials & Equipment	1,696
16,854	Insurances	17,309
214,156	Total of Premises Related Expenditure	216,625

3. Supplies and Services

2005/2006 £	Expenditure	2006/2007 £
1,370	Laundry & Linen Hire	1,547
0	Asset Valuations	500
0	Consultancy	2,750
6,511	Vending	1,219
714	Clothing	2,216
2,247	Printing and Stationery	2,285
3,625	Books and Publications	887
2,433	Postages	2,374
2,867	Telephones	2,969
26	Members' Expenses	143
764	Conference Expenses	934
1,643	Courses/Seminars	2,941
299	Subscriptions	338
914	Registrations – EPA/Data Protection	706
328	General Advertising	0
0	Authority Cremation Costs Reimbursed	515
10,808	Plaques	11,193
2,770	Urns and Caskets	4,163
17,117	Books of Remembrance	16,458
670	Memorial Seats	0
6,259	Wesley Music	7,675
414	Miscellaneous Expenses	461
1,500	External Audit Fees	2,500

31,134	VAT Provision	32,460
681	Bank Charges	747
8,420	ICT Charges	4,180
915	Internal Audit Charges	1,630
2,000	Legal Charges	0
1,600	Chief Execs / Personnel	0
10	Health and Safety	0
108,039	Total of Supplies and Services	103,739

4. Capital Expenditure

2005/2006 £	Income	2006/2007 £
334,237	Funeral Chapels – Works and Fees	105,779
15,513	Cremator Upgrade / New Hearths	25,568
349,750	Total of Revenue Contribution to Capital Expenditure	131,347

5. Fees and Charges

2005/2006 £	Income	2006/2007 £
933,070	Cremations	1,087,516
3,417	Chapel of Rest	3,647
38,136	Plaques – Leather	30,086
37,144	Plaques - Roses & Seats	40,936
36,045	Book of Remembrance	38,095
511	Carriage & Post	423
3,237	Miscellaneous Income	4,359
1,051,560	Total of Fees and Charges	1,205,063

6. Other Income

2005/2006 £	Income	2006/2007 £
1,120	Bulb Donations	1,563
4,917	Bank & Other Interest	12,048
1,062	Vending	1,215
7,099	Total of Other Income	14,826

7. Pension Costs

The Chilterns Crematorium staff are employed by Chiltern District Council. As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire at some point in the future, the authority has a current commitment to make these payments and this has to be disclosed in the accounts.

The authority participates in one pension scheme – the Local Government Pension Scheme (LPGS) administered by Buckinghamshire County Council. This is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets in the longer term.

We recognise the costs of retirement benefits in revenue expenditure when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against net surplus/(deficit) for the year is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income and Expenditure Account after Net Operating Surplus/(Deficit).

Transactions Relating to Retirement Benefits

The following transactions have been made in the revenue account during the year:-

	Bucks County Council Pension Scheme	
	2005/2006 £'000	2006/2007 £'000
Net Cost of Services		
• Current service costs	41	50
• Past service costs	(38)	0
• Curtailments and Settlements	0	0
Net Operating Expenditure		
• Interest cost	(98)	(103)
• Expected return on assets in the scheme	<u>66</u>	<u>83</u>
	32	20
Movement on Pensions Reserve	(19)	(14)
Employer's contributions payable to the scheme	54	56

Assets and Liabilities in relation to Retirement Benefits

A notional split has been applied to the figures to reflect the fact that both Chiltern District Council and Chilterns Crematorium employees participate in the scheme but as a single authority. The underlying assets and liabilities for retirement benefits attributable to the Chilterns Crematorium only, at 31 March are as follows:-

	Bucks County Council Pension Scheme	
	31 March 2006 £'000	31 March 2007 £'000
Estimated Liabilities in scheme	(2,096)	(2,132)
Estimated Assets in scheme	1,422	1,543
Net Asset / (Liability)	(673)	(589)

The liabilities show the underlying commitments that the Crematorium has in the long run to pay retirement benefits. The total net liability of £589K has a substantial impact on the net worth of the Crematorium as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Crematorium remains healthy as the deficit on the pension fund will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The movement during the year is mainly attributable to actuarial gains.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Buckinghamshire County Council scheme has been assessed by Barnet Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full actuarial valuation of the scheme as at 31 March 2004.

The main assumptions used in their calculations have been:-

	Bucks County Council Pension Scheme	
	2005/06 %	2006/07 %
Rate of increase in pensions/inflation	3.00	3.30
Rate on increase in salaries	4.80	5.19
Rate for discounting scheme liabilities	4.90	5.47

For the purpose of calculating the impact of Regulation 3 of the LGPS (Amendment) Regulations 2006 whereby scheme members are able to exchange pension for additional lump sum benefits it has been assumed that 50% of all future retiring members will opt to increase their lump sum at retirement age in exchange for lower pensions.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2006 for the year to 31 March 2007.) The following expected returns have been adopted:-

Asset Class	31 March 2007 % p.a.	Expected Return at 31 March 2006 % p.a.	31 March 2005 % p.a.
Equities	7.2%	7.5%	7.5%
Gilts	4.4%	4.2%	4.5%
Other Bonds	5.4%	4.9%	5.3%
Property	6.7%	6.5%	7.0%
Cash	5.0%	4.0%	4.3%

Actuarial Gains and Losses

The actuarial gain identified as movements on the Pensions Reserve in 2006/07 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2007.

	Bucks County Council Pension Scheme	
	£'000	%
Differences between the expected and actual return on assets	20	0.13%
Differences between actuarial assumptions about liabilities and actual experience	0	0
Changes in demographic and financial assumptions used to estimate liabilities	78	5.1%
Total Actuarial Gain	98	
Comparative total for 2005/06 – actuarial loss	(2)	

8. Fixed Assets - an analysis of the movements in fixed assets is shown below:

	Net Book Value at 31 March 2006 £	Additions/ Deletions in the Year £	Net Book Value at 31st March 2006 £	Revaluation 31.3.2007 £	Depreciation in the Year £	Net Book Value at 31 March 2007 £
Land	100,000	-	100,000	275,000	-	375,000
Buildings and Works	3,309,025	131,347	3,440,372	-522,372	-94,770	2,823,230
Plant and Machinery	2,876	0	2,876	-	-1,438	1,438
Furniture and fittings	16,568	0	16,568	-	-2,746	13,822
	3,428,469	131,347	3,559,816	-247,372	-98,954	3,213,490

9. Debtors - The amounts owed to the Crematorium, are summarised as follows:

2005/2006 £		2006/2007 £
22,027	General Debtors	54,435
6,582	HM Revenue and Customs	0
28,609	Total Debtors	54,435

General Debtors 2006/07 represents the value of Cremation income outstanding at 31st March 2007. (2005/06 - This figure represents the net effect of Cremation income receipted in 2005/06 but relating to 2004/05 (£30,030) and income receipted in 2006/07 but relating to 2005/06 (£52,057) not previously adjusted for.)

10. Long Term Liabilities – this relates to Chilterns Crematorium’s liability in its defined benefit pensions scheme.

11. Apportionment between Constituent Authorities

The net surplus for the year ended 31 March 2007 was £415,446 and this has been apportioned to the constituent District Councils on the basis of the number of cremations from the area of each constituent Council in comparison to total cremations. This is in accordance with the constitution but in a year of high capital expenditure does distort the allocation.

The overall cumulative position at the end of the financial year is a surplus of £625,298 as shown below:

District Council	Balance 31.3.2006 £	Apportionment 2006/2007 £	Balance 31.3.2007 £
Aylesbury Vale	13,782	124,079	137,861
Chiltern	105,387	124,674	230,061
Wycombe	90,683	166,693	257,376
Totals	209,852	415,446	625,298

12. Statement of Movement on Reserves

This note shows how the brought forward balances on reserves, the gains and losses for the year and the transfers between reserves have resulted in the carry forward of balances on the reserves.

	Fixed Asset Restatement Account £	Capital Financing Account £	Pension Reserve £	Total Movements in Reserves £	Constituent Authorities
Balance brought forward at 1 April 2006	1,730,691	1,697,777	(673,444)	2,755,024	209,853
Net Surplus / (Deficit) for the Year					415,445
Capital financing		131,347		131,347	
Revaluation Adjustment during year	(247,372)	0		(247,372)	
Depreciation during year		(98,954)		(98,954)	

Actuarial Gains/(Losses) and other changes relating to Pensions			84,085	84,085	
Balance carried forward at 31 March 2006	1,483,319	1,730,170	(589,358)	2,624,131	625,298

13. Cashflow Statement

- i. *Reconciliation between Revenue Activities and Income and Expenditure Account* – the table below reconciles the two statements:-

2005/06 £		2006/07 £
5,644	Surplus (Deficit) for Year	415,446
212,940	Add: Depreciation/ Notional Interest	98,954
218,584		514,400
	<i>Less:</i>	
(212,940)	Increase Decrease in Capital Charges Recovered	(98,954)
(21,940)	Increase Decrease in Debtors	(32,407)
57,143	Increase Decrease In H M C & E Debtor	9,947
(61)	Increase Decrease in Stocks	429
23,658	Increase Decrease in Creditors	(43,926)
0	Increase in Fixed Assets Creditor only	0
(154,140)		(164,911)
64,444	Revenue Activities Net Cash (Inflow) / Outflow	349,488

- ii. *Reconciliation of movement in cash to Movement in Net Funds* – this can be analysed as follows:-

	At 31 March 2006 £	Cashflow in year £	At 31 March 2007 £
Cash	10,100	(50)	10,050
Investments	2,346	306,148	308,494
Business Accounts	230,608	43,390	273,998
Movement in Net Funds	243,054	349,488	592,542