

Greater Gwent Cremation Committee

Cremation Report & Accounts 2013/2014



Contents

3	Explanatory Foreword
4 - 5	Treasurer's Statement
6 - 7	Statement of Responsibility
8 – 10	Annual Governance Statement 2013/14
11 – 12	Independent Auditor's Report
13	Comprehensive Income and Expenditure Statement
14	Movement in Reserves Statement
15	Balance Sheet
16	Cash Flow Statement
17 - 30	Notes to the Accounts

Explanatory Foreword

The accounts on the following pages show the financial performance for the year for all activities undertaken by the Greater Gwent Cremation Committee. They have been prepared in accordance with generally accepted accounting practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and comprise the following core statements:

a) Comprehensive Income & Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Crematorium during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

b) Movement in Reserves Statement

This statement reconciles the financial performance of the Committee as stated in the Comprehensive Income & Expenditure Statement to the actual change in the Committee Fund balance for the year. The reconciling amounts within this statement reflect items that either have been included in the Comprehensive Income & Expenditure Statement and now need to be reversed, or were omitted from the Comprehensive Income & Expenditure Statement.

c) Balance Sheet

This statement shows all the Committee's balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

d) Cash Flow Statement

The cash flow summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

These core statements are followed by explanatory notes which set out the accounting policies that have been used in the accounts and provide more detail to the summarised figures.

Treasurer's Statement

Report and Accounts 2013/14

Greater Gwent Cremation Committee

Introduction

The Greater Gwent Crematorium is situated in eight acres of land within the boundaries of Torfaen County Borough Council and serves 440,000 people. The Crematorium building comprises a Chapel, Crematorium rooms and Administration offices, whilst the grounds include Gardens of Remembrance, car parking facilities and a gardener's workshop.

The Crematorium is constituted under an agreement formed by the authorities of Greater Gwent, namely Blaenau Gwent CBC, Caerphilly CBC, Monmouthshire CC, Newport City Council and Torfaen CBC.

A joint committee, with delegated powers, formed by two representatives from each of the constituent authorities is responsible for policy at the Crematorium.

Newport City Council is responsible for the financial and administrative management of the Crematorium. The assets of the Crematorium are vested in Torfaen County Borough, they are responsible for any capital expenditure and relevant loan debt relating to the Crematorium, as well as compliance with any relevant environmental legislation; although loan debt for the Mercury Abatement Project has been funded by Newport City Council

Comprehensive Income & Expenditure Statement

Under the IFRS accounting basis, the surplus for the year was £817,934 prior to the distribution of £750,000 leaving a retained surplus of £67,934. A budgeted surplus of £380,000 had been predicted, the main reasons for the increase being a backdated rates refund, and increased income, which was due to mercury abatement works being completed, and cremations back to full capacity.

Balance Sheet

The Committee's balance sheet continues to represent a healthy financial position, with reserves currently standing at £2,439,843.

Capital Expenditure

The Mercury Abatement Project was successfully completed during the financial year, with costs only increasing by £15,000 in year.

Future Developments

The Committee will continue to ensure that the Crematorium meets its legal requirements, and provides a compassionate and value for money service for the people of Gwent. Future considerations include improvements to the Crematorium grounds and gardens, including the building of a new Book of Remembrance building.

There are no Post Balance Sheet events to report that would have had a material impact upon these accounts

Meirion Rushworth
Honorary Treasurer

Date

Statement of Responsibility

Report and Accounts 2013/14

Greater Gwent Cremation Committee

The Committee's responsibilities

The Committee is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Committee, that officer is the Honorary Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Honorary Treasurer's Responsibilities

The Honorary Treasurer is responsible for the preparation of the Committee's statement of accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Honorary Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Honorary 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.

Statement of Responsibility

Report and Accounts 2013/14

Greater Gwent Cremation Committee

Honorary Treasurer Certificate

I certify that the accounts set out in pages 13 to 30 give a true and fair view of the financial position of the Greater Gwent Cremation Committee at 31st March 2014 and its income and expenditure for the year ended 31st March 2014.

Meirion Rushworth
Honorary Treasurer

I confirm that these accounts were approved by Committee

J Taylor
Councillor
Chair of Committee

Date

Annual Governance Statement

Report and Accounts 2013/14

Greater Gwent Cremation Committee

This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA.) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the 'Delivering Good Governance in Local Governance Framework'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

Scope of Responsibility

Greater Gwent Cremation Committee (the Committee) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the 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.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council'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.

In particular the system includes:

- Comprehensive budgeting systems;
- Regular preparation and review of periodic and annual financial reports which indicate financial performance against the forecast;
- Setting targets to measure financial and other performance;
- Clearly-defined capital expenditure guidelines;
- As appropriate, formal project management disciplines; and
- Regular updates to the committee from Legal, Finance Property and Crematorium Management on all areas that could present risks, and proposed mitigations.

Annual Governance Statement

Report and Accounts 2013/14

Greater Gwent Cremation Committee

The governance framework has been in place at the Committee for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

Governance Framework

The Committee's code of Governance follows the following principals:

- Focusing on the purpose of the Committee and ensuring that families receive the best possible service;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes;
- Taking informed and transparent decisions which are subject to effective scrutiny and management of risk;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

The key element of the Corporate Governance Framework is the terms of the Joint Committee, requiring 2 Members from each Council to take an active part in the management and running of the Committee.

Internal Audit Arrangements

The Committee in accordance with legislative requirements, in particular the Accounts & Audit Regulations 2005, maintains arrangements for a system of internal audit of their accounting records and control systems. The Committee's internal audit is primarily provided by Newport City Council under the Chief Internal Auditor, although appropriate support may be brought in.

Internal Audit complies with the standards laid out in the APB Guidelines for Internal Audit as codified in the Code of Practice for Internal Audit in Local Government issued by CIPFA.

The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Internal Auditor reports in his own name to all levels of management appropriate to the work being undertaken within the Committee and advises the Honorary Treasurer and Committee Secretary of reports issued, recommendations made and progress against the prioritised annual audit plan. Recommendations are prioritised depending on significance or risk.

Our review of the effectiveness of the system of internal financial control is informed by:

- The work of managers and members within the Committee;
- The work of the internal auditors as described above; and
- The external auditors in their annual audit letter and other reports.

Annual Governance Statement

Report and Accounts 2013/14

Greater Gwent Cremation Committee

The review of the Crematorium is within the Internal Audit strategic plan and is audited on a cyclical basis. A full internal audit of the Greater Gwent Crematorium Committee was undertaken in 2011/12 and a good audit opinion was issued – reasonably controlled, although minor risks identified, which require addressing. This work has been considered by the external auditors.

Meirion Rushworth
Honorary Treasurer

Date

Independent Auditor's Report to the Members of the Greater Gwent Cremation Committee

Report and Accounts 2013/14

Greater Gwent Cremation Committee

I have audited the accounting statements and related notes of the Greater Gwent Cremation Committee for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

The Greater Gwent Cremation Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Newport City Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword and Treasurer's Statement to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Greater Gwent Cremation Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Greater Gwent Cremation Committee as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword and Treasurer's Statement for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Greater Gwent Cremation Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett
Appointed Auditor
24 Cathedral Road
Cardiff
CF11 9LJ

30 September 2014

Comprehensive Income and Expenditure Statement

Report and Accounts 2013/14

Greater Gwent Cremation Committee

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices .

31-Mar-13				31-Mar-14		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
764,969	(1,273,477)	(508,508)	Crematorium Services	667,928	(1,497,862)	(829,934)
-	-	-	- Past Service Costs	-	-	-
764,969	(1,273,477)	(508,508)	Cost of Services	667,928	(1,497,862)	(829,934)
450,000	(10,086)	439,914	Financing & investment income & expenditure	762,000	-	762,000
1,214,969	(1,283,563)	(68,594)	(Surplus)/Deficit on Provision of services	1,429,928	(1,497,862)	(67,934)
			(Surplus)/deficit on - revaluation of Property Plant and Equipment Assets			366,051
		54,000	Actuarial (gains)/losses on pensions assets/liabilities (Note 3)			(231,000)
		54,000	Other Comprehensive Income and Expenditure			135,051
		(14,594)	Total Comprehensive Income and Expenditure			67,117

Movement in Reserves Statement

Report and Accounts 2013/14

Greater Gwent Cremation Committee

This statement shows the movement in the year on the different reserves held by the Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the crematorium's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£	£	£
Balance at the 31 Mar 2013	(1,363,979)	(1,142,981)	(2,506,960)
Movement in reserves during 2013/14			
Surplus/(deficit) on the provision of services	(67,934)	-	(67,934)
Other comprehensive Income and Expenditure		135,051	135,051
Total Comprehensive Income and Expenditure	(67,934)	135,051	67,117
Adjustments between accounting basis and funding basis under regulations (Note 4)	(34,729)	34,729	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(102,663)	169,780	67,117
Transfer to/from Earmarked Reserves	-	-	-
Increase/Decrease in 2013/14	(102,663)	169,780	67,117
Balance at the 31 Mar 2014 carried forward	(1,466,642)	(973,201)	(2,439,843)

Balance Sheet

Report and Accounts 2013/14

Greater Gwent Cremation Committee

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Committee. The net assets of the Committee (assets less liabilities) are matched by the reserves held by the Committee. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Committee is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-13 £	Notes	31-Mar-14 £
2,901,411	6	2,448,465
2,901,411		2,448,465
1,183		295
130,634	7	126,731
1,259,364	5	1,470,651
1,391,181		1,597,677
(27,203)	8	(32,806)
(27,203)		(32,806)
(1,473,429)	9	(1,488,493)
(285,000)	3	(85,000)
(1,758,429)		(1,573,493)
2,506,960		2,439,843
(1,363,979)	11	(1,466,642)
(1,142,981)	12	(973,201)
(2,506,960)		(2,439,843)

Cash Flow Statement

Report and Accounts 2013/14

Greater Gwent Cremation Committee

The Cash Flow Statement shows the changes in cash and cash equivalents of the Committee during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

31-Mar-13 £	Note	31-Mar-14 £
(68,594)		(67,934)
(37,136)	13	(143,353)
(105,730)		(211,287)
(105,730)		(211,287)
<hr/>		
1,153,634		1,259,364
<hr/>		
1,259,364	5	1,470,651

Notes to the Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

I ACCOUNTING POLICIES

The Statement of Accounts summarises the Committee's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Committee is required to prepare an annual Statement of Accounts by the Public Accounts and Audit (Wales) Regulations 2005, and in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14 and supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets.

Income & Expenditure

Revenue transactions have been accounted for in the year they took place not when actual cash payments are made or received. Fees, charges and rents are accounted for as income at the date the relevant goods or services were provided. Supplies are recorded as expenditure when they are consumed. Where supplies are held for future use they are shown as inventories on the balance sheet. Provision has been made on an actual or estimated basis for debtors and creditors as at 31st March 2014. Interest payable and receivable is accounted for on the basis of the effective interest rate.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Employee Benefits

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 and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render services to the Authority. An accrual is made for the cost of holiday entitlement (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being in the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and they are charged on an accruals basis to the appropriate service in Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Gwent Crematorium are members of the Local Government Pension Scheme, administered by Torfaen County Borough Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Gwent Crematorium.

The Local Government Pension

The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Torfaen County Borough (Greater Gwent) pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bonds).

The assets of the Torfaen County Borough (Greater Gwent) pension fund attributable to the Committee are included in the Balance Sheet at their fair value.

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into the following components:

Service Costs

- **current service cost** - the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and

- **net interest on the net defined benefit liability (asset)** - the net interest expense for the authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements

- **the return on plan assets** – excluding amounts included in the net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- **actuarial gains or losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the Torfaen County Borough (Greater Gwent) pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Committee to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Useable Reserves of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Prior period adjustments

Material adjustments to previous years arise from changes in accounting policies or from the correction of a fundamental error.

Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Measurement

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Recognition

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Land and buildings – lower of net current replacement costs or net realisable value in existing use;
- Vehicles, plant and equipment – depreciated historical cost as a proxy for net realisable value on materiality grounds;
- Assets under construction – historical cost (on completion these assets will be transferred to Land & buildings and revalued in line with the required measurement).

Assets are included in the balance sheet at current value and are re-valued where there have been material changes in the value, but as a minimum every five years. Valuations are on the basis recommended by CIPFA and in accordance with the statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

- where decreases in value are identified, they are accounted for by:
- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Valuations are undertaken by the Authority's estates team under the supervision of the Authority's Corporate Property Officer, **Mr D J Waters FRICS**.

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for in line with the decreases in value noted above.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight line bases over the estimated remaining useful life of the asset. Plant & Equipment relates to cremators which are deemed to have a 20 year life. Valuations have advised that the Crematorium Buildings have a 40 year life.

Inventories and Work in Progress

The Committee holds stocks of urns at the Crematorium. The value of these stocks at the year end is recorded in the accounts at historical cost. This valuation is not in accordance with IAS2, which requires the value to be stated as the lower of cost and net realisable value (NRV). Any difference between cost and NRV is considered to be negligible and historical cost has been used for all valuations.

Notes to the Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

Overhead and Support Service

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the following:

COST	ALLOCATION BASIS
Central departments	Time allocation or usage
Computing costs	Usage

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. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts

Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected on income is paid over to HM Revenue and Customs, and all VAT paid on expenditure is recovered from them.

Reserves and Balances

Useable Reserves: The Committee holds a reserve to meet future funding requirements and as a hedge against any unforeseen financial losses. The adequacy of the level of this reserve is reviewed annually by the Honorary Treasurer.

Pensions Reserve: This reserve is kept to manage the processes for accounting for retirement benefits. This does not represent usable resources for the Authority.

2 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Committee about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Committee's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase changes in retirement ages, mortality rates and expected returns on pension fund assets.	<p>A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p> <p>The actuary has advised the effects of a 1% movement in the following criteria:</p> <p>Discount Rate – £21,000 increase/decrease to liability</p> <p>Inflation – £22,000 increase/decrease to liability</p> <p>Pay Growth – £6,000 increase/decrease to liability</p> <p>A one year increase in life expectancy would result in an additional liability of £26,000</p>

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

3 DEFINED BENEFITS PENSIONS SCHEME

	Local Government Pension Scheme	
	31-Mar-13	31-Mar-14
	£'000	£'000
<u>Comprehensive Income and Expenditure Statement</u>		
<i>Cost of Services:</i>		
Current service cost	39	45
Past service costs (gain)	4	
Admin expenses		1
<i>Financing and Investment Income and Expenditure</i>		
Interest cost	64	64
Expected return on scheme assets	(67)	(53)
<i>Total Post Employment Benefit Charged to the Surplus/Deficit on Provision of Services</i>	<u>40</u>	<u>57</u>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)		
Actuarial gains and losses arising on changes in demographic assumptions		
Actuarial gains and losses arising on changes in financial assumptions	54	(231)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	<u>94</u>	<u>(174)</u>
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services post employment benefits in accordance with the Code	31	26
<u>Actual amount charged against the Committee Fund</u>		
<u>Balance for pensions in the year:</u>		
Employers' contributions payable to scheme	31	26

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities: Local Government Pension Scheme	
	31-Mar-13	31-Mar-14
	£'000	£'000
Opening balance at 1 April	1,338	1,577
Current service cost	39	45
Interest cost	64	64
Contributions by scheme participants	13	12
Re-measurement gains and (losses)		
Experience gain/loss		(201)
Actuarial gains and losses arising on changes in demographic assumptions		39
Actuarial gains and losses arising on changes in financial assumptions	162	(97)
Benefits paid	(43)	(105)
Past service costs		
Settlement/curtailments	4	
Closing balance at 31 March	1,577	1,334

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	31-Mar-13	31-Mar-14
	£'000	£'000
Opening balance at 1 April	1,116	1,292
Interest on plan assets	67	53
Return on plan assets (excluding the amount included in the net interest expense)	108	(28)
Administration		(1)
Employer contributions	31	26
Contributions by scheme participants	13	12
Benefits paid	(43)	(105)
Closing balance at 31 March	1,292	1,249

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

The Local Government Pension Scheme's assets consist of the following categories

	31-Mar-13 £'000	31-Mar-14 £'000
Equities	410	407
Investment Funds	802	757
Property	27	32
Alternatives	45	42
Cash	8	11
	1292	1249

Local Government Pension Scheme

	31-Mar-13	31-Mar-14
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.0%	7.0%
Government Bonds	2.8%	3.4%
Other Bonds	3.9%	4.3%
Property	5.7%	6.2%
Cash / Liquidity	0.5%	0.5%
Other	7.0%	

Local Government Pension Scheme

	31-Mar-13	31-Mar-14
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men (years)	21.7	23.0
- Women (years)	23.9	25.4
Longevity at 65 for future pensioners:		
- Men (years)	23.2	25.2
- Women (years)	26.5	27.8
Other Assumptions:		
Rate of CPI Inflation	2.4%	2.4%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	4.2%	4.4%
Take-up of option to convert annual pension	50.0%	
Duration of liabilities	-	16 years

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserves in 2013/14 can be analysed into the following categories, measured as a percentage of assets and liabilities at 31st March 2014.

	2009/10 %	2010/11 %	2011/12 %	2012/13 %	2013/14 %
Differences between the expected and actual return on assets	23.9	16.4	6.5	8.4	2.2
Experience gains / (losses) on liabilities	20.6	10.5	-	-	-

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

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

	31-Mar-14		31-Mar-13 comparative figures	
	Usable Reserves £	Unusable Reserves £	Usable Reserves £	Unusable Reserves £
Adjustments primarily involving the Capital Adjustment Account (Note 12):	(3,730)	3,730	(65,123)	65,123
Adjustments primarily involving the Pensions Reserve (Note 12):	(31,000)	31,000	(9,000)	9,000
TOTAL ADJUSTMENTS	(34,730)	34,730	(74,123)	74,123

5 CASH AND CASH EQUIVALENTS

The cash held by the Authority represents petty cash balances held. The bank overdraft includes un-cleared payments within the banking system

	31-Mar-13 £	31-Mar-14 £
Bank Current Accounts	1,259,254	1,470,541
Cash in Hand	110	110
NET MOVEMENT	1,259,364	1,470,651

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

6 PROPERTY, PLANT AND EQUIPMENT

The Greater Gwent Crematorium is situated in land within the boundaries of Torfaen County Borough Council. The Crematorium building comprises a Chapel, Crematorium rooms and Administration offices, whilst the grounds include Gardens of Remembrance, car parking facilities and a gardener's workshop. These buildings are depreciated on a straight line basis of 40 years, and were last valued as at 31st March 2010. The plant and equipment relates to the cremators and sanctum vaults, which are depreciated on a straight-line basis over a period of 20 years, and 40 years respectively.

	2013/14			
	Other land & buildings	Vehicles, plant & equipment	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation	£	£	£	£
At 1 April 2013	1,310,544	718,006	1,473,430	3,501,980
Additions	15,063			15,063
Reclassifications	1,473,430	-	(1,473,430)	-
Revaluations	(526,819)			(526,819)
At 31 March 2014	2,272,218	718,006	-	2,990,224
Accumulated Depreciation and Impairment				
At 1 April 2013	(93,543)	(507,026)	-	(600,569)
Depreciation charge in year	(67,226)	(34,733)	-	(101,959)
Revaluation impact	160,769	-	-	160,769
As at 31 March 2014	-	(541,759)	-	(541,759)
Net Book Value				
At 31 March 2013	1,217,001	210,980	1,473,430	2,901,411
At 31 March 2014	2,272,218	176,247	-	2,448,465

	2012/13			
	Other land & buildings	Vehicles, plant & equipment	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation	£	£	£	£
At 1 April 2012	1,310,544	718,006	422,047	2,450,597
Additions	-	-	1,051,383	1,051,383
At 31 March 2013	1,310,544	718,006	1,473,430	3,501,980
Accumulated Depreciation and Impairment				
At 1 April 2012	(63,153)	(472,293)	-	(535,446)
Depreciation charge in year	(30,390)	(34,733)	-	(65,123)
As at 31 March 2013	(93,543)	(507,026)	-	(600,569)
Net Book Value				
At 31 March 2012	1,247,391	245,713	422,047	1,915,151
At 31 March 2013	1,217,001	210,980	1,473,430	2,901,411

Revaluations

The Committee carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Other land & buildings	Vehicles, plant & equipment	Assets Under Construction	Total Property, Plant & Equipment
	£	£		£
Carried at Historic Cost	1,310,544	718,006	1,488,493	3,517,043
Valued at fair value as at:				
31 March 2014	961,674	-	(1,488,493)	(526,819)
31 March 2013	-	-	-	-
31 March 2012	-	-	-	-
31 March 2011	-	-	-	-
31 March 2010	-	-	-	-
31 March 2009	-	-	-	-
Total Cost or Valuation	2,272,218	718,006	-	2,990,224

Capital Commitments

As at 31 March 2014 there were no capital commitments

Statement of Accounts

Report and Accounts 2012/13

Greater Gwent Cremation Committee

7 SHORT TERM DEBTORS

Debtors are shown in the Balance Sheet as follows:

	31-Mar-13	31-Mar-14
	£	£
General	130,634	126,731
	130,634	126,731

8 SHORT TERM CREDITORS

The following is an analysis of the creditors shown in the Balance Sheet:

	31-Mar-13	31-Mar-14
	£	£
General	6,668	11,514
Utilities	18,260	9,581
Audit Fee	2,275	11,711
	27,203	32,806

Audit fees above represents the total fees for audit in 2013/14 and 2012/13. There was an additional audit charge in 2012/13 of £8,545

9 LONG TERM CREDITORS

	31-Mar-13	31-Mar-14
	£	£
Mercury Abatement Project	1,473,429	1,488,493
	1,473,429	1,488,493

10 DISTRIBUTION TO CONSTITUENT AUTHORITIES

	Population 1996	%	31-Mar-13 £	31-Mar-14 £
Blaenau Gwent	77,400	17.59	79,155	131,925
Caerphilly (Islwyn only)	66,800	15.18	68,310	113,850
Monmouthshire	81,200	18.45	83,025	138,375
Newport	120,900	27.48	123,660	206,100
Torfaen	93,700	21.3	95,850	159,750
TOTAL	440,000	100	450,000	750,000

Distributions are included within the Financing & Investment income & expenditure line on the face of the Comprehensive Income and Expenditure Statement.

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

11 USABLE RESERVES

Movements in the Committee's usable reserves are detailed in the Movement in Reserves Statement.

12 UNUSABLE RESERVES

31-Mar-13		31-Mar-14
£		£
(1,116,260)	Revaluation Reserve	(719,819)
(311,721)	Capital Adjustment Account	(338,382)
285,000	Pensions Reserve	85,000
<u>(1,142,981)</u>		<u>(973,201)</u>

Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated on the Capital Adjustment Account.

31-Mar-13		31-Mar-14
£		£
1,146,650	Balance as at 1 April	1,116,260
	- Upward revaluation of assets	(366,051)
	- Surplus or deficit on revaluation of non-current assets not charged to provision of services	(366,051)
(30,390)	Difference between fair value depreciation and historic cost depreciation	(30,390)
<u>1,116,260</u>	Balance at 31 March	<u>719,819</u>

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

Capital Adjustment Account

The requirement to maintain a Capital Adjustment Account commenced in April 2007 as a requirement of the 2007 SORP. The opening balance represents the closing value of the previously maintained Capital Financing Account and Fixed Asset Restatement Account. The account represents a store of capital resources set aside to meet past capital expenditure.

31-Mar-13	31-Mar-14
£	£
346,454 Balance at 1 April	311,722
Statutory provision for the financing of capital investment charged against the Council Fund balances	98,229
(65,123) Charges for depreciation and impairment of non-current assets	(101,959)
30,390 Adjusting amounts written out of the Revaluation Reserve	30,390
<u>(34,733)</u>	<u>26,660</u>
<u>311,722</u> Balance at 31 March	<u>338,382</u>

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Committee accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Committee makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Committee has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31-Mar-13	31-Mar-14
£	£
222,000 Balance at 1 April	285,000
54,000 Actuarial gains or losses on pension assets and liabilities	(231,000)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	57,000
(31,000) Employer's pensions contributions and direct payments to pensioners payable in the year	(26,000)
<u>285,000</u> Balance at 31 March	<u>85,000</u>

Statement of Accounts

Report and Accounts 2013/14

Greater Gwent Cremation Committee

13 CASHFLOW STATEMENT – NON-CASH MOVEMENTS

31-Mar-13		31-Mar-14	
£'000		£'000	
(65,123)	Depreciation	(101,959)	
(1,641)	Increase/(Decrease) in short term debtors	(3,904)	
38,073	(Increase)/Decrease in short term creditors	(5,603)	
(1,051,383)	(Increase)/Decrease in long term creditors	(15,063)	
555	Increase/(Decrease) in inventories	(887)	
(9,000)	Pensions liability	(31,000)	
1,051,383	Purchase of property, plant and equipment, investment property and intangible assets	15,063	
(37,136)		(143,353)	

14 RELATED PARTIES

The breakdown of related party transactions during 2013/14 are as follows:

		31-Mar-13	31-Mar-14
		£'000	£'000
Torfaen CBC	Rates		100
	Refuse collection-removal of floral waste		1
	Fees re: IAS Pension Fund		1
		-	102