

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE



**ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS**

FOR THE YEAR ENDED 31 MARCH 2009

CHAIRMAN

Councillor J. Marr

Vice Chairman

Councillor D Southwell

Treasurer

Mr S Crowe, CPFA

CONTENTS

Page No

Explanatory Forward	2
1 Report of the Treasurer	5
2 Statement of Accounting Policies	8
3 Statement of Responsibilities & Certification	13
Core Statements:	
4 Income & Expenditure Account	15
5 Statement of Movement on the General Fund Balance	16
6 Statement of Total Recognised Gains & Losses	18
7 Balance Sheet	19
8 Cash Flow Statement	20
Notes to the Core Statements	21
9 Annual Governance Statement	29
10 Auditor's Report	33
Glossary of Terms	34
Certification by Chair	36

EXPLANATORY FOREWORD

The purpose of this foreword is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts. It provides an explanation, in overall terms, of the purpose and content of the Joint Committee's accounts and should assist in the interpretation of the accounting statements.

The Joint Committee's accounts and financial statements for 2008/09 are set out on Pages 15 - 28 of this document, and is subject to an independent Audit opinion, as shown at Page 33. (To follow)

In addition, this document includes a Report by the Treasurer, which is designed to help the reader understand in greater detail the financial standing of the Joint Committee as at 31st March 2009. It also contains a commentary on the major influences affecting the Joint Committee's income and expenditure and cash flow, and information on the financial needs and resources of the Joint Committee in 2008/09.

The main purpose of the financial statements that make up the Statement of Accounts, are detailed below: -

1. Report of the Treasurer

This report outlines the main financial results for the year ended 31st March, 2009. They summarise the income and expenditure incurred by the Joint Committee and highlight any change to the financial position that occurred during the year.

2. Statement of Accounting Policies

The purpose of the statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. In certain circumstances, where more than one accounting basis or estimation technique is acceptable, the accounting policy and/or estimation techniques followed can significantly affect the Joint Committee's reported results and financial position. The view presented can only be appreciated properly if the policies, which have been followed for material items and estimation techniques that have been used in applying those policies, are explained.

The Statement of Accounts summarises the Joint Committee's transactions for the 2008/09 financial year and its position at the year-end of 31st March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008 (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

The SORP has become applicable for the 2008/09 financial year because the Crematorium no longer meets the requirements to be classified as a 'smaller relevant authority' since its gross income in the two immediately preceding years was greater than £1 Million.

Pages 8-12 explain the policies adopted in preparing the Joint Committee's Accounts.

3. Statement of Responsibilities for the Statement of Accounts

Local authorities are required to include in their statement of accounts a statement of responsibilities for the statement of accounts, which sets out the respective responsibilities of The Joint Committee and the Treasurer for the accounts.

The Statement of Accounts is intended to present fairly the financial transactions of the Joint Committee during the year ended 31st March 2009 (the 2008/09 financial year).

Page 13 summarises the responsibilities of the Joint Committee and the Treasurer, relating to the making of proper arrangements for the administration of the financial affairs of the Council and the keeping of accounting records.

The accounts and statements in respect of 2008/09 have been prepared using the professional guidance given in the Code of Practice on Local Authority Accounting 2008, together with other legal requirements as contained in various Acts of Parliament, including the Accounts and Audit Regulations 2006 (amended).

4. Income and Expenditure Account

This statement is fundamental to the understanding of the Joint Committees activities, in that it reports the net cost for the year of all the functions for which the Joint Committee is responsible, and demonstrates how that cost has been financed.

The Income and Expenditure Account has been compiled in accordance with the Best Value Accounting Code of Practice.

Page 15 shows the Income and Expenditure Account as at 31st March 2009.

5. Statement of Total Recognised Gains and Losses

Not all the gains and losses experienced by the Joint Committee are reflected in the Income and Expenditure Account. It is necessary to consider all gains and losses recognised in a period when assessing the financial result for the period.

FRS 3 (Reporting Financial Performance) requires all gains and losses to be included in a Statement of Total Recognised Gains and Losses (STRGL) to be shown with the same prominence as the other primary statements.

Page 18 shows the Statement of Total Recognised Gains and Losses as at 31st March 2009.

6. Balance Sheet

The balance sheet is fundamental to the understanding of the Joint Committee's financial position at the year-end. It shows its 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.

Page 19 summarises the financial position of the Joint Committee as at 31st March 2009. Following the statement are notes providing further information and explanation on the more important items in the Balance Sheet.

7. Cash Flow Statement

This consolidated statement 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.

Its objective is to ensure that significant elements of receipts and payments of cash are highlighted in a way that facilitates comparison of cash-flow performance of different businesses and to provide information that assists in assessing their liquidity, solvency and financial adaptability.

Page 20 summarises the inflows and outflows of cash arising from revenue and capital transactions with third parties.

8. Annual Governance Statement

Regulation 4(2) of The Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 (including circular 03/2006 which replaces the publication of a statement on internal control with an annual governance statement) requires authorities to 'conduct a review at least once in a year of the effectiveness of its system of governance and internal control', and to include an annual governance statement with any statement of accounts.

Pages 29 – 32 shows the Annual Governance Statement relating to the financial year 1st April 2008 to the 31st March 2009.

9. Auditor's Report

Page 33 gives an independent, professional opinion by the External Auditor on the Crematorium's Accounts for the year ended 31st March 2009.

10. Glossary of Terms

Pages 34 - 35 provides details of those accounting terms used within this document and give a basic definition in order to assist the reader to understand the Financial Statements.

11. Certification of the Accounts by the Chair

REPORT OF THE TREASURER

OVERVIEW OF FINANCIAL PERFORMANCE IN 2008/09

This report outlines the main financial results for the year ended 31st March, 2009. They summarise the income and expenditure incurred by the Joint Committee and highlight any change to the financial position that occurred during the year.

The 2008/09 revised estimates anticipated that the Joint Committee would achieve a surplus of £520,898. This was based on an estimated 2,180 cremations for the year and permitted a contribution to reserves of £132,150. During 2008/09, the number of cremations carried out was 2,412, an increase of 232 on the estimated figure. This additional income from fees and charges, together with an increase in interest received, was offset by increased cremator maintenance costs and increased audit fees leading to a surplus of £508,948, £11,950 lower than the revised estimate.

The table below summarises the income and expenditure account for 2008/09.

	2008/2009 Original Budget £	2008/2009 Revised Budget £	2008/2009 Actual To Mar 2009 £	2008/2009 Revised Budget to Actual Variance To Mar 2009 £
EXPENDITURE				
Employees	229,980	206,451	205,762	(689)
Repairs and maintenance	96,500	46,285	63,039	16,754
Electricity, Gas, Water and Cleaning	52,300	64,668	64,668	0
Rents and Rates	49,160	48,048	48,048	0
Administration and Miscellaneous	73,917	77,963	86,978	9,015
Environmental Protection Masterplan	5,400	7,499	7,499	0
- Memorial Garden		20,614	17,464	(3,150)
Contribution to Reserves/Funds Masterplan				
- Memorial Garden	5,000	5,000	5,000	0
Cremator Replacement Reserve	115,000	120,150	120,150	0
Small Plant	4,500	4,500	4,500	0
Central Heating Renewal	2,500	2,500	2,500	0
	634,257	603,678	625,608	21,930

	2008/2009 Original Budget £	2008/2009 Revised Budget £	2008/2009 Actual To Mar 2009 £	2008/2009 Revised Budget to Actual Variance To Mar 2009 £
INCOME				
Fees	860,538	1,049,124	1,049,707	583
Interest Received	15,000	13,434	22,981	9,547
Memorial Gardens Fees	34,297	41,404	44,404	3,000
Contribution from Reserves/Funds Masterplan - Memorial Garden		20,614	17,464	(3,150)
	909,835	1,124,576	1,134,556	9,980
AVAILABLE SURPLUS	275,578	520,898	508,948	11,950
Apportioned:				
City of Durham – 80% of Surplus	220,462	416,718	407,158	(9,560)
Spennymoor Town Council – 20% of Surplus	55,116	104,180	101,790	(2,390)

In 2008/09, the Joint Committee has made a contribution of £132,150 (in line with the revised estimate figure) to its reserves to facilitate the replacement of the cremators and redevelopment of its buildings. The Joint Committee continued with the development and construction of the second phase of the Memorial Garden. The overall position of the Central Durham Crematorium Joint Committee reserves is set out on the next page.

Central Durham Crematorium Joint Committee Reserves as at the 31st March 2009

Reserve	Balance at start of year	Contribution to Reserves	Funding of Capital Expenditure	Balance at 31.3.09
	£	£	£	£
Major Capital Works Reserve	300,961	120,150		421,111
Masterplan Reserve	26,339	5,000	(17,464)	13,875
Small Plant Reserve	8,502	4,500		13,002
Central Heating Reserve	10,500	2,500		13,000
TOTAL	346,302	132,150	(17,464)	460,988

In addition during 2008/09, a total of £500,000 was distributed to the Constituent Authorities.

The following table shows the position for the Constituent Authorities as at 31st March 2009:

	City of Durham	Spennymoor	Total
	£	£	£
Balances in favour of authorities at 1 st April 2008	332,090	83,023	415,113
Add: Transfer from Reserves	-	-	-
Add: 2008/09 Surplus	407,158	101,790	508,948
	739,248	184,813	924,061
Less: Distributed to authorities	400,000	100,000	500,000
Balance as at 31st March 2009	339,248	84,813	424,061

The balance of £424,061 is £12,115 lower than the revised estimate of £436,176.

STATEMENT OF ACCOUNTING POLICIES

1. General Principles

The Joint Committee's accounting policies (and indeed the financial Statements included in this document) have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008 (the SORP) and the Best Value Accounting Code of Practice (BVACOP), both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting policies and estimation techniques applied have been selected and exercised having regard to the accounting principles and concepts set out in FRS18.

The financial statements contained in the Statement of Accounts take into account the recommended accounting principles wherever possible and any departures from the recommended practice are identified in the following notes.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

These accounts have been prepared on a going concern basis since the Joint Committee is expected to remain in operational existence for the foreseeable future and there is no intention to significantly curtail the scale of operations.

2. Revenue Accounts

Income and Expenditure Accruals

Revenue transactions are recorded on an income and expenditure basis. That is, sums due to or from the Joint Committee during the year are included whether or not the cash has actually been received or paid in the year. This is called accruals accounting and is in accordance with the Code of Accounting Practice and SSAPs. Income and Expenditure are accounted for in the year in which they arise by the creation of debtors and creditors, including estimates where appropriate. Debtors are included to represent the value of goods supplied or services rendered by the Council during the financial year and creditors are included to represent goods received or services provided to the Council during that period.

Value Added Tax

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Interest

All surplus capital and revenue monies are externally invested in accordance with City of Durham Council's Local Code of Treasury Management. Interest payable on external borrowings and investment income is accounted for on an accruals basis.

Post Balance Sheet Events

Where a material post balance sheet event occurs which provides additional evidence relating to conditions existing at the balance sheet date; or indicates that application of the going concern concept to a material part of the authority is not appropriate; then changes are made in the amounts to be included in the Statement of Accounts.

Any occurrence of a material post balance sheet event which concerns conditions which did not exist at the balance sheet date, are fully disclosed. The disclosure states the nature of the event and, where possible, an estimate of the financial effect of the event.

Foreign Currency Translation

Income and expenditure arising from a transaction denominated in a foreign currency is translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred; if the rates do not fluctuate significantly, an average rate for a period will be used as an approximation. Where the transaction is to be settled at a contracted rate, that rate will be used.

At each balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated by using the closing rate or, where appropriate, the rates of exchange fixed under the terms of the relevant transactions.

3. Current Assets

Stocks and Work in Progress

Stocks are valued and included in the Balance Sheet at current market value. This is a departure from the requirements of the Code of SSAP 9, which requires stocks to be shown at actual costs or net realisable value, if lower. The effect of this different treatment has not been quantified, but the opinion is held that because of the low levels of stocks held, any difference in value would be immaterial.

For trading activities, the amount recognised in the appropriate revenue account for contract work in progress, for which interim valuations are made, represents the progress payments received and receivable, less related costs and any foreseeable losses, to the extent that the amount exceeds the corresponding amount recognised in previous periods.

Investments

Short Term Investments are shown in the Balance Sheet at their nominal value. However, in accordance with the requirements of SORP 2008, the notes to the Balance Sheet include a disclosure pertinent to the scope and significance and these financial instruments.

Provision for Bad and Doubtful Debt

All outstanding debts are pursued in accordance with the Crematorium's Debt Management Strategy and are reviewed on an ongoing basis. Known uncollectable debts are written off.

4. Revenue Provisions

Provisions are required for any liabilities or losses that are likely to be incurred, or certain to be incurred, but where uncertainty exists as to the amounts or the dates on which they will arise. Provisions are required to be recognised when: -

- ◆ The crematorium has a present obligation (legal or constructive) as a result of a past event;
- ◆ It is probable that a transfer of economic benefits will be required to settle the obligation; and
- ◆ A reliable estimate can be made of the amount of the obligation.

A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision is recognised.

Provisions are required for any liabilities of uncertain timing or amounts that have been incurred.

Provisions are charged to the appropriate revenue account; when payments for expenditure are incurred to which the provision relates they should be charged direct to the provision. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the events.

5. Capital Accounts

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets, has been capitalised in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008 (the SORP)

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefit to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that is charged direct to service revenue accounts.

Assets acquired under finance leases and hire agreements are capitalised in the Council's accounts on the basis of their notional capital value as notified by the Lessor or Hirer. Operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value.

All additions are included in the accounts at their cost of acquisition. The basis of the valuation of Fixed Assets is shown below:-

Asset Type	Basis of Valuation
Land & Buildings	Open Market Value
Vehicles, Plant & Equipment	Historical Cost

Fixed Assets were last re-valued by the District Valuer, Mr. D. Wyatt MRICS, as at 31st March, 2006, in accordance with RICS Appraisal and Valuation Manual as published by the Royal Institute of Chartered Surveyors (RICS).

Impairment

The value at which each category of assets is included in the balance sheet is reviewed at the end of each reporting period and where there is reason to believe that its value has changed materially in the period, the valuation is adjusted accordingly. Examples of events and changes in circumstances that indicate a reduction in value may have incurred include:-

- ◆ a significant decline in a fixed asset's market value during the period;
- ◆ evidence of obsolescence or physical damage to the fixed asset;
- ◆ a significant adverse change in the statutory or other regulatory environment in which the crematorium operates; and
- ◆ a commitment by the crematorium to undertake a significant reorganisation.

Depreciation

Assets, other than land, are being depreciated over their estimated useful economic lives, in accordance with FRS 15, which came into effect from the 1 April 2000.

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or at a revaluation) and is calculated using the straight-line method.

Where depreciation is provided for, assets are being depreciated using the straight-line method over the following periods: -

Asset Type	Number of Years
Buildings	9
Vehicles	5
Other Plant & Equipment	10 to 15

6. Reserves

Amounts set aside for purposes falling outside the definition of provision are considered as reserves and transfers to and from them are distinguished from service expenditure. Expenditure is not charged direct to any reserve.

Capital Reserves are not available for revenue purposes and certain of them, for example the Capital Adjustment Account, can only be used for specific statutory purposes.

Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated and financed through the capital controls system.

Revaluation Reserve

The Revaluation Reserve includes cumulative unrealised revaluation gains and losses (since 1 April 2007) arising from holding fixed assets, these gains and losses were previously shown in the Fixed Asset Restatement Account which, along with the Capital Financing Account, has now been abolished. Effectively this means that the carrying value of Fixed Assets at 31 March 2007 is treated (in accordance with the SORP and for accounting purposes) as the Historic Cost of the asset. The Crematorium's assets have not been subject to revaluation since the introduction of the Revaluation Reserve and therefore no balance appears in the accounts.

Major Capital Works Reserve

The Major Capital Works reserve has been established in order to facilitate the replacement of cremators and the redevelopment of buildings to facilitate changes to emission standards

Masterplan Reserve

This reserve has been established to fund the continued development and construction of the second phase of the Memorial Garden.

Small Plant Reserve

The Small Plant Fund was established in 2001/2002 to provide for future replacement of minor capital items.

Central Heating Reserve

The Central Heating Fund was established in 2003/2004 to provide for future replacement of the Central Heating system, which is now 16 years old.

7. Changes in Accounting Practice**Adoption of the SORP**

The adoption of the SORP for the first time has had a significant impact on the presentation and content of the Core Statements and the notes to the Core Statements. Previous sets of accounts, whilst prepared in line with the relevant guidelines applicable at the time, were not subject to the same reporting standards and were not prepared on the same basis. As a result, readers will find the presentation and content of the Statement of Accounts much changed from the previous year.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Committee's Responsibilities

The Joint Committee is required:

- ◆ to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. For this purpose that officer is the Treasurer to the Joint Committee.
- ◆ to approve the Statement of Accounts

The Members of the Central Durham Crematorium Joint Committee are:



•

Councillor Jean Chaplow
Councillor Neil Foster
Councillor Maria Plews
Councillor Ronnie Rodgers
Councillor David Stoker
Councillor Les Thomson
Councillor Mac Williams
Councillor Carol Woods



**Spennymoor Town
Council**

Councillor John Marr
Councillor Joan Wood
Councillor Fred Walker

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this statement of accounts the Treasurer has:

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent;
- ◆ complied with the Code of Practice;

In respect of the points below, reliance has been placed on the governance statement certified by City of Durham Council.

- ◆ keeping proper accounting records which were up to date;
- ◆ taking reasonable steps for the prevention and detection of fraud and other irregularities;

Certificate of The Treasurer

I certify that the Statement of Accounts presents fairly the financial position of the Central Durham Crematorium Joint Committee as at 31st March 2009 and their income and expenditure for the year ended 31st March 2009.

S. D. Crowe C.P.F.A.
Treasurer
2009

INCOME AND EXPENDITURE ACCOUNT

Year Ended 31 st March, 2008		Year Ended 31 st March, 2009			
Net £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Notes
(599)	Cremations and associated services	668	(1,159)	(491)	5.
190	Other corporate costs	64	-	64	
(409)	Net Cost of Services	732	(1,159)	(427)	
(62)	Interest receivable			(23)	
(471)	Net Operating Expenditure			(450)	
1,453	Distributions made to Constituent Authorities			500	11.
982	Deficit for the year			50	

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The purpose of this statement is to clarify how the surplus / deficit from the Income and Expenditure Account impacts the resources available to fund the activities of the Constituent Authorities.

The Income and Expenditure Account shows the Joint Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Constituent Authorities are required to raise council tax on a different accounting basis, the main difference being:

- ♦ Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed;
- ♦ The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- ♦ Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as earned.

This reconciliation statement summarises the difference between the surplus / deficit on the Income and Expenditure Account and the amount available to be added in the future to the General Fund Balance of each Constituent Authority.

Year Ended 31st March, 2008		Year Ended 31st March, 2009
Net £000s		Net £000s
982	Deficit/(Surplus) for the year on the Income & Expenditure Account	50
(886)	Net Additional Amount Required By Statute and Non-Statutory Proper Accounting Practices to be Debited or (Credited) to the General Fund Balance for the Year	(59)
96	Decrease/(Increase) in the General Fund Balance	(9)
(511)	General Fund Balance brought forward	(415)
(415)	General Fund Balance carried forward	(424)

**Net Additional Amount Required By Statute
and Non-Statutory Proper Accounting
Practices to be Debited or Credited to the
General Fund Balance for the Year**

Year Ended 31st March, 2008		Year Ended 31st March, 2009
Net £000s		Net £000s
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year:	
(77)	Depreciation and impairment of fixed assets	(173)
(174)	Amounts treated as revenue expenditure in accordance with the SORP but which are classified as capital expenditure by statute	(18)
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement of the General Fund Balance for the year:	
(635)	Net Transfers (from)/to earmarked reserves	132
(886)	Net Additional Amount Required By Statute and Non-Statutory Proper Accounting Practices to be Debited or (Credited) to the General Fund Balance for the Year	(59)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2007/08 £000s		2008/09 £000's	Notes
982	(Surplus) / deficit for the year on the Income and Expenditure Account	50	
982	Total	50	

BALANCE SHEET AS AT 31ST MARCH 2009

2007/08 £000s Restated		2008/09 £000's	Notes
	Fixed Assets:		
	Operational Assets:		
478	- Other land and buildings	324	
64	- Vehicles, plant, furniture and equipment	45	
542		369	6.
	Current Assets:		
44	- Debtors	25	8.
350	- Investments	363	14.
495	- Cash and Bank	781	
889		1,169	
	Current Liabilities:		
127	- Creditors	284	9.
127		284	
1,304	TOTAL ASSETS LESS LIABILITIES	1,254	

2007/08 £000s	Financed by:	2008/09 £000's	Notes
542	Capital Adjustment Account	369	10(a)
415	General Fund Balance	424	11.
347	Earmarked Reserves	461	10(b)
1,304	TOTAL NET WORTH	1,254	

THE CASH FLOW STATEMENT

2007/08 INFLOW (OUTFLOW) £000s		2008/09 INFLOW (OUTFLOW) £000s	Notes
(634)	Net (Outflow)/Inflow of cash on Revenue Activities	289	17.
	Returns on investments and servicing of finance:		
	<i>Cash inflows</i>		
62	- Interest received	10	5.
	Capital Activities:		
	<i>Cash outflows</i>		
(237)	- Purchase of fixed assets	(18)	7.
(808)	Net Cash (outflow)/inflow before financing	281	
(808)	Net (decrease) / increase in cash	281	19.

NOTES TO THE CORE STATEMENTS

1. Publicity Expenditure

Section 5 of the Local Government Act 1986 requires an authority to disclose separately its expenditure on publicity. The amount incurred on advertising during the year was £62 (2007/08: £Nil).

2. Officers' Emoluments

There were no employees whose remuneration, including any redundancy / lump sum payments but excluding any pension contributions, exceeded £50,000 in the current or previous year.

3. Related Party Transactions

In accordance with FRS8 issued by the Accounting Standards Board, the Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

The Joint Committee's membership and responsibilities are set out in the Statement of Responsibilities on page 13. The powers delegated to the Joint Committee by the constitution deed are restricted to those relevant to the provision and maintenance of crematoria under the Cremation Acts of 1902 and 1952. Neither constituent authority is considered to be the ultimate controlling party.

In addition to the transactions with the constituent authorities as set out in note 11 below, a further £611,500 (2007/08: £400,500) was paid to the City of Durham in respect of expenses born on behalf of the Joint Committee and a further £48,048 (2007/08: £46,176) was paid to the City of Durham in respect of non-domestic rates. At the balance sheet date an amount of £209,707 was payable to the City of Durham (2007/08: amount payable of £111,466).

4. Fees payable to the Audit Commission

Fees payable in the year with regard to external audit services amounted to £14,000 (2007/08: £1,235). The significant increase in fees is due to the extensive additional audit testing and other work required to ensure that the accounts comply with the SORP.

5. Interest receivable

2007/08 £000s		2008/09 £000s
54	Investment interest	13
8	Bank interest	10
62		23

6. Movement of Fixed Assets

	Operational Assets		Total £000's
	Other Land & Buildings	Vehicles, plant, furniture and equipment	
	£000's	£000's	
Gross Book Value @ 01/04/08 Restated	614	75	689
Revaluations	-	-	-
Additions	-	-	-
Disposals	-	-	-
Gross Book Value @ 31/03/09	614	75	689
Less:			
Depreciation Accumulated	136	11	147
Depreciation for Year	68	8	76
Impairments in the year	86	11	97
Depreciation @ 31/03/09	290	30	320
Net Book Value @ 31/03/09	324	45	369
Net Book Value @ 31/03/08	478	64	542

Ownership of assets

Included in Fixed Assets above are all of the buildings, vehicles, plant, furniture and equipment used by the Joint Committee in the provision of crematoria services at the Crematorium site. Legal title of the buildings is vested in the City of Durham Council. A view has been taken based on the principles set out in FRS 5: *The Substance of Transactions* that substantially all of the risk and rewards of ownership of these buildings has been passed to the Joint Committee. The rights and obligations conferred to the Joint Committee under its constitution agreement enable it to obtain the future economic benefits that will be derived from the use of the buildings and also to restrict the access of the Constituent Authorities to these benefits.

The land upon which the Crematorium is built is treated separately. It is not included in these accounts as an asset of the Joint Committee and instead appears in the accounts of the City of Durham as a Community Asset.

Depreciation

Details of the depreciation methods used and the useful lives applicable to each type of asset can be found in the Statement of Accounting Policies on page 11.

Impairments

An impairment review of the Joint Committee's entire asset register has been undertaken by John Murray MRICS of the District Valuer Services at 31 March 2009. The subsequent report advises that an impairment of the Crematorium of 6% of the carrying value at 31 March 2009 is required due to general conditions in the market plus a further 15% impairment due to specific factors. The specific circumstances having a negative effect on value are the opening of a new Crematorium 12 miles away and the impact of DEFRA regulations which will require significant capital spend to meet the criteria of cutting mercury emissions in half by 2012.

As a result of this review an impairment of £97K has been recognised in the accounts for the year.

Historical Cost

There are no differences between the carrying values of the assets as shown in the Balance Sheet and their historical cost values.

Net assets employed

All of the fixed assets held by the Joint Committee are employed in the provision of cremation services.

7. Capital expenditure and Sources of Finance

2007/08 £000s		2008/09 £000s
	Capital Investment	
174	Revenue expenditure funded from capital under statute	18
63	Vehicles, plant, furniture and equipment	-
237	TOTAL EXPENDITURE	18
	Sources of Finance	
174	Masterplan Reserve	18
63	Cremator Reline Fund	-
237		18

8. Debtors

2007/08 £000s		2008/09 £000s
39	Trade debtors	25
39		25

9. Creditors

2007/08 £000s		2008/09 £000s
16	Sundry Creditors	74
111	City of Durham Account (note 3.)	210
127		284

10. Reserves

	Opening Balance	Gains or losses	Transfers	Closing Balance	Further details of movement
	£000's	£000's	£000's	£000's	
Capital Adjustment Account	542	-	(173)	369	(a) below
General Fund Balance	415	9	-	424	Note 11
Earmarked Reserves	347	-	114	461	(b) below

(a) Movement in Capital Adjustment Account

	£000
Balance at 1 April 2008 (Restated)	542
Amounts included in I&E account but required by statute to be excluded from General Fund Balance (capital charges)	(173)
Balance at 31 March 2009	369

(b) Movement in Earmarked Reserves

	Opening Balance	Transfers to reserve	Transfers from reserve	Closing Balance
	£000	£000	£000	£000
Major Capital Works Reserve	301	120	-	421
Masterplan Reserve	26	6	(18)	14
Small Plant Reserve	9	4	-	13
Central Heating Reserve	11	2	-	13
Total Earmarked Reserves	347	132	(18)	461

11. General Fund - Constituent Authorities Accounts

2007/08				2008/09		
Durham City £	Spennymoor Town Council £	Total £		Durham City £	Spennymoor Town Council £	Total £
408,724	102,182	510,906	Balance Brought Forward	332,090	83,023	415,113
431,849	107,962	539,811	Add: Share of Trading Surplus	407,158	101,790	508,948
653,517	163,379	816,896	Add: Transfers from Reserves	0	0	0
1,494,090	373,523	1,867,613		739,248	184,813	924,061
1,162,000	290,500	1,452,500	Less Payments	400,000	100,000	500,000
332,090	83,023	415,113	Balance Carried Forward	339,248	84,813	424,061

12. Accounts Authorised for issue

The 2008/09 Statement of Accounts were authorised for issue on 14th December 2009 by the Members of the Central Durham Crematorium Joint Committee.

13. Retirement Benefits

The employees of the Joint Committee are participants in the Durham County Pension fund, a defined benefit scheme which is also a multi-employer scheme. The fund actuaries, Hewitt Associates Ltd have indicated that it is not possible to identify on a consistent basis the assets and liabilities relating to those smaller bodies within the Fund. The Committee is classified within the fund as a small body. In this circumstance FRS 17 requires that the disclosure in the financial statements is made as that for a defined contribution scheme basis.

The contributions to the Fund for the year ended 31st March, 2009 were:-

	£
Employees	8,447
Employers	28,358
Employers in respect of added years	5,001
Total	41,806

There were no outstanding or prepaid contributions at 31st March, 2009

Accounting standard, Financial Reporting Standard 17: "Retirement Benefits" has been introduced for schemes such as the Durham County Council Pension Fund, paragraph 9(b) of FRS 17 requires the Joint Committee to account for pension costs on the basis of contributions actually payable to the scheme during the year.

The Joint Committee is classified within the fund as a small body and as such does not have individually assessed employer contribution rates. In the circumstance the Joint Committee has to disclose the deficit on the pension scheme as a whole and the impact of this deficit.

As stated in the Durham County Council Pension Fund Valuation Report dated 31st March, 2007 the deficit relative to the funding target is £382.1 million and the impact on the Councils' employer contributions is as follows 2008/2009 19.1%, 2009/2010 19.4% and 2010/2011 19.7%.

14. Financial Instruments – Assets and Liabilities

Under its constitution deed the Crematorium Joint Committee is not permitted to borrow money from any source other than the City of Durham Council.

Investments shown in the balance sheet of £363k (2007/08: £350k) represent surplus cash balances loaned to the City of Durham Council, which are repayable on demand, plus accrued interest. Due to the short term nature of the loan, interest due is calculated at the average current account rate which is considered to be higher than that available in the market. There is no difference between the carrying value of this deposit and its fair value.

At the balance sheet date the Joint Committee has total liabilities of £284k and total assets of £1,538k. Sundry Creditors shown in the balance sheet of £74k (2007/08: £16k) represent short-term trade payables whose carrying amount is not considered to differ from their fair value.

The Joint Committee's use of financial instruments is very limited and its exposure to risk is not considered material.

15. Post Balance Sheet Events

Local Government Review

On 25 February 2008 it was agreed by Parliament that a single Unitary Council for County Durham would replace the existing County and District Councils, including Durham City Council, with effect from 1 April 2009.

Consequently all rights and obligations of the existing City Council were vested in the new Unitary Council on 1 April 2009.

With respect to the constitution of the Crematorium and its Constituent Authorities, from 1 April 2009 the Unitary Council has assumed all the roles and responsibilities previously held by the City Council including ownership of Crematorium assets as described in note 5 above.

16. Introduction to the Cash Flow Statement

This Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

17. Reconciliation of Revenue Surplus/Deficit to Net Cash Flow

2007/08 £000s		2008/09		Notes
		£000s	£000s	
(982)	Surplus/(Deficit) from Income and Expenditure Statement		(50)	
	Non-cash transactions:			
77	Depreciation and impairments		173	
	Adjustments for Accrued Income & Expenditure			
(16)	- (Increase)/Decrease in Debtors	15		
70	- (Increase)/Decrease in Accrued Interest	(13)		
107	- Increase/(Decrease) in Creditors	156	158	
	Items in another Classification			
(64)	- Interest received		(10)	
174	- Revenue expenditure funded from capital under statute		18	
(634)	Net (Outflow)/Inflow of Cash on Revenue Activities		289	

18. Reconciliation of the Movement in Cash to the Movement in Net Funds

	£000	£000
Increase in Cash as per Cash Flow Statement	281	
Movement in Net Funds		281
Net funds at 1 April 2008		850
Net funds at 31 March 2009		1,131

19. Increase/Decrease in Cash Equivalents

2007/08 Movement in the year £000s		2008/09		2008/09
		Balance 1.4.08 £000s	Balance 31.3.09 £000s	Movement in the year
242	Cash and bank	500	781	281
(1,050)	Short Term Investment (repayable on demand)	350	350	0
(808)		850	1,131	281

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

The Central Durham Joint Crematorium Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a responsibility 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. This Committee has been jointly established by the City of Durham Council and Spennymoor Town Council. City of Durham Council acts as the lead authority.

In discharging this overall responsibility, the Central Durham Joint Crematorium Committee is also responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Central Durham Joint Crematorium Committee has adopted and operates under the Code of Corporate Governance (the Local Code), policies and strategies including Contract Procedure rules, Financial procedure rules, financial regulations, developed, agreed and adopted by the City of Durham Council, its lead authority.

This statement explains how the Central Durham Joint Crematorium Committee has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit regulations 2003 as amended by the Accounts and Audit (Amendment) (England) regulations 2006 including circular 03/2006 which replaces the publication of a statement of internal control with an annual governance statement.

2. The Purpose of the Governance Framework

The Governance framework comprises the systems, processes, culture and values by which the Central Durham Joint Crematorium Committee directs and controls 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 rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Central Durham Joint Crematorium Committee's aims and objectives, its policies and procedures, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Central Durham Joint Crematorium Committee for the year ended 31st March 2009 and up to the date of approval of the annual report and accounts.

3. The Governance Framework

The governance framework supports the Central Durham Joint Crematorium in establishing, implementing and monitoring policies and objectives. The system of internal control refers to the system by which the Central Durham Joint Crematorium Committee directs and controls its operational functions and relates this to the community it serves. It is therefore the totality of the strategies and objectives of the joint committee and the management systems, procedures, and structures it has adopted, that together determine and control the way in which the Central Durham Joint Crematorium manages its business, and sets about delivering its services to meet those objectives.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers appointed by the joint committee to facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its objectives. The Central Durham Joint Crematorium's system of internal control reflects its control environment which encompasses its organisational structure.

In particular, the system includes control activities, information and communication processes and processes instigated by the Joint Committee and its lead authority for monitoring the continuing effectiveness of the system of internal control, specifically these are:-

- ◆ The Central Durham Joint Crematorium Committee's Constitution. Policy and decision making is facilitated through the Central Durham Crematorium Committee with all party membership being drawn from the constituent authorities
- ◆ The Corporate governance arrangements in place.
- ◆ The Human Resource policies, plans and procedures of the lead authority, City of Durham Council
- ◆ The Central Crematorium business plan.
- ◆ Risk management is conducted in accordance with the risk management policy and strategy of City of Durham Council. The Crematorium Superintendent is a member of the risk management working group where strategic and operational risks are considered.
- ◆ Regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2003. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ Independent annual audit carried out by the Audit Commission.

- ◆ Financial management is undertaken by the Treasurer of the joint committee in accordance with the standing orders, contract procedure rules, financial regulations and financial procedure rules of City of Durham Council.
- ◆ Comprehensive budgetary control systems including the preparation of regular financial reports which indicate actual expenditure against the forecasts
- ◆ Setting smart targets to measure financial and other performance
- ◆ Clearly defined capital expenditure guidelines

4. Review of effectiveness

Central Durham Joint Crematorium Committee has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The Crematorium Joint Committee has established the following processes to achieve this aim:

- ◆ Regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2003. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ Annual review of its corporate governance arrangements and the annual review undertaken by the lead authority, City of Durham Council, of its corporate governance arrangements, together with the arrangements that the lead authority, City of Durham Council, has in place to detect and deter fraud and corruption.
- ◆ There are regular reports from managers outlining emerging risks.
- ◆ Performance monitoring is undertaken through the use of comparative statistics with other crematoria.
- ◆ The Internal audit section is subject to regular inspection by the Council's external auditors who report annually to the Council. The external auditors place great reliance on the work carried out by the section.
- ◆ The Internal audit section is also subject to an independent review of its activities and performance by nominated officers from the Statement of Internal Control working Group in order to meet the requirements of the Accounts and Audit Regulations 2003 (amended). A formal report on the performance of the Internal Audit section has been considered by the City Council's Audit Overview Committee in this respect with the committee concluding that suitable arrangements are in place.

In summary the governance framework and the system of internal control in place at the Central Durham Crematorium for the year ended 31st March 2009 and up to the date of approval of the annual report and accounts and except for the details of internal control issues at section 5 accords with proper practice.

Declaration of those “Charged with Governance”

“We have been advised on the implications of the result of the review of the effectiveness of the governance framework and the system of internal control by the Crematorium Joint Committee and are satisfied that plans to address weaknesses and ensure continuous improvement of the system is in place.”

5. Significant Internal Control Issues

The City Council has identified the following governance and internal control issues worthy of inclusion in the 2008/09 Annual Governance Statement:

- ◆ Due to the impact of Local Government Re-organisation on the internal audit work programme in 2008/09 the audit of the Joint Crematorium Committee was carried out much earlier in the year than normal. As a result only 2 months of income transactions were fully tested resulting in a reduction in the level of assurance that the Joint Committee could rely on from the work carried out by internal audit in 2008/09. Arrangements are already in place to strengthen the internal audit process for future years and to review and improve internal controls in respect of income collection. Internal Audit arrangements will also be formalised by the production and agreement of a Service Level Agreement, internal audit plan and annual internal audit report.

By Order of the Authority:

AUDITORS REPORT

To follow upon completion of the audit

GLOSSARY OF TERMS

Accounting Policies

The specific accounting bases selected and consistently followed by an organisation as being, in the opinion of management, appropriate to its circumstances and best suited to present fairly its results and financial position.

Audit Commission

A statutory body which oversees the conduct of local authority statutory audits.

Balance Sheet

A balance sheet is an accounting statement that shows the financial position (that is assets, liabilities and funds) of an organisation at a particular date (the balance sheet date).

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure that adds to the value of fixed assets or increases the useful life of the asset.

Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated and financed through the capital controls system.

Cashflow Statement

This financial statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Income and Expenditure Account

This statement reports the net cost for the year of the functions for which the authority is responsible, and demonstrates how that cost has been financed from general Government grants and income from local taxpayers.

Creditors

Amounts owed by the Council for work done, goods received or services rendered to the Council during the accounting period, but for which payment has not been made as at the balance sheet date.

Current Asset

An asset which is expected to be disposed of, utilised or realised within twelve months of the balance sheet date.

Current Liability

A liability which is expected to be met within twelve months of the balance sheet date.

Debtors

Amounts due to the Council which relate to the accounting period and have not been received by the balance sheet date.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset whether arising from use, effluxion of time or obsolescence through technological or market changes.

Earmarked Reserves

These reserves represent the monies set aside that can only be used for a specific usage or purpose.

Fixed Assets

Tangible assets that yield benefits to the authority and the services it provides for a period of more than one year.

Housing Revenue Account

This account reflects the statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue account expenditure and income.

Revenue Expenditure

General revenue expenditure mainly on pay and other costs of running council services apart from housing.

Revenue reserves (or Balances)

This is an authority's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

CERTIFICATION BY CHAIR