

LLWYDCOED CREMATORIUM JOINT COMMITTEE

8th June 2021

REPORT OF THE TREASURER

MATTERS REPORTED FOR DECISION

DRAFT ANNUAL RETURN FOR THE YEAR ENDED 31st MARCH 2021 (SUBJECT TO AUDIT)

1. PURPOSE OF REPORT

- 1.1 This report provides Members with the unaudited Annual Return for the Year Ended 31st March 2021.

2. RECOMMENDATIONS

- 2.1 It is recommended that:
- Members note the report.
 - Members note the unaudited Annual Return for the year ended 31st March 2021 as presented. (Appendix 1).
 - The Chair of the Joint Committee signs the Approval and Certification section of the Annual Return.

3. BACKGROUND

- 3.1 The Accounts and Audit (Wales) Regulations 2014 require all local councils and joint committees to prepare their annual accounting statements in accordance with proper practices.
- 3.2 The Accounts and Audit (Wales) Regulations 2014 define a joint committee with income and expenditure of less than £2.5 million per annum as a 'smaller relevant body'.
- 3.3 In this case, the 'Governance and Accountability for Local Councils in Wales – a Practitioners Guide' has been identified as being proper practice for the preparation of accounts.
- 3.4 The Practitioners Guide allows bodies with income and expenditure of less than £2.5 million to prepare an annual return, which includes an income and expenditure account and a statement of balances, rather than a full statement of accounts.

- 3.5 Regulation 15(2) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that the Llwydcoed Crematorium Joint Committee must, no later than 31st May immediately following year end, consider and approve the annual return by the members meeting as a whole.
- 3.6 Members will note that the Joint Committee has not considered the annual return for the year ended 31st March 2021 by 31st May 2021 due to the ongoing requirement to address the impact of COVID-19; however, work has been reprioritised to enable the 2020/21 annual return to be reported to the Llwydcoed Crematorium Joint Committee meeting on 8 June 2021.
- 3.7 Moving onto the external audit process for the Annual Return, unless the Annual Return needs to be amended, the auditor will certify the return and send it back to the Joint Committee for publication with no further approval required by the Joint Committee. If however amendments are required, the auditor will send the return to the Joint Committee for amendment and re-approval before the auditor can certify the return. The certified annual return must be published by no later than 31st July.

4. FINANCIAL PERFORMANCE AND MOVEMENT OF USABLE RESERVES

- 4.1 The first part of the table below shows the controllable income and expenditure for 2020-21 compared to budget. It then shows the impact of interest earned on reserves and the balance of reserves available to the Joint Committee.

2020/21	Budget £	Actual £	Variance £	Annual Return Ref
Controllable Expenditure				
Employees	247,130	234,339	-12,791	Line 4
Premises	197,610	288,270	90,660	Line 6
Transport	3,000	0	-3,000	Line 6
Supplies & Services	79,820	97,270	17,450	Line 6
Support Services	97,520	99,331	1,811	Line 6
	625,080	719,210	94,130	
Controllable Income				
Receipts/Fees	-1,147,890	-1,460,231	-312,341	Line 3
Controllable Surplus	-522,810	-741,021	-218,211	
Add interest earned		-209		Line 3
Revenue contribution to balances		-741,230		

2020/21	Budget £	Actual £	Variance £	Annual Return Ref
Distribution from General Reserve		350,000		Line 6
Net increase in Reserves		-391,230		
General Reserves B/F 01.04.20		-1,086,552		Line 1
General Reserves C/F 31.03.21		-1,477,782		Line 7

- 4.2 The General Reserve is a distributable revenue reserve, which consists of the accumulated surpluses of the Crematorium's operations.
- 4.3 This can be apportioned between Cynon Valley (now part of Rhondda Cynon Taf CBC) and Merthyr Tydfil CBC in the ratio of respective populations (2011 Census Data) as follows:

	Merthyr Tydfil	Cynon Valley	Total
Relevant Population	58,802	63,238	122,040
Balance at 1st April 2020	-523,528	-563,024	-1,086,552
(Surplus)/Loss for the Year	-188,505	-202,725	-391,230
Balance at 31st March 2021	-712,033	-765,749	-1,477,782

- 4.4 The main reasons for the variances between budgeted and actual controllable expenditure were:
- Employee costs were lower than budgeted as no cover required for maternity absences.
 - Premises costs were higher than budgeted mainly due to additional maintenance and improvement works plus higher utility costs as a result of increased number of cremations.
 - Supplies and Services costs were higher than budgeted due to increased number of cremations.
- 4.5 The main reason for the variance between budgeted and actual controllable income was:
- Income received was in excess of that budgeted due to higher than forecasted number of cremations undertaken.

5. BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2021

5.1 In addition to the Annual Return, a supplementary Balance Sheet is provided in the table below. This supplementary information provides a further breakdown of the figures reported in the Annual Return, is purely for information only, and is not subject to audit at year end.

31-Mar-20 £		31-Mar-21 £	Annual Return Ref
	LONG TERM ASSETS		
1,880,563	Land & Property	1,774,201	
0	Plant & Equipment	0	
1,880,563	TOTAL LONG-TERM ASSETS	1,774,201	Line 12
	CURRENT ASSETS		
11,831	Inventories	12,335	Line 8
76,484	Debtors	120,405	Line 8
1,001,848	Cash and Bank (Personal Account)	1,518,625	Line 9
1,090,163	TOTAL CURRENT ASSETS	1,651,365	
	CURRENT LIABILITIES		
(3,611)	Creditors	(173,583)	Line 10
1,086,552	NET CURRENT ASSETS	1,477,782	Line 11
2,967,115	TOTAL ASSETS LESS CURRENT LIABILITIES	3,251,983	
	LONG TERM LIABILITIES		
(358,000)	Defined Pension Scheme Liability	(280,000)	
2,609,115	NET ASSETS	2,971,983	
	REPRESENTED BY :-		
	USABLE RESERVES		
(1,086,552)	General Fund Balances	(1,477,782)	Line 11
	UNUSABLE RESERVES		
358,000	Pensions Reserve	280,000	
(61,435)	Revaluation Reserve	(58,509)	
(1,819,128)	Capital Adjustment Account	(1,715,692)	
(2,609,115)		(2,971,983)	

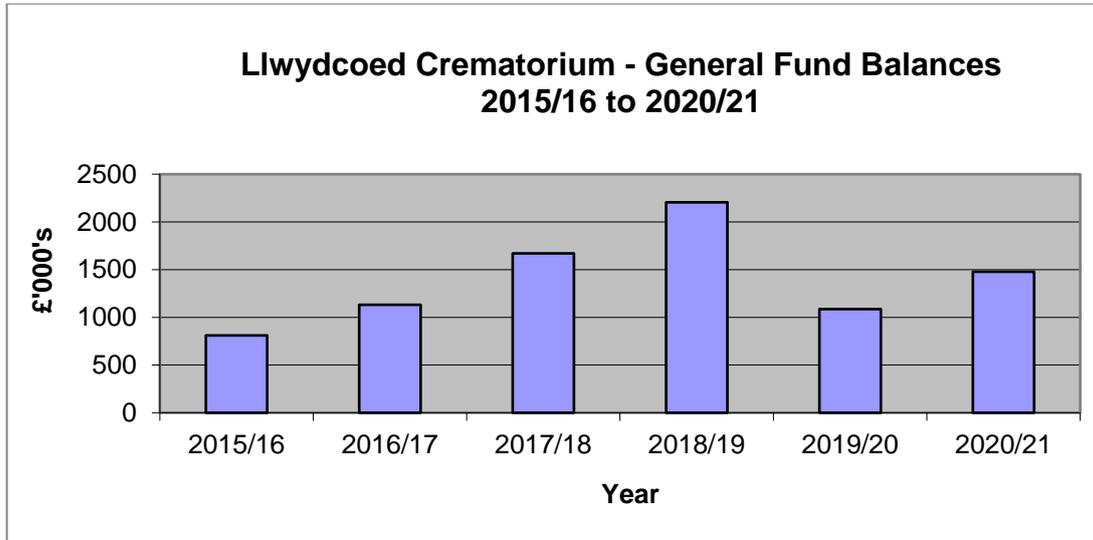
5.2 Further information to explain the balances are provided below:

- Long Term Assets include Land, Buildings and Equipment. The value of all land, buildings and equipment is based on a written down value after taking account of the assets remaining life and estimated cost of replacement.
- Inventories are stock included in the Balance Sheet at the lower of cost and net realisable value, and relates mainly to caskets, memorial bases and flower containers.

- Debtors represent monies owed to Llwydcoed Crematorium by trade debtors such as Funeral Directors.
- Cash and Bank (Personal Account) is the amount held on behalf of Llwydcoed Crematorium by Rhondda Cynon Taf County Borough Council. No separate bank account exists for Joint Committee
- Creditors are amounts owed by Llwydcoed Crematorium to suppliers for which goods and services were provided prior to the end of the financial year but at that time not invoiced.
- Defined Pension Scheme Liability – As part of the terms and conditions of employment, the employees of Llwydcoed Crematorium are offered retirement benefits by the Joint Committee. Although these benefits will not be payable until retirement, the Joint Committee has a commitment to make these payments. The liability for these payments need to be accounted for at the time the future entitlement is earned.
- Reserves are reported in two categories. Usable reserves can be used by the Committee to provide services subject to the need to provide a prudent level of reserves. Unusable reserves are not available to provide services.
- The General Fund Balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Crematorium's operations.
- The Pensions Reserve covers the Defined Pension Scheme Liability.
- The Revaluation Reserve contains the gains made by the Joint Committee arising from increases in the value of its Land, Buildings and Equipment.
- The Capital Adjustment Account represents the difference between the cost of fixed assets used by the Joint Committee and the capital financing set aside to pay for them.

6. GENERAL FUND BALANCES - 2015/16 TO 2020/21

- 6.1 The table below shows Llwydcoed Crematorium's level of General Fund Balances for the last six years. The level of the Crematorium's reserves had previously grown before a reduction in 2015/16 due to the costs of the replacement of the cremators. Further expenditure on the replacement of the cremators took place during 2016/17 due to the final stage payments of the contracted works although increased income levels offset the expenditure. The reserves grew steadily in 2017/18 and 2018/19.
- 6.2 In 2019/20 a decision was taken by the Joint Committee at the meeting of 10th December 2019 to distribute £1,500,000 of the General Reserve to each Authority in line with the relevant populations as detailed in 4.3 above.



7. SUMMARY

- 7.1 The General Reserves are required to fund further capital expenditure as part of the ongoing delivery of the service and is considered to be at a prudent level as at 31st March 2021.
- 7.2 The level of General Reserve will be monitored closely as part of the ongoing Budget Monitoring process and reported to the Joint Committee at appropriate intervals.