

**PORTCHESTER CREMATORIUM
JOINT COMMITTEE**

STATEMENT OF ACCOUNTS

**for the year ended
31st March 2009**

A WANNELL

TREASURER TO THE JOINT COMMITTEE

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THE EXPLANATORY FOREWORD

1. Introduction

The accounts of the Joint Committee for the year 2008/09 are set out commencing on page 5. They consist of:

the Income and Expenditure Account and Statement of Movement on the General Fund Balance covering income and expenditure on the service.

the Statement of Total Recognised Gains and Losses which brings together the Joint Committees recognised gains and losses in the year.

the Balance Sheet which sets out the Joint Committee's financial position on 31 March 2009

the Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties.

These accounts are supported by the statement of accounting policies, which follows this foreword and various notes to the accounts.

This foreword draws attention to the main characteristics of the financial position of the Joint Committee.

2. Revenue

The main sources of income are from fees and charges for the service and interest on investments. The type of expenditure incurred on the service is for employees and running expenses which include the maintenance of the crematorium buildings, plant and grounds and the purchase of supplies and services.

3. Capital

In 2008/09 the Joint Committee spent £157,000 on capital schemes compared with the budget of £211,000. The net underspend of £54,000 was mainly the result of changes to the phasing of the programme together with a set aside sum for the completion of the Public Waiting Facilities.

The sum of £157,000 was spent on plant/buildings related schemes. A total of 100% of the capital expenditure in 2008/09 was financed from revenue sources such as the capital works fund. As at 31 March 2009 there is no external debt in respect of the capital expenditure.

Assets are shown on the balance sheet net of depreciation. The book value of the Joint Committee's fixed assets at 31 March 2009 was £3.73 million.

4. Reserves

The Joint Committee's total revenue reserves and balances at 31 March 2009 amounted to £1.54 million. Against this, the actuarial valuation of the Joint Committee's share of pension fund assets and liabilities at 31 March 2009 indicated

a £820,000 deficiency of assets compared with future liabilities to current members of the pension scheme. The actuarial valuation will be reviewed each year, and will reflect further payments into the fund, and movements in the value of investments of which a large proportion is held in equities. The deficiency could increase, decrease, or become a surplus before the majority of liabilities (pension benefits) become payable.

5. **Changes to the Local Government Pension Scheme**

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme.

6. **Further information**

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

PORTCHESTER CREMATORIUM JOINT COMMITTEE

STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) issued in 2008 by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of accounting standards (SSAPs) and financial reporting standards (FRSs). Details of any non-compliance are contained in the following notes.

2. Tangible Fixed Assets

From 1 April 1994, 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 benefits to the Joint Committee and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which are charged direct to the revenue account.

Fixed assets are valued 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). Fixed assets are classified into the groupings required by the 2008 Code of Practice on Local Authority Accounting.

Land, operational properties and other operational assets are in the balance sheet at the lower of net current replacement cost and net realisable value.

The land and property at the crematorium are vested in the Fareham Borough Council.

The surpluses arising on the initial valuation of fixed assets at April 1994 have been credited to the Capital Adjustment Account as have the surpluses arising on the revaluation carried out in 1999/2000 and 2005/06. Future revaluations of fixed assets will be at five year intervals, or more frequently as material changes to asset valuations occur.

The gain or loss on disposal of a fixed asset is the amount by which the disposal proceeds are more (gain) or less (loss) than the carrying amount of the fixed asset.

3. Depreciation

FRS 15 requires that depreciation must be provided for on all fixed assets, and the only grounds for not providing depreciation are that it would be immaterial. Separate charges should be made for the depreciation of major elements of a single asset which have materially different useful economic lives.

All operational assets were depreciated in 2008/09 including operational buildings, paths, plant and equipment. Depreciation is calculated using the straight line method over a 25

year useful life for cremators, over a standard 50 year life for operational buildings, paths railings and walls, and over an individually assessed life for other assets.

4. Capital Reserves

From 1 April 2007, two new reserves a 'Revaluation Reserve' (with an opening and closing balance of nil) and a 'Capital Adjustment Account' replace the fixed asset restatement account and the capital financing account. There are now three capital reserves:

- **Revaluation Reserve**, which accounts for amounts where the current net book value (NBV) of an asset is above its historic cost NBV. It represents the accumulated amount of valuation gains less amounts written off owing to depreciation and impairment.
- **Capital Adjustment Account**, which reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
- **Usable Capital Receipts Reserve**, which holds capital receipts before they are used to either finance capital expenditure or repay debt

5. Debtors and Creditors

The accounts of the Joint Committee are maintained on an accruals basis in accordance with the Code of Accounting Practice and FRS 18. 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.

6. Provisions and Reserves

Under Section 91 of the Local Government Finance Act 1988 the Joint Committee has been required to establish and maintain a general fund from 1 April 1990. Part of the fund is earmarked for specific purposes including provisions set aside for future expenses which are likely or certain to be incurred but the amount of which cannot yet be determined accurately and reserves set aside for revenue and capital purposes. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management. The operation of these reserves is described in note 7 to the core financial statements.

7. Interest

Interest earned on the investment of fund balances is credited to the income and expenditure account.

8. Investments

All investments have been recorded in the accounts at cost.

9. Pensions

The Joint Committee's employees belong to the Hampshire County Council pension scheme. Further details can be found in note 6 to the core financial statements. In 2003/04 the implementation of FRS 17 accounting policies had a material effect on substantial parts of the statement of accounts. The new policies better reflect the Joint Committee's long term commitment to increase contributions to make up any shortfall in attributable net assets in the pension fund. The net asset / liability and a pensions reserve are recognised in the balance sheet.

10. Prior Year Adjustments

The majority of prior year adjustments arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions for the year in which they are identified, and should be accounted for accordingly.

Material adjustments applicable to prior periods arising from changes in accounting policies or from the correction of fundamental errors should be accounted for by restating the comparatives for the preceding year in the statement of accounts and notes and adjusting the opening balance of reserves for the cumulative effect.

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 the responsibility for the administration of those affairs. The Treasurer fulfils this role on behalf of the Joint Committee.
- manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's statement of accounts, which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present fairly the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31 March 2009.

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.

The 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.

I certify that the Statement of Accounts presents fairly the financial position of the Joint Committee at 31 March 2009 and its expenditure and income for the year then ended.

Signed
Andrew Wannell
Treasurer
Portchester Crematorium Joint Committee
Dated

Signed
Cllr
Chairman
Portchester Crematorium Joint Committee
Dated

PORTCHESTER CREMATORIUM JOINT COMMITTEE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

<u>EXPENDITURE/INCOME ON SERVICE</u>	Gross Expenditure 2008/09 £	Income 2008/09 £	Net Expenditure 2008/09 £	Net Expenditure 2007/08 £
Employees	226,081	0	226,081	239,205
Premises	369,624	0	369,624	423,451
Supplies and Services	274,601	0	274,601	255,056
Depreciation	144,495	0	144,495	134,940
Income	0	-1,856,076	-1,856,076	-1,666,131
NET COST OF SERVICE	1,014,801	-1,856,076	-841,275	-613,479
Interest Receivable			-39,742	-58,552
Pensions Interest cost and expected return on pensions assets			30,000	20,000
SURPLUS FOR THE YEAR			-851,017	-652,031

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

Surplus on the Income & Expenditure Account	-851,017	-652,031
Net additional amount required to be debited or credited to the general fund balance for the year (note 10)	399,082	185,974
Surplus for the year	-451,935	-466,057
Distribution to Constituent Authorities	432,000	448,000
Net credit to the general fund for the year	-19,935	-18,057
General fund balance b/f	-79,580	-61,523
General fund balance c/f (note 6)	-99,515	-79,580

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Surplus on the income and expenditure account for the year	851,017	652,031
Actuarial gains and losses on pension fund assets and liabilities (note 7)	-370,000	280,000
Total recognised gains and losses for the year	<u>481,017</u>	<u>932,031</u>
Distribution to Constituent Authorities	-432,000	-448,000
Change in net worth over the year	<u>49,017</u>	<u>484,031</u>

BALANCE SHEET AS AT 31 MARCH 2009

<u>TANGIBLE FIXED ASSETS (Notes 11,12,13)</u>	<u>31.03.09</u>	<u>31.03.09</u>	<u>31.03.08</u>
	£	£	£
Crematorium Buildings/Plant		3,730,492	3,718,398
<u>CURRENT ASSETS</u>			
Debtors & Prepayments (note 14)	21,205		4,766
Investments (note 15)	1,532,000		1,132,000
Cash – at Bank	98,943		87,973
- in Hand	51		455
			<hr/>
CURRENT ASSETS EMPLOYED		1,652,199	1,225,194
<u>CURRENT LIABILITIES</u>			
Creditors (note 16)		-104,881	-117,431
Receipts in advance (note 17)		-7,690	-5,059
			<hr/>
NET CURRENT ASSETS		1,539,628	1,102,704
TOTAL ASSETS LESS CURRENT LIABILITIES		5,270,120	4,821,102
<u>LONG TERM LIABILITIES</u>			
Pension scheme liability (note 7)		-820,000	-420,000
			<hr/>
TOTAL ASSETS LESS LIABILITIES		4,450,120	4,401,102
<u>BALANCES AND RESERVES</u>			
Pensions Reserve		-820,000	-420,000
Capital Adjustment Account (note 5 to the core financial statements)		3,730,492	3,718,398
Fund Balances and Reserves (note 6 to the core financial statement)		1,539,628	1,102,704
			<hr/>
TOTAL NET WORTH		4,450,120	4,401,102
			<hr/>

PORTCHESTER CREMATORIUM JOINT COMMITTEE

CASH FLOW STATEMENT

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

	2008/09	2008/09	2007/08	2007/08
	£	£	£	£
REVENUE ACTIVITIES				
Cash Outflows				
Cash paid to & on behalf of employees	226,081		239,205	
Other operating cash payments	<u>1,259,171</u>	1,485,252	<u>1,243,136</u>	1,482,341
Cash Inflows				
Cash received for goods and services	-1,856,076		-1,666,131	
Other operating cash receipts	<u>0</u>	<u>-1,856,076</u>	<u>0</u>	<u>-1,666,131</u>
Revenue activities net cash flow (note 19)		-370,824		-183,790
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Cash Inflows				
Interest received	<u>-39,742</u>	-39,742	<u>-58,552</u>	-58,552
CAPITAL ACTIVITIES				
Cash Outflows				
Purchase of fixed assets		156,589		105,242
Cash Inflows				
Other capital cash receipts	<u>-156,589</u>	-156,589	<u>-105,242</u>	-105,242
MANAGEMENT OF LIQUID RESOURCES				
FINANCING				
Cash Outflows				
Temporary investments		<u>400,000</u>		<u>273,000</u>
Increase (-) /Decrease (+) in cash (note 20)		<u>-10,566</u>		<u>30,658</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Exceptional Items, extraordinary items and prior year adjustments

Prior Year Adjustments - none

There were no extraordinary items.

2. Contributions from other earmarked reserves	2008/09	2007/08
For repairs and renewals programme	-48,423	-72,638
For capital works programme	0	-26,448
Total contributions from reserves	<u>-48,423</u>	<u>-99,086</u>

3. Related parties transactions

Under FRS 8, Fareham Borough Council, Portsmouth City Council, Gosport Borough Council, Havant Borough Council and a senior officer are deemed to be related parties to the Joint Committee. For individuals identified as related parties, the following are also related: members of their close family or of the same household and partnerships, trusts, or other entities in which they have a controlling interest.

No known transactions have taken place with parties related to the Joint Committee in 2008/09 other than those with other local authorities as detailed below:

	£'000
Fareham Borough Council	
• Work carried out by the Council	35
• Contribution to the Council	108
• Interest received on surplus funds invested (£1,532,000 at 31.03.09) with the Council	-40
Portsmouth City Council	
• Work carried out by the Council	13
• Contribution to the Council	108
Gosport Borough Council	
• Contribution to the Council	108
Havant Borough Council	
• Contribution to the Council	108
Hampshire County Council	
• Work carried out by the Council	2
• Pension fund payments	41

4. Movement in Realised Capital Resources – Usable Capital Receipts Reserve

The usable capital receipts reserve is nil therefore there is no movement in realised capital resources.

5. Capital Adjustment Account

The Capital Adjustment Account records the consumption of historic cost over the life of the asset and deferred charges over the period that the Joint Committee benefits from the expenditure. The Account also records the resources set aside to finance capital expenditure. The closing balance on the Revaluation Reserve at 31 March 2009 only shows revaluation gains accumulated since 1 April 2007, however since there has not been any gains and the balance is zero the Revaluation Reserve has been excluded from the Balance Sheet.

	2008/09	2007/08
	£	£
Balance as at 1 April	3,718,398	3,748,096
Capital financing from revenue in year	156,589	105,242
Less depreciation provision in year	-144,495	-134,940
Balance as at 31 March	<u>3,730,492</u>	<u>3,718,398</u>

6. Fund Balances and Reserves

	1 April	Receipts	Payments	31 March
	£	£	£	£
Repairs and Renewals (note 6a)	59,054	50,000	48,422	60,632
Capital Works (note 6a)	964,070	572,000	156,689	1,379,481
General Fund	79,580	19,935	0	99,515
	<u>1,102,704</u>	<u>641,935</u>	<u>205,011</u>	<u>1,539,628</u>

6a. Repairs and Renewals Fund/Capital Works Fund

The repairs and renewals fund and the capital works fund receive annual contributions from the General Fund and the purpose of the funds is to provide for future minor/major repairs to buildings and grounds. Capital works fund balance is as follows:

Opening balance 1 April	964,070
Contribution from revenue	572,000
Sub total	1,536,070
Transfer to General Fund to finance capital expenditure	-156,589
Transfer to General Fund to finance revenue expenditure	0
Balance of fund as at 31 March	<u>1,379,481</u>

7. Pensions

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on the General Fund Balance.

Analysis of amounts charged to net services cost:	2008/09	2007/08
	£'000	£'000
Current service cost	30	30
Past service costs	0	20
Gain / Loss on curtailments and settlements	0	0
Total charged to net service costs	30	50

Analysis of amount credited to other finance income	2008/09	2007/08
Expected return on pension fund assets	70	90
Interest on pension scheme liabilities	-100	-110
Net charge / credit to other finance income	-30	-20

The actuarial gains and losses as movements on the Pension Reserve can be analysed into the following categories, measured as absolute amounts and as a percentage of the assets and liabilities at 31 March:-

FRS 17 – Retirement Benefits requires disclosure of certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. Portchester Crematorium Joint Committee (PCJC) participates in the Local Government Pension Scheme which is administered by Hampshire County Council, and is a defined benefit scheme based on final pensionable salary.

The most recent valuation was carried out as at 31 March 2007, and has been updated by independent actuaries to the Hampshire County Council Pension Fund to take account of the requirements of FRS17 in order to assess the liabilities of the fund as at 31 March 2009. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present values.

Changes to the present value of liabilities during the account period

	2008/09	2007/08
	£m	£m
Opening present value of liabilities	1.52	2.00
Current service cost	0.03	0.03
Interest cost	0.10	0.11
Contributions by participants	0.01	0.01
Actuarial (gain)/losses on liabilities*	0.07	-0.61
Net benefits paid out#	-0.04	-0.04
Past service cost	0.00	0.02

Closing present value of liabilities	1.69	1.52
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*Includes changes to the actuarial assumptions.

#Consists of net cash-flow out of the Fund of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums of £1k for the period ending 31 March 2009.

Changes to the fair value of assets during the account period

	2008/09	2007/08
	£m	£m
Opening fair value of assets	1.11	1.35
Expected return on assets	0.07	0.09
Actuarial (gain)/losses on assets	-0.30	-0.33
Contributions paid by employer	0.03	0.03
Contributions by participants	0.01	0.01
Net benefits paid out#	-0.04	-0.04
Closing present value of liabilities	0.88	1.11

#Consists of net cash-flow out of the Fund of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums of £1k for the period ending 31 March 2009.

History of asset values, present value of liabilities and surplus/deficit.

	2008/09	2007/08
	£m	£m
Fair value of assets	0.88	1.11
Estimated funded liabilities	1.69	1.52
Estimated unfunded liabilities	0.01	0.01
Portchester Crematorium Joint Committee deficit	-0.82	-0.42

In accordance with paragraph 77(o) of FRS17 (as revised), the assets for the current period and previous period are measured at current bid price. Asset values previously measured at mid-market value for period ending 2008 have been re-measured for this purpose. Asset values for periods ending 2007, 2006 and 2005 are shown at mid-market value and have not been re-measured as permitted by FRS17 (as revised).

History of experience gains and losses

	2008/09	2007/08
	£m	£m
Experience gains/ (losses) on assets	-0.30	-0.33
Experience gains/ (losses) on funded liabilities#	0.0	0.33
Experience gains/ (losses) on unfunded liabilities#	0.0	0.0

#This item consists of gains/(losses) in respect of liability experience only - and excludes any change in liability in respect of changes to the actuarial assumptions used.

In accordance with paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6 April 2007. The history of experience gain/(loss) on liabilities shown has not been re-stated for periods ending 2007, 2006 and 2005 and includes the experience relating to unfunded liabilities (see table below).

	2004/05		2005/06		2006/07	
	£000s	%	£000s	%	£000s	%
Actual return less expected return on assets	30	2.9	170	13.4	0	0
Experience gains and losses on pension liabilities	60	3.6	0	0	-10	0.5

The above figures have been provided by the actuaries to Hampshire County Council pension scheme using information provided by the scheme and assumptions determined by the Joint Committee with the actuary.

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

The £0.82 million net liability represents the difference between the value of the Joint Committee's pension payments to which it was committed at that date. These pension liabilities will be paid out over a number of years, during which time the assets will continue to generate returns towards funding them. Any significant changes in global equity markets after 1 April 2009 would also have an impact on the capital value of the pension fund assets.

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities was considered by the actuaries at the full actuarial review of the Pension Fund, carried out as at 31 March 2007. Their advice on whether or not there is any anticipated shortfall in the funding of the scheme at that time has determined the future level of pension contributions.

Further information on the pension fund can be obtained from the County Treasurer at Hampshire County Council.

8. Disclosure of audit costs

	2008/09	2007/08
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	4,750	4,500

9. Publicity Account

Section 5 of the Local Government Act 1986 requires an account to be kept of the expenditure on publicity. The expenditure has been included in the appropriate classification in the Income and Expenditure Account.

	2008/09	2007/08
	£	£
Audit of accounts advertising	875	672

10. Statement of Movement on the General Fund Balance

The Income and Expenditure account shows the actual financial performance for the year, measured in terms of the resources consumed and generated over the last year. However, the Joint Committee, under the Code of Practice on Local Authority Accounting are required to determine its movement on the General Fund balance on a different accounting basis, the main differences being:-

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to the pension fund and pensioners, rather than as benefits are secured.

The Statement of Movement on the General Fund Balance summarises the difference between the outturn on the Income and Expenditure account and the General Fund Balance.

	2008/09	2007/08
	£	£
Amount included in the Income and Expenditure Account but required to be excluded when determining the Movement on the General Fund Balance for the year		
• Depreciation and Impairment of General Fund fixed assets	(144,495)	(134,940)
• Net gain / (loss) on sale of fixed assets	0	0
• Amount by which pensions costs are different from contributions due	(30,000)	(40,000)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
• Capital expenditure charged to the General Fund	156,589	105,242
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
• Net transfer to/(from) revenue reserves	622,000	460,000
• Contribution from reserves to finance RR/CWF repairs	(48,423)	(99,086)
• Contribution from reserves to finance capital expenditure	(156,589)	(105,242)
Net additional amount required by statute and non-statutory proper Practises to be debited or credited to the General Fund Balance for the year.	<u>399,082</u>	<u>185,974</u>

11. Tangible Fixed Assets

Under the 1956 Memorandum of Agreement which established the Joint Committee, Fareham Borough Council has strict legal ownership of the buildings and plant erected by

the Joint Committee. However, under FRS 5 these are included in the Joint Committee's balance sheet as, in substance; the Joint Committee obtains the economic benefits, in the form of income, and incurs the risks associated with the properties upkeep, by virtue of its responsibility for maintaining, controlling and managing the property.

The Crematorium's property valuation was reviewed by the Joint Committee's consultants Parker Torrington Ltd during 2005/06. The variation in the valuation after the review was not material therefore no adjustment to the accounts has been made.

12. Movement of Fixed Assets

2007/08		2008/09	2008/09	2008/09
Total	Gross book value	Buildings	Plant/equipment	Total
£		£	£	£
4,549,488	1 April	3,425,948	1,228,783	4,654,731
105,242	Additions	65,000	91,589	156,589
0	Disposals	0	0	0
0	Re-valuations	0	0	0
4,654,730	31 March	3,490,948	1,320,372	4,811,320
	Depreciation			
-801,392	1 April	-377,671	-558,662	-936,333
-134,940	For the year	-71,164	-73,331	-144,495
0	On assets sold/disposed	0	0	0
-936,332	31 March	-448,835	-631,993	-1,080,828
	Net book value			
3,718,398	31 March	3,042,113	688,379	3,730,492

13. Capital Expenditure

All of the capital expenditure in 2008/09 was financed from the capital works fund.

The Joint Committee has approved capital schemes including the current years programme slippage valued at £1,956 million over the next three years, and of this sum, the amount contractually committed at 31 March 2009 is nil. Major schemes planned in the next three years include:

	Approved and Contracted £'000	Approved but not Contracted £'000
Improvements to public waiting facilities	0	40
Environmental Protection Act Phase 2	0	1,916

14. Debtors & Prepayments as at 31 March

	2008/09	2007/08
	£	£
Other debtors	21,205	4,766

15. Investments

The value of funds invested with Fareham Borough Council at 31 March 2009 total £1,532,000.

16. Creditors as at 31 March	2008/09	2007/08
	£	£
Fareham Borough Council	20,336	14,299
Portsmouth City Council	11,560	22,940
Hampshire County Council	20,977	19,796
Public Utilities	12,443	11,290
Grounds maintenance charges	5,362	6,027
Medical Referees	22,302	20,538
Sundry creditors	11,901	22,541
	<u>104,881</u>	<u>117,431</u>

17. Receipts in Advance

Receipts in advance are made up of the balance on the Garden Improvement Fund. The fund receives voluntary contributions from members of the public for carrying out improvements to the crematorium grounds which is in addition to expenditure on general grounds maintenance.

	2008/09	2007/08
	£	£
Opening balance at 1 April 2008	5,059	3,001
Receipts received in the year	2,631	2,058
Receipts utilised in the year	0	0
Balance of Receipts in advance at 31 March 2009	<u>7,690</u>	<u>5,059</u>

18. Commitments

At 31 March 2009, there were no contractual commitments for capital schemes. (See also note 13).

19. Reconciliation between net surplus or deficit in the Income and Expenditure account to the revenue activities net cash flow shown in the Cash Flow Statement

	2008/09	2007/08
	£	£
Net (surplus)/deficit in the Income and Expenditure Account	(851,017)	(652,031)
Revenue activities non-cash flow	440,451	409,689
Financing items in the Income and Expenditure - interest	39,742	58,552
Capital items in the Income and Expenditure	0	0
Revenue Activities net cash (inflow) in the Cash Flow Statement	<u>(370,824)</u>	<u>(183,790)</u>

20. Movement in cash	At 31.3.08	Cash flow	At 31.3.09
	£	£	£
Cash at bank plus cash in hand	88,428	10,566	98,994

21. Analysis of changes in financing and management of liquid resources	At 31.3.08	Cash flow	At 31.03.09
	£	£	£
Movement in temporary investments	1,132,000	400,000	1,532,000

22. Movement in other current assets	At 31.3.08	Cash flow	At 31.3.09
	£	£	£
Debtors and payments in advance	-5,059	-2,631	-7,690
Creditors and depositors	-117,431	12,550	-104,881
	-122,490	9,919	-112,571

23. Reconciliation of movement in cash to net funds

	2008/09	2007/08
	£	£
Increase /Decrease (-) in cash (note 20)	10,566	-30,658
Change in net investment/borrowing (note 21)	400,000	273,000
Change in net debt arising from cash flows	410,566	242,342
Net funds at 1 April	1,220,428	978,086
Net funds at 31 March	1,630,994	1,220,428

24. Financial Instruments

From 2007 the SORP incorporates the Financial Reporting Standards 25, 26 and 29 that relate to financial instruments. A “financial instrument” is defined as any contract that gives rise to a financial asset (such as investments) or a financial liability (such as borrowing).

Debtors and creditors and other balance sheet items that arise statutorily from the Joint Committee’s powers and duties are not classified as financial instruments. However, the Joint Committee does make a provision for unpaid debts (£0 at 31 March 2009) based on the age of the outstanding debts.

The Joint Committee has no outstanding borrowing at present but any future borrowing, together with the Joint Committee’s investments, would be classified as financial instruments and would be made up of the following categories:

	Long-term		Current	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	£000s	£000s	£000s	£000s
Financial liabilities at				

amortised cost	0	0	113	122
Financial liabilities at fair value through profit or loss	0	0	0	0
TOTAL BORROWING	0	0	113	122
Loans and receivables	0	0	1,652	1,225
TOTAL INVESTMENTS	0	0	1,652	1,225

Financial liabilities at amortised cost include creditors and receipts in advance.

The Joint Committee has no financial assets that can be traded and no unquoted equity investments and therefore all investments are classified as Loans and Receivables carried in the balance sheet at amortised cost. If there had been any accrued interest at 31 March 2009, this would have to be included with the outstanding principal of £1,532,000. Other items included under Loans and Receivables are debtors and cash balances excluding petty cash.

Where financial instruments are carried on the balance sheet, the SORP requires disclosure of "fair value". This means that cash flows for existing fixed rate borrowing and investment must be compared with the current cash flows for equivalent borrowing and investment.

The "fair value" has been based on the following assumptions:

Estimated interest rate of 1.44% used for all investments.
No early repayment or impairment anticipated.

Where instruments mature within 12 months, the carrying amount assumed to approximate to fair value.

	31 March 2009		31 March 2008	
	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	£000s	£000s	£000s	£000s
Loans and receivables	1,532	1,532	1,132	1,132

There is no variation between the fair value and balance sheet because all of the Joint Committee's investments are repayable at seven days notice.

The Joint Committee's activities expose it to a number of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Joint Committee
- Liquidity risk – the possibility that the Joint Committee might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial losses might arise for the Joint Committee as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

The Joint Committee's investment policy of placing all surplus funds with Fareham Borough Council ensures that funds are always readily available to fund services and ensures that there are no losses from non-performance in relation to investments.

Liquidity Risk

The Joint Committee currently has no borrowings but significant investments, the level of investments being adjusted as necessary to maintain liquidity.

Market Risk – Interest Rates

The Joint Committee is not exposed to risk in terms of its exposure to interest rate movements on its investments as all investments are linked to the current bank base rate.

Market Risk – Price and Foreign Exchange Risk

The Joint Committee has no equity shares or shareholdings, and has no financial assets or liabilities denominated in foreign currencies, and thus has no exposure to fluctuations regarding price and foreign exchange risks.

25. Post Balance Sheet Events

These accounts were authorised for issue on 22 June 2009. There were no post balance sheet events.

ANNUAL GOVERNANCE STATEMENT

TO BE INCLUDED FOR THE PCJC MEETING IN SEPTEMBER 2009

GLOSSARY OF TERMS

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arises because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or, the actuarial assumptions have changed.

Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

Contingency

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Current Service Costs (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the scheme investments. The scheme may be funded or unfunded.

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 other changes.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Joint Committee and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected rate of return on pensions assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the assets held by the scheme.

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

Fixed Assets

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

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase in the present value of the scheme liabilities during the period, because benefits are one period closer to settlement.

Investments (Pensions Fund)

The investments of the Pensions Fund will be accounted for in the statements for that Fund. However, authorities participating in the fund are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

Net Book Value

The amount at which fixed assets are included in the balance sheet, ie their historical cost or current value less the cumulative amounts provided for depreciation.

Operational Assets

Fixed assets held and occupied, used or consumed by the Joint Committee in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods, which has arisen in the current period as a result of, the introduction of, or, improvements to, retirement benefits.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of accounts is signed by the Responsible Financial Officer.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Related parties

Elected Members of the Joint Committee and certain senior officers are deemed to be related parties of the Joint Committee. For individuals identified as related parties the following are also related parties: members of their close family or of the same household and partnerships, trusts, or other entities in which they have a controlling interest.

Retirement benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits, as these are not given in exchange for services rendered by employees.

Scheme liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Useful life

The period over which the Joint Committee will derive benefits from the use of a fixed asset.

AUDITORS REPORT

TO BE INCLUDED FOR THE PCJC MEETING DECEMBER 2009