

## MANSFIELD AND DISTRICT CREMATORIUM JOINT COMMITTEE

### COMMITTEE MEETING

Meeting to be held at Civic Suite, Castle House, Newark and Sherwood DC Offices.

**Tuesday, 28 May 2019 at 10.00 am**

*Members:-*

|                                    |     |
|------------------------------------|-----|
| Ashfield District Council          | TBC |
| Mansfield District Council         | TBC |
| Newark & Sherwood District Council | TBC |

### AGENDA

| Item |   | Page No. |
|------|---|----------|
| 1.   | Apologies for Absence   |          |
| 2.   | Appointment of Chairman   |          |
|      | In accordance with the Constitution the offices of Chair and Vice-Chair shall, in successive years, rotate between the three constituent authorities. The Chair for 2019/20 will be a Member from Newark and Sherwood District Council. |          |
| 3.   | Appointment of Vice Chairman  |          |
|      | The Vice Chairman for 2019/20 will be a Member from Mansfield District Council.   |          |
| 4.   | Declarations of interest by Members and Officers  |          |
| 5.   | Declarations of intent to record the meeting  |          |
| 6.   | Minutes of the previous meeting   | 3 - 5    |
| 7.   | Annual Statement of Accounts  | 6 - 90   |
| 8.   | Matters Arising   |          |
| 9.   | Any Other Business  |          |
| 10.  | Date of Next Meeting  |          |

Proposed meeting dates- All Monday, 10am

16 September 2019- Ashfield DC offices  
9 December 2019- Mansfield DC offices  
24 February 2020- Newark and Sherwood DC offices  
18 May 2020- Ashfield DC offices

**Distribution**

Councillors:

Ashfield District Council                      TBC

Mansfield District Council                      TBC

Newark & Sherwood District Council      TBC

## NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Mansfield and District Crematorium Joint Committee** held in the Mansfield District Council Offices on Monday, 11 February 2019 at 10.00 am.

PRESENT: Councillor R Sears-Piccavey (Chairman)

Councillor Mrs L Hurst, Councillor D Payne, Executive Mayor K Allsop and Councillor M Barton

APOLOGIES FOR ABSENCE: Councillor A Tristram

### 1740 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

There were no declarations of interest.

### 1741 DECLARATIONS OF INTENT TO RECORD THE MEETING

There were no declarations to record the meeting.

### 1742 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 12 December 2018 were approved as a correct record and signed by the Chairman.

### 1743 MATTERS ARISING

The Director- Governance and Organisational Development- Newark and Sherwood District Council was in attendance. She explained that she would be taking on the role of Clerk to the Committee following the departure from the Authority of Kirsty Cole.

### 1744 FINANCIAL MANAGEMENT REPORT- 1 APRIL- 31 DECEMBER 2018

The Acting Treasurer presented the financial report covering the period for 1 April- 31 December 2018. The Committee considered the income and expenditure for the period, and variances for the period. The Acting Treasurer highlighted variances as detailed in the report, including underspends on employee expenses due to vacancies.

The Committee heard that due to the problems with the abatement equipment, the 50% target for abated cremations was not expected to be met this financial year. The Mansfield & District Crematorium would have to purchase tradable mercury abated cremations (tmac's) from the CAMEO scheme to meet the 50% target. The current forecast for 2018/2019 was £55,000. The Committee had agreed at their meeting in September 2018 for the spend to be financed from General Reserves.

The Committee considered the report, noting that the number of cremations for the period was lower than previous comparative periods. The Director and Registrar explained that this was in part due to competition from local crematoria and also overall reduced death rates for the period.

The Acting Treasurer drew Members' attention to the agreement between the constituent Authorities' Section 151 Officers regarding the expenditure incurred on the Capital Abatement works in 2019/2020. They had agreed that this should be allocated across each Authority on the annual throughput basis and for each Authority to include it in their Partial Exemption Assessment for the purposes of VAT. Mansfield District Council would have to apply to consent from HMRC as this was a change to their current practice, and that process was on-going.

AGREED that the financial management report 1 April- 31 December 2018 be noted.

1745 WEBCASTING AND DIGITAL IMAGERY

The Committee considered a report from the Director and Registrar regarding proposed fees and charges for the provision of providing webcasting and the ability to have digital imagery within the Thoresby Chapel. The fees were detailed in the report, and the Committee noted that funding had been carried forward from the previous financial year to fund the equipment, and it was confirmed that on-going costs had been included in the repairs budget.

The Committee considered the proposals, and agreed that the opportunity for people who were unable to attend, for example due to living overseas, to view funerals would be beneficial. The Director and Registrar also confirmed that private crematoria were already offering the function and there had been requests at Mansfield Crematorium to offer the same. It was anticipated that the system would be installed at the beginning of April. Requirements surrounding support in the event of failure of the system would be detailed in terms and conditions with the supplier, who also supplied audio equipment for the Crematorium.

AGREED that:

1. That approval be given to the fees as detailed in the report;
2. That the usage be monitored; and
3. That the fees become applicable following a 'one month period' of testing.

1746 ANY OTHER BUSINESS

The Chairman requested an update on the development of the updated website. The Director and Registrar explained that work on the website was on-going, but had been delayed due to staff vacancies and absence.

1747 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 28 May 2019 at 10am, to be held at Newark and Sherwood District Council offices.

Meeting closed at 10.23 am.

Chairman

## **Report of the Treasurer of Joint Crematorium Committee**

**To**

**Mansfield and District Joint Crematorium Committee**

**28 May 2019**

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### **MANSFIELD AND DISTRICT JOINT CREMATORIUM COMMITTEE**

#### **ANNUAL STATEMENT OF ACCOUNTS 2018/2019**

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#### **1. SUMMARY**

This report presents the Annual Report and Statement of Accounts for 2018/2019 showing the Committee's financial position as at the 31 March 2019 and the revenue and capital activity during the financial year.

#### **2. RECOMMENDATIONS**

- (i) The Statement of Accounts as presented in Appendix A for the financial year 2018/2019 is approved.
- (ii) The 2018/2019 budgeted surplus distribution as detailed in Appendix A, page 8, 3.6, is approved.
- (iii) That revenue budgets for equipment acquisitions £22,000, grounds maintenance £4,000 and books/publications £2,000 currently held in general reserves, to be carried forward into 2019/2020 is approved.
- (iv) The financial information provided in Appendix D and usage information provided in Appendix E, is for noting only.
- (v) That the cremation fee income in excess of the budgeted surplus for 2018/2019 totalling £35,991 is transferred to the Capital Fund, as approved at the JCC meeting held on 15 December 2017, is for noting only.
- (vi) The revenue expenditure for the CAMEO non-abatement fees for £51,535 previously approved to be financed from general reserves; is for noting only.
- (vii) The accounting for VAT as detailed in 3.7, is for noting and that the constitution of the JCC is to be amended to reflect this change.

#### **3. BACKGROUND**

- 3.1 The Annual Statement of Accounts is a statutory document which must be produced and approved by the Committee, Appendix A. The statement informs interested parties of the financial position of the Mansfield and District Joint Crematorium as at the end of the financial year i.e. 31 March 2019 and

shows the financial activity during that period (1 April 2018 to 31 March 2019) together with any significant factors affecting the Committee and its finances.

- 3.2 Assurance Lincolnshire has reviewed the Accounts and has issued a certificate which states that the statement of accounts presents fairly the Crematorium's Comprehensive Income and Expenditure Account and Balance Sheet and that the statements are fully supported with the underlying financial records; this is included within Appendix A, page 53.
- 3.3 The Joint Crematorium Committee is required to produce an Annual Governance Statement, which includes the future actions required on internal control issues; this is included within Appendix A, pages 44-50.
- 3.4 The actuary report produced by Barnett Waddingham is included within Appendix B. The actuary is instructed by Nottinghamshire County Council, the administering authority to the Nottinghamshire County Council Pension Fund, to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme to employees of Mansfield and District Joint Crematorium as at 31 March 2019.
- 3.5 The Statement of Accounts for the year ending 31 March 2019 have been prepared in accordance with the latest Code of Practice on Local Authority Accounting in order to provide the necessary detail for subsequent consolidation into the accounts of the constituent authorities. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2018/2019 and the Service Accounting Code of Practice published by Chartered Institute of Public Finance and Accounting (CIPFA). This is supported by the International Financial Reporting Standards (IFRS).
- 3.6 A detailed revenue and capital financial information table for 2018/2019 is included within Appendix C and the 2018/2019 usage breakdown by area table and chart is included within Appendices D and E.
- 3.7 As detailed in the Financial Management Report 1 April 2018 to 31 December 2018, 3.4, written consent has now been received from HM Revenue and Customs (HMRC), please see Appendix F. Concerns had been raised that when large capital works are undertaken by the Crematorium this impacts significantly on Mansfield District Council's VAT partial exemption calculation and could cause this to be breached resulting in significant amounts of VAT to be repaid. The three constituent authorities agreed to change the accounting for VAT from a lead body partnership to a management board or committee structure. This would enable each constituent authority to account for income and expenditure between the partners on an annual throughput basis, so that each authority could account for only their share in their VAT partial exemption calculations, thus reducing the risk of an authority breaching its test of insignificance for partial exemption.

#### **4. OPTIONS AVAILABLE**

- 4.1 Members of the Committee could not approve the Statement of Accounts or request amendments to the contents therein. However, there is a statutory requirement to approve by 31 May 2019.

## 5. RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS

| Risk  | Risk Assessment  | Risk Level | Risk Management  |
|---|--|------------|--|
| The statement is not approved by 31 May 2019. | This is a statutory deadline; not meeting this deadline will result in a qualification of the audit report | Low        | Ensure that the date set for Members of the Committee to consider this report is met |

The preparation of the Statement of Accounts is a statutory requirement.

## 6. IMPLICATIONS

- (a) Relevant Legislation: The accounts are produced in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 and the Service Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS).  
The audit is carried out in accordance with the Accounts and Audit Regulations 2015.
- (b) Human Rights: It is not considered that individual human rights will be infringed.
- (c) Equality and Diversity: No direct impact
- (d) Climate change and environmental sustainability: No direct impact
- (e) Crime and Disorder: No direct impact
- (f) Budget /Resource: There are no budget / resource implications.

## 7. BACKGROUND PAPERS

A full set of working papers, Statements of Recommended Practice, CIPFA standards and regulations are held within the Finance Department.

Report Author - Wendy Gregson  
 Designation - Senior Finance Advisor  
 Telephone - 01623 463305  
 E-mail - [wgregson@mansfield.gov.uk](mailto:wgregson@mansfield.gov.uk)



**MANSFIELD AND DISTRICT  
JOINT CREMATORIUM COMMITTEE**

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**ANNUAL REPORT  
AND  
STATEMENT OF ACCOUNTS  
2018/2019**



**Mansfield**  
District Council



**NEWARK &  
SHERWOOD**  
DISTRICT COUNCIL

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## 1. INTRODUCTION

Mansfield Crematorium was built in the late 1950's as a joint initiative by a group of local authorities who recognised the need for cremation facilities which were easily accessible to the people of the area.

The operation and management of the Crematorium is conducted through a Joint Committee comprising of Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The joint use agreement has been revised as circumstances have changed, currently Mansfield and Ashfield District Council's each appoint three executive members to the Joint Committee and Newark and Sherwood District Council appoints three elected members in accordance with the rules on political balance.

Mansfield District Council is the lead authority for the Joint Committee; who holds the contracts of employment for the staff and the legal title to the Crematorium; it's Head of Finance acts as Treasurer of the Committee.

The constituent authorities have given delegated authority to the Joint Committee to determine the capital programme, provided the costs can be met through revenue surpluses or the capital fund.

The operating surplus of the crematorium is distributed to the constituent authorities on the basis of throughput as would any capital expenditure that could not be financed from the Joint Committees own resources.

The Statement of Accounts for the year ended 31 March 2019 have been prepared in accordance with latest Code of Practice on Local Authority Accounting in order to provide the necessary detail for subsequent consolidation into the accounts of the constituent authorities. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2018/2019 and the Service Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS).

These accounts will present:

- An explanation of the Financial Statements
- The Annual Report and a summary of the financial performance
- The Accounting Policies which have been applied in preparing these accounts
- The Core Financial Statements
- Supplementary Financial Statements and Notes to support the accounts

### Further Information

If you require any further information concerning the accounts of the Joint Crematorium Committee please contact the Head of Finance at Mansfield District Council, The Civic Centre, Chesterfield Road South, Mansfield, Nottinghamshire, NG19 7BH

Telephone 01623 463495 or by email: [ASaccountancy@mansfield.gov.uk](mailto:ASaccountancy@mansfield.gov.uk)

## **2. EXPLANATION OF THE ACCOUNTING STATEMENTS**

The Statement of Accounts sets out the Committee's income and expenditure for the 2018/2019 financial year and its financial position at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes.

### **The Core Financial Statements are:**

**Movement in Reserves Statement (MiRS)** - This is a summary of the changes to the reserves during the course of the year. Reserves are divided into "usable" those which can be invested in capital projects or service improvements and "unusable" which must be set aside for specific purposes.

**Comprehensive Income and Expenditure Statement (CIES)** - This records all of the Committee's income and expenditure for the year. The top half of the statement provides analysis of income and expenditure. The bottom half of the statement deals with the corporate transactions and funding.

**Balance Sheet** - The Balance Sheet is a "snapshot" of the financial position of the Committee. It shows the assets, liabilities, cash balances and reserves at the year-end date.

**Cash Flow Statement** - This statement shows the reasons for the changes in the Committee's cash balances during the year and whether that change is due to operating activities, new investment or financing activities.

### **The Supplementary Financial Statements are:**

**Annual Governance Statement** - This sets out the Committees' governance structures and its key internal controls.

### **Other Key Sections:**

**Statement of Responsibilities** - This sets out the respective responsibilities of the Committee and the Treasurer.

**Accounting Policies** - These explain the treatment and basis of the figures in the accounts in accordance with proper accounting practices.

**Notes to the Financial Statements** – The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources in comparison with how those resources are consumed or earned. The other notes expand on important points shown in the core financial statements and provide additional information.

**Glossary of Terms and Abbreviations** - Key terms used throughout this document are explained further within these pages.

### 3. ANNUAL REPORT AND SUMMARY OF FINANCIAL PERFORMANCE

#### 3.1 Summary of Financial Performance

The Committee approved the budget for 2018/2019 on 15 December 2017 and was revised during 2018/2019 to include approved budget carry forwards from 2017/2018 and budget realignments for 2018/2019.

The actual performance for the year compared to the budgeted controllable income and expenditure is shown in the table below:

**Table 1 – Financial Performance 2018/2019**

| 2017/2018              |   | 2018/2019              |                        |                            |
|------------------------|---|------------------------|------------------------|----------------------------|
| Actual<br>Outturn<br>£ | Income and Expenditure Summary                          | Revised<br>Budget<br>£ | Actual<br>Outturn<br>£ | Variance to<br>Budget<br>£ |
|                        | <b>Income</b>   |                        |                        |                            |
| -1,729,610             | Cremation Fees  | -1,828,626             | -1,652,329             | 176,297                    |
| -34,301                | Other Income  | -30,421                | -34,697                | -4,276                     |
| <b>-1,763,911</b>      | <b>Gross Income</b>                                     | <b>-1,859,047</b>      | <b>-1,687,026</b>      | <b>172,021</b>             |
|                        | <b>Expenditure</b>                                      |                        |                        |                            |
| 404,968                | Employee Costs  | 380,196                | 400,321                | 20,125                     |
| 182,126                | Premises Costs  | 423,995                | 318,419                | -105,576                   |
| 164,838                | Supplies and Services                                   | 176,423                | 163,519                | -12,904                    |
| 59,273                 | Support Services  | 61,435                 | 57,570                 | -3,865                     |
| 2,099                  | Provisions  | 0                      | 4,710                  | 4,710                      |
| 343,707                | Depreciation and Impairment                             | 106,610                | 98,972                 | -7,638                     |
| <b>1,157,011</b>       | <b>Gross Expenditure</b>                                | <b>1,148,659</b>       | <b>1,043,511</b>       | <b>-105,148</b>            |
| <b>-606,900</b>        | <b>Net Cost of Service</b>                              | <b>-710,388</b>        | <b>-643,515</b>        | <b>66,873</b>              |
|                        |   |                        |                        |                            |
| -5,047                 | Interest Received                                       | -1,860                 | -8,236                 | -6,376                     |
| -343,707               | Reverse Depreciation and Impairment                     | -106,610               | -98,972                | 7,638                      |
| -38,070                | Transfer from Usable Reserve                            | -28,000                | -51,535                | -23,535                    |
| -38,772                | Net Pension Interest and Liability                      | 0                      | -34,041                | -34,041                    |
| 154,189                | Transfer to Usable Reserve                              | 46,550                 | 35,991                 | -10,559                    |
| <b>-878,307</b>        | <b>Surplus</b>  | <b>-800,308</b>        | <b>-800,308</b>        | <b>0</b>                   |
|                        | Transfer Surplus in Excess of Budget to Usable Reserves | 0                      | 0                      | 0                          |
| <b>-755,836</b>        | <b>Net Surplus for Distribution</b>                     | <b>-800,308</b>        | <b>-800,308</b>        | <b>0</b>                   |

The main reasons for the variances between budgeted and actual income and expenditure is summarised below:

### 3.2 Income

The gross income received during 2018/2019 was £1,687,026 compared to a budget of £1,859,047, a reduction of £172,021 (9.25%). This variance was due to:

- The estimated number of cremations for 2018/2019 was 2,450; the actual number of cremations undertaken was 2,235 which is a reduction of 215 (8.77%). There was an overall decrease in cremation and medical fee income of £157,763 compared to budget.
- As a result of the reduction in the number of cremations, income was reduced for memorial purchases £3,738 and book of remembrance inscriptions £2,995. Income for organist fees also reduced by £11,801 which was also due to the reduction in cremations as well as the reducing demand for this service.
- An additional £4,276 was received for clerical works relating to cemetery administration, public health funeral fees and the purchasing of containers.

### 3.3 Expenditure

The gross expenditure incurred during 2018/2019 was £1,043,511 compared to the revised budget of £1,148,659, resulting in underspends totalling £105,148 (9.15%). The main reason for the differences are summarised below:

#### **Employee costs - £20,125 higher than budgeted:**

- Staff expenses are under-spent by (£20,000) mainly due to staff vacancies in year.
- Due to staff vacancies and the provision of cover for annual leave and sickness absence the overtime and associated national insurance and superannuation costs were £8,160 over budget.
- The crematorium's proportion of the apprenticeship levy was £1,091 for 2018/2019.
- Cost savings for other employee costs e.g. occupational health, training and transport were (£3,167) under budget.
- Pension adjustment, this is the variance between the employers' pension contributions and the pension scheme actuary report as at 31 March 2019. The £34,041 costs are adjusted as below net cost of service cost for pension interest and liability and accounted for by a movement in the pension liability and pension reserve in the balance sheet.

#### **Premises costs - £105,576 lower than budgeted:**

- Utility costs were lower than estimated resulting in an under spend of (£14,145).
- National domestic rates for the crematorium was (£2,727) lower than budgeted.
- The costs of cremator repairs was (£75,335) lower than the budget, this is mainly due to only urgent repair work being undertaken in year as major capital works are due to commence in early 2019/2020 to replace faulty abatement equipment.
- Repair and maintenance of buildings, environmental testing, insurance premiums and cleaning materials were underspent by (£5,126).
- Grounds maintenance shows an underspend of (£8,243). The grounds maintenance budget includes £4,000 which was carried forward from 2017/2018

from books/publications and realigned to grounds maintenance during 2018/2019 to help finance boundary fence works. However, this carry forward budget was not required and is to be carried forward into 2019/2020 to part finance video streaming, upgrade to closed circuit TV system and crematorium re-branding works. The £4,000 is currently held within general reserves.

**Supplies and Services £12,904 lower than budgeted:**

- Due to problems with the abatement equipment, the 50% target for abated cremations was not met this financial year. As a result of this target not being met in 2018/2019, tradable mercury abated cremations (tmac's) had to be purchased from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) scheme to meet the 50% target. 937 tmac's have been purchased costing £51,535. In September 2018 the Committee approved that these costs were to be financed from the general reserve.
- The budget for equipment acquisitions £22,000 and books/publications £2,000 were carried forward from 2017/2018. During the financial year preparation works have taken place to ensure the Wi-Fi signal at the crematorium site and cabling were upgraded to accommodate video streaming. Also works re-branding the crematorium have delayed the replacement of hymn books etc. until 2019/2020. This carry forward budget was not required in 2018/2019 and is to be carried forward into 2019/2020 to part finance video streaming, upgrade to CCTV system and crematorium re-branding works/printing. The (£24,000) unused budget is currently held within general reserves.
- Underspends of (£4,462) for printing, (£2,282) for stationery and (£2,347) for advertising are due to the decision to re-brand the crematorium to modernise the service and to create a new public image in light of increased competition. The new image will be incorporated in 2019/2020.
- A £2,000 budget was approved for external audit works as advised by Smaller Authorities Audit Appointments Ltd (SAAA) as well as the expected fee of £2,000 being accrued at the end of the 2017/2018 financial year. However during 2018/2019 the SAAA advised that the Committee had been incorrectly advised that an external audit was required. There is a (£4,000) saving in 2018/2019 comprising of the allocated budget and creditor accrual from 2017/2018.
- Due to the reduction in the number of cremations there are several expenditure items which are below budget. These are medical fees (£3,644), temporary memorials (£6,310) and organist fees (6,457).
- Other running costs are showing an under spend of (£10,937).

**Support Services £3,865 lower than budgeted:**

- This is mainly due to less demand for the services of Mansfield District Council's Design Services team.

**Provisions £4,710 higher than budgeted:**

- This is the increase in the bad debt provision required from 31 March 2018 to 31 March 2019 and is based on the value and age of the outstanding debtors invoices. This money is held in a provision and would only be used should any of the outstanding debtor accounts need to be written off.

**Depreciation and Impairment £7,638 lower than budgeted:**

- The original budgets for depreciation and impairment comprised of £106,610 for depreciation and £0 for impairment, as no capital works were expected in the year. The depreciation was based on the 2017/2018 annual level. Due to the purchasing of land and car park works undertaken in 2017/2018 the assets of the crematorium were revalued as at 1 April 2018 by the District Valuer. This resulted in the depreciation charge increasing to £126,271 and an impairment adjustment of (£27,299). The total depreciation and impairment costs are financed from unusable reserves and are shown within the reverse depreciation and impairment value, these charges do not impact on the net surplus for the crematorium.

**Interest Received £6,375 higher than budgeted:**

- This is mainly due to an increase in interest rates during the year and the capital works to replace the abatement equipment taking place in 2019/2020 rather than 2018/2019.

**Reverse Depreciation and Impairment £7,638 lower than budgeted:**

- This is the reversal of the depreciation and impairment costs which are financed from unusable reserves, these charges do not impact on the net surplus for the crematorium.

**Transfer from Useable Reserves £23,535 higher than budgeted:**

- The budget of (£28,000) related to the carry-forwards from 2017/2018 as detailed in premises and supplies and services sections above. This budget was not required to finance expenditure incurred in 2018/2019 and is to be held in the general reserve until 2019/2020. However, in September 2018 the Committee approved that the CAMEO fees £51,535, as detailed in supplies and services above, are to be financed from the general reserve.

**Pension Interest and Liability £34,041 higher than budgeted:**

- As detailed in employee costs above this is the variance between the employers pension contributions and the pension scheme actuary report as at 31 March 2019 and the interest on the pension liability. This is accounted for by a movement in the pension liability and pension reserve in the balance sheet.

**Transfer to Useable Reserves £10,559 lower than budgeted:**

- The budget of £46,550 related to a one off increase in cremation fees of £19.00 per cremation (fees increased by 8% rather than 5%) in 2018/2019 to generate additional income for the capital fund to ensure there were sufficient funds for the £750,000 capital budget required in 2019/2020 for abatement equipment works. This budget was based on 2,450 cremations which were expected to generate an additional £46,550 in income. The actual number of cremations processed in 2018/2019 dropped by 215 to 2,235, which only generated £42,465 additional cremation fee income. However, after all transactions in the accounts had been processed and the budgeted surplus distributed, there was only £35,991 excess income to expenditure available to transfer to the capital fund, this reduction is mainly due to the reduced number of cremations processed in the year.



### 3.4 Annual Surplus

The Committee approved in December 2017 to only allocate the budgeted surplus to the three constituent authorities on an annual throughput basis. The budgeted surplus for 2018/2019 is £800,308.

### 3.5 Number of Cremations

The following table shows the number of cremations conducted during the last five years by area of origin:

**Table 2**

| Year      | Ashfield | Mansfield | Newark & Sherwood | Out of Area | Total        | % Change |
|-----------|----------|-----------|-------------------|-------------|--------------|----------|
| 2018/2019 | 826      | 859       | 130               | 420         | <b>2,235</b> | -11.1%   |
| 2017/2018 | 888      | 1,012     | 169               | 445         | <b>2,514</b> | -4.2%    |
| 2016/2017 | 823      | 964       | 232               | 604         | <b>2,623</b> | 5.2%     |
| 2015/2016 | 863      | 831       | 207               | 592         | <b>2,493</b> | -11.3%   |
| 2014/2015 | 915      | 889       | 211               | 797         | <b>2,812</b> | 0.0%     |

Table 2 above shows that in 2018/2019 there have been;

- a decrease in Ashfield's area of 62 (7%)
- a decrease in Mansfield's area of 153 (15%)
- a decrease in Newark & Sherwood's area of 39 (23%) and
- a decrease in other areas of 25 (6%)

The reason for these changes is not conclusive, but recently opened crematoria on the Newark & Sherwood border at Retford, could potentially be impacting on the number out of area cremations and those on the Newark & Sherwood borders. As can be seen from the yearly figures for each area, there are fluctuations from year to year which shows both increases and decreases.

### 3.6 Surplus Distribution

The annual surplus to be distributed to the three constituent authorities is calculated based on the number of cremations conducted within each area during the year (2018/2019), as shown in the table below:

**Table 3**

| District          | Number of Cremations | %           | Surplus         |
|-------------------|----------------------|-------------|-----------------|
| Mansfield         | 859                  | 47.33%      | £378,786        |
| Ashfield          | 826                  | 45.51%      | £364,220        |
| Newark & Sherwood | 130                  | 7.16%       | £57,302         |
| <b>TOTAL</b>      | <b>1,815</b>         | <b>100%</b> | <b>£800,308</b> |

### 3.7 Balance Sheet Review

The Balance Sheet shows the value of assets and liabilities recognised by the Committee as at the Balance Sheet date. It indicates how much is owed to the Committee and how much the Committee owes to others, together with summarised information on the assets held and the financing of those assets. The net assets of the Committee (assets less liabilities) are matched by the reserves held. During 2018/2019 the net assets of the Committee have increased by £285,983. The significant points are summarised below and further details are provided in the notes to the accounts.

#### 3.7.1 Long Term Assets - Property, Plant and Equipment

##### Revaluation

Due to recent land purchases and car park infrastructure works, the Crematorium land, buildings and equipment were re-valued during the course of 2018/2019 (1 April 2018) by the District Valuation Office. The revised valuations and asset lives are shown in table 4 below:

**Table 4 – 2018/2019 Revaluation**

| <b>Component</b>                 | <b>Depreciated Replacement Cost<br/>£</b> | <b>Remaining Life (Years)</b> |
|----------------------------------|---|-------------------------------|
| Structure                        | 1,038,750                                 | 24                            |
| Cremator (Special Installations) | 1,078,870                                 | 13                            |
| Land                             | 285,699                                   |                               |
| <b>TOTAL</b>                     | <b>2,403,319</b>                          | <b>18</b>                     |

The closing net book value of the assets at 31 March 2018 was £1,993,480. The result of this revaluation is an increase in the value of the assets of £409,839. Surpluses/deficits arising from the valuation of non-current assets are credited or debited to the Revaluation Reserve Account.

##### Depreciation

The comprehensive income and expenditure statement has an annual capital charge (depreciation) of £126,271 for assets used in the provision of the service. The value of the assets is reduced by the depreciation charge, further details are provided in the Notes to the accounts. The charge for depreciation does not affect the amounts available for distribution under the current policy.

##### Capital Expenditure

There was no capital budget or expenditure in 2018/2019. There is a capital budget of £750,000 in the 2019/2020 financial year for works to remove and update the cremator abatement equipment.

### 3.7.2 Current Assets

**Cash and Investments** - The Committee's investment activity is carried out by Mansfield District Council. Any surplus monies are invested and are shown on the balance sheet. Interest is earned on the cash balance and is credited to the comprehensive income and expenditure statement. The cash balance has increased by £84,210 during the year to £1,691,339.

**Short Term Debtors** have decreased by £18,995, this is mainly due to a decrease in the invoices raised in March 2019 compared to March 2018. Further details are included in the notes to the accounts.

### 3.7.3 Current Liabilities

**Short term creditors** – The amounts the Committee owes to others at 31 March 2019 has increased by £60,799 to £874,470. This is mainly due to the value of surplus which will be distributed to the three constituent authorities during 2019/2020, being £800,308 compared to £755,836 in the previous year and an increase of £16,327 in outstanding invoices to be paid for 2018/2019.

### 3.7.4 Long Term Liabilities

**Pension Liability** -The Committee is a Member of the Nottinghamshire County Council Pension Fund and the assets and liabilities of the fund attributable to the Committee are evaluated on an annual basis by an independent actuary. As assessed by the actuary the Committee's overall position during 2018/2019 shows an increase in the liability from £1,223,000 to £1,225,001. A statutory accounting adjustment for £2,001 is therefore reflected in the accounts and has no impact on the overall surplus. Further information is provided in note 9 to the accounts.

### 3.7.5 Reserves

Reserves are split between those that are usable and those that are accounting reserves and not available to support expenditure. The general reserve has decreased by £51,535 to £248,366, this decrease relates to the payment to CAMEO to purchase tmac's detailed in 3.3 supplies and services. The capital fund has increased by £35,991 to £800,698, this increase relates to the additional income generated through the higher cremation fee increase in 2018 as detailed in 3.3 transfer to useable reserves. Further details of the movement and balances held in reserves are provided in the statement of accounts.

## THE STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

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### 1. TREASURERS RESPONSIBILITIES

The Treasurer of the Committee is responsible for the preparation of the Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 (the CODE).

**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 local authority Code.

**The Treasurer has also throughout the year:**

- Maintained proper accounting records which were kept up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

**CERTIFICATE**

*I certify that the Statement of Accounts 2018/2019 presents a true and fair view of the financial position of Mansfield and District Joint Crematorium Committee and its income and expenditure for the year ended 31 March 2019.*

Signed.....

Date: .....

D Edwards CPFA

**Treasurer of the Mansfield and District Joint Crematorium Committee**

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### 2. JOINT COMMITTEE'S RESPONSIBILITIES

**The Joint Committee is required to:**

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. The Joint Committee has appointed a Treasurer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

**CERTIFICATE**

*The Statement of Accounts for the year 1 April 2018 to 31 March 2019 has been prepared and I confirm that these accounts were approved by Mansfield and District Joint Crematorium Committee at the meeting held on 28 May 2019.*

Signed.....

Date: .....

**Chair of Mansfield and District Joint Crematorium Committee**

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## **STATEMENT OF ACCOUNTING POLICIES**

### **1. General Principles**

The Statement of Accounts summarises the Committees transactions for the 2018/2019 financial year and its position at the year end of 31 March 2019.

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019, based on International Financial Reporting Standards (IFRS) and the Service Reporting Code of Practice for Local Authorities 2018/2019.

### **2. Accrual of Income and Expenditure**

The accounts of the Joint Committee have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This ensures activity is accounted for in the year that it takes place, not when cash payments are made or received.

**Creditors** - Payments to creditors are included in the accounts where the payments relate to goods or services received prior to 1 April 2019. Any payments in advance (before 1 April 2019), which relate to the 2019/2020 financial year are shown as prepayments.

One exception to this relates to electricity and similar periodic payments. These are included as at the date of meter readings rather than apportioned between two financial years. This policy is consistently applied each year and therefore does not have a material effect on the accounts.

**Debtors** - Income from debtors is included for amounts where the income relates to goods and services provided by the Crematorium prior to 31 March 2019. Any income received before 1 April 2019, which relates to the 2019/2020 financial year is shown as receipts in advance. This policy is consistently applied each year and therefore does not have a material effect on the accounts.

### **3. Cash and Cash Equivalents**

Balances classified as 'Cash and Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **4. Property, Plant and Equipment**

Assets that have a physical substance and are held for use in the provision of services on a continuing basis and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Acquisitions of assets which are less than £10,000 (the Committee's de minimus level) are charged straight to the Comprehensive Income and Expenditure Statement.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis.

Assets included in the Balance Sheet at fair value are revalued on a regular basis to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

### **5. Depreciation and Impairment**

In accordance with International Accounting Standard IAS16 depreciation has been provided for on all non-current assets with a finite useful life. Land is not depreciated as this is deemed as having an infinite life.

Where assets, such as buildings have land attached, the values are separated and depreciated accordingly. Where an item of Property, Plant and Equipment has major components, whose cost is significant in relation to the total cost of the item, the components are depreciated separately

Assets are depreciated from the year of acquisition using the straight-line method over the following periods:

| <b>Asset</b> | <b>Remaining Useful Life (Years)</b> |
|--------------|--------------------------------------|
| Buildings    | 24                                   |
| Equipment    | 13                                   |

### **Impairment**

The values of each category of assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against this balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **6. Charges to Revenue for Non-Current Assets**

The Service has been charged with the following amounts to record the cost of holding non-current assets during the year;

- Depreciation attributable to the assets used by the service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve into the Capital Adjustment Account.

The Committee is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation and are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

## **7. Administration and Management Costs**

A charge is made by Mansfield District Council to reflect the appropriate percentage of time spent by employees on Crematorium affairs.

## **8. Employee Benefits**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses for current employees. These are recognised as an expense for the service in the year in which employees render service to the Committee.

### **Post-Employment Benefits**

Employees of the Mansfield and District Crematorium are Members of The Local Government Pensions Scheme, administered by Nottinghamshire County Council. The scheme provides defined benefits to Members (retirement lump sums and pensions) earned as employees worked for the Committee.

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

- The liabilities of the Nottinghamshire County Council pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method, that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate that reflects the time value of money and the characteristics of the liability.

- The assets of the Nottinghamshire County Council Pension Fund attributable to the Committee are included in the Balance Sheet at their fair value.

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

**Service cost comprising:**

- Current Service Cost - The increase in liabilities as a result of years of service earned this year; included in the Comprehensive Income and Expenditure Statement.
- Past Service Cost - The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years; debited the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability/asset - for example net interest expense for the Committee, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement; this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

**Re-measurement comprising:**

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset); charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions; charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Nottinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, the General Reserve is charged with the amount payable by the Committee to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the Committee of being required to account for retirement benefits on the basis of cash flows rather than as the benefits are earned by employees. The Pension Reserve is currently showing a higher balance than the Pension Liability in the balance sheet due to the prepayment of the three year pension lump sum in April 2017. The variance equates to the amount prepaid for the contributions relating to 2019/2020.



### **Discretionary Benefits**

The Committee may also make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any Member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **9. Financial Instruments**

A Financial Instrument is any contract that gives rise to a financial asset in one entity and a financial liability in another. These are accounted for in accordance with International Accounting Standards dealing with disclosure, presentation, recognition and measurement.

Financial assets include debtors, payments in advance, investments and cash (either in hand or at the bank). The Committee's investment activity is carried out by Mansfield District Council. Any surplus monies are invested and are shown in the balance sheet at 31 March as cash and cash equivalents, but adjusted for any interest earned but not received before the end of the financial year. Interest earned on investments is credited to Financing and Investment Activity in the Comprehensive Income and Expenditure Statement.

Financial liabilities comprise of long term borrowing and creditors.

### **10. Reserves**

Reserves are reported in two categories;

- **Usable Reserves** – These are reserves which the Joint Committee may use to provide services, subject to the need to provide a prudent level of reserves and any statutory limitations on their use.
- **Unusable Reserves** – The Joint Committee is not able to use these reserves to provide services. This category of reserves hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold.

In accordance with the latest Code of Practice on Local Authority Accounting, two capital reserve accounts are to be maintained in the Balance Sheet; both of these accounts are regarded as unusable reserves:

- **Revaluation Reserve** – This principally represents the balance of the surpluses or deficits arising from the periodic revaluation of non-current assets.
- **Capital Adjustment Account** – This represents amounts set aside to finance expenditure on non-current assets.

There is a further unusable reserve account;

**The Pension Reserve** – This represents the value of the pension fund assets and liabilities. The Pension Reserve is currently showing a higher balance than the Pension Liability in the balance sheet due to the prepayment of the three year

pension lump sum in April 2017. The variance equates to the amount prepaid for the contributions relating to 2019/2020.

There are two usable reserves in operation:

- **Capital Fund** – This reserve represents amounts set aside to finance expenditure on non-current assets.
- **General Reserve** – This represents the balance of the undistributed surpluses.

The Committee sets aside specific amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserve Statement so that there is no net charge for the expenditure.

## 11. Value Added Tax

The activities of the Joint Crematorium Committee fall within Mansfield District Councils VAT registration under lead body partnership. VAT is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC).

With Mansfield District Council being the financial lead authority, during 2018/2019 concerns were raised when the capital budget of £750,000 to replace the abatement equipment was approved for 2019/2020 as the expenditure and accounting for VAT as the lead body will result in the breach of its test of insignificance for partial exemption. Proposals were submitted to HMRC to allow each authority to share the Crematorium income and expenditure in each of the authorities partial exemption calculation based in the annual throughput. As all 3 constituent authorities are VAT registered as well as being section 33 bodies, HMRC have approved this method of accounting for VAT based on a management board or committee approach. This change will be adopted from 1 April 2019.

## 12. Fundamental Accounting Concepts

This Statement of Accounts has been prepared according with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (the IASB Framework) as interpreted by the Code.

**Relevance** - The objective of the Statement of Accounts is to provide information about the Committee's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

**Reliability** - The key requirement of this statement is that users are able to rely on the information contained within the Statement of Accounts. A number of fundamental accounting concepts are applied in order to ensure this reliability – The Statement of Accounts:

- Has been prepared to reflect the reality or substance of each transaction rather than their formal legal character.
- Is free from deliberate or systematic bias. The financial analyses contained within the accounts are based on fact and do not support any particular view point.
- Is free from material error, containing no misstatement that would influence the conclusions of any user.
- Has been produced within the bounds of materiality, meaning that nothing has been omitted that may have assisted users in gaining an understanding of the Committee's activities.

Where uncertainty exists, the statements have been prepared prudently and caution has been applied with exercising judgement and making necessary estimates.

**Understandability** - The accounting principles of the Code includes accounting concepts, treatments and terminology which require reasonable knowledge of accounting and local government and reasonable diligence in reading the Statement of Accounts if they are to be properly understood. However all reasonable efforts have been taken in the preparation of the Statement of Accounts to ensure they are as easy to understand as possible.

**Going Concern** - This statement has been prepared on a '**going concern**' basis, under the assumption that the Committee will continue to exist and operate on its current basis for the foreseeable future.

**Primacy of Legislative Requirements** - Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

# **THE CORE FINANCIAL STATEMENTS**

**Movement in Reserves Statement (MiRS)**

This statement shows how the movement in the year on the Committee's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the adjustments necessary to calculate the amounts available for distribution to constituent authorities.

| 2018/2019  | General Reserve<br>£ | Capital Fund<br>£ | Total Usable Reserves<br>£ | Pension Reserve<br>£ | Revaluation Reserve<br>£ | Capital Adjustment<br>£ | Unusable Reserves<br>£ | Total Reserves<br>£ |
|--|----------------------|-------------------|----------------------------|----------------------|--------------------------|-------------------------|------------------------|---------------------|
| <b>Balance as at 31 March 2018</b>   | <b>299,901</b>       | <b>764,707</b>    | <b>1,064,608</b>           | <b>-1,262,919</b>    | <b>97,413</b>            | <b>1,896,067</b>        | <b>730,561</b>         | <b>1,795,169</b>    |
| <b>Movement in reserves during 2018/2019</b>                                       |                      |                   |                            |                      |                          |                         |                        |                     |
| Surplus/ (-) Deficit on the Provision of Services                                  | 584,760              | 35,991            | <b>620,751</b>             | 83,000               | 382,540                  | 0                       | <b>465,540</b>         | <b>1,086,291</b>    |
| Less Surplus Distribution  | -800,308             | 0                 | <b>-800,308</b>            | 0                    | 0                        | 0                       | <b>0</b>               | <b>-800,308</b>     |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>-215,548</b>      | <b>35,991</b>     | <b>-179,557</b>            | <b>83,000</b>        | <b>382,540</b>           | <b>0</b>                | <b>465,540</b>         | <b>285,983</b>      |
| Adjustment between Accounting basis and funding basis under regulations (Table A.) | 164,013              | 0                 | <b>164,013</b>             | -65,041              | -18,556                  | -80,416                 | <b>-164,013</b>        | <b>0</b>            |
| Transfers to/(-)from Reserves (see Notes 13 & 14)                                  | -51,535              | 35,991            | <b>-15,544</b>             | 17,959               | 363,984                  | -80,416                 | <b>301,527</b>         | <b>285,983</b>      |
| <b>Balance at 31 March 2019 carried forward</b>                                    | <b>248,366</b>       | <b>800,698</b>    | <b>1,049,064</b>           | <b>-1,244,960</b>    | <b>461,397</b>           | <b>1,815,651</b>        | <b>1,032,088</b>       | <b>2,081,152</b>    |

The movement in reserves for 2017/2018 for comparison purposes is set out below:

| 2017/2018  | General Reserve<br>£ | Capital Fund<br>£ | Total Usable Reserves<br>£ | Pension Reserve<br>£ | Revaluation Reserve<br>£ | Capital Adjustment<br>£ | Unusable Reserves<br>£ | Total Reserves<br>£ |
|--|----------------------|-------------------|----------------------------|----------------------|--------------------------|-------------------------|------------------------|---------------------|
| <b>Balance as at 31 March 2017</b>   | <b>187,500</b>       | <b>1,131,515</b>  | <b>1,319,015</b>           | <b>-1,273,000</b>    | <b>103,627</b>           | <b>1,740,563</b>        | <b>571,190</b>         | <b>1,890,205</b>    |
| <b>Movement in reserves during 2017/2018</b>                                       |                      |                   |                            |                      |                          |                         |                        |                     |
| Surplus/ (-) Deficit on the Provision of Services                                  | 451,758              | 126,189           | <b>577,947</b>             | 82,853               | 0                        | 0                       | <b>82,853</b>          | <b>660,800</b>      |
| Less Surplus Distribution  | -755,836             | 0                 | <b>-755,836</b>            | 0                    | 0                        | 0                       | <b>0</b>               | <b>-755,836</b>     |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>-304,078</b>      | <b>126,189</b>    | <b>-177,889</b>            | <b>82,853</b>        | <b>0</b>                 | <b>0</b>                | <b>82,853</b>          | <b>-95,036</b>      |
| Adjustment between Accounting basis and funding basis under regulations (Table A.) | 416,479              | -492,997          | <b>-76,518</b>             | -72,772              | -6,214                   | 155,504                 | <b>76,518</b>          | <b>0</b>            |
| Transfers to/(-)from Reserves (see Notes 13 & 14)                                  | 112,401              | -366,808          | <b>-254,407</b>            | 10,081               | -6,214                   | 155,504                 | <b>159,371</b>         | <b>-95,036</b>      |
| <b>Balance at 31 March 2018 carried forward</b>                                    | <b>299,901</b>       | <b>764,707</b>    | <b>1,064,608</b>           | <b>-1,262,919</b>    | <b>97,413</b>            | <b>1,896,067</b>        | <b>730,561</b>         | <b>1,795,169</b>    |

**Table A. Adjustments between accounting basis and funding basis under regulations**

This table details the adjustments that are made to the comprehensive income and expenditure statement (CIES) in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Committee to meet future capital and revenue expenditure.

| 2018/2019   | General Fund<br>Balance<br>£ | Capital Fund<br>£ | Movement in<br>Usable<br>Reserve<br>£ | Pension<br>Reserve<br>£ | Revaluation<br>Reserve<br>£ | Capital<br>Adjustment<br>Account<br>£ | Movement in<br>Unusable<br>Reserve<br>£ |
|---|------------------------------|-------------------|---------------------------------------|-------------------------|-----------------------------|---------------------------------------|---|
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                              |                   |                                       |                         |                             |                                       |   |
| <b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>                         |                              |                   |                                       |                         |                             |                                       |   |
| Charges for depreciation and impairment of non-current assets   | -98,972                      | 0                 | -98,972                               | 0                       | 0                           | 126,271                               | 126,271                                 |
| Revaluation on Property, Plant and Equipment  | 0                            | 0                 | 0                                     | 0                       | 18,556                      | -45,855                               | -27,299                                 |
| Financing Capital Expenditure   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| Capital grants and contributions applied  | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| Revenue expenditure funded from capital under statute   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| <b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>                    |                              |                   |                                       |                         |                             |                                       |   |
| Statutory provision for the financing of capital investment   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| Voluntary provision for the repayment of debt   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| Capital expenditure charged against the General Fund and HRA balances   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| <b>Adjustments primarily involving the Pension Reserve:</b>   |                              |                   |                                       |                         |                             |                                       |   |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| Employer's pensions contributions and direct payments to pensioners payable in the year                                     | -65,041                      | 0                 | -65,041                               | 65,041                  | 0                           | 0                                     | 65,041                                  |
| Pension Lump Sum Year 3   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| <b>Total Adjustments</b>  | <b>-164,013</b>              | <b>0</b>          | <b>-164,013</b>                       | <b>65,041</b>           | <b>18,556</b>               | <b>80,416</b>                         | <b>164,013</b>                          |

| 2017/2018   | General Fund<br>Balance<br>£ | Capital Fund<br>£ | Movement in<br>Usable<br>Reserve<br>£ | Pension<br>Reserve<br>£ | Revaluation<br>Reserve<br>£ | Capital<br>Adjustment<br>Account<br>£ | Movement in<br>Unusable<br>Reserve<br>£ |
|---|------------------------------|-------------------|---------------------------------------|-------------------------|-----------------------------|---------------------------------------|---|
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                              |                   |                                       |                         |                             |                                       |   |
| <b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>                         |                              |                   |                                       |                         |                             |                                       |   |
| Charges for depreciation and impairment of non-current assets   | -343,707                     | 0                 | -343,707                              | 0                       | 0                           | -155,504                              | <b>-155,504</b>                         |
| Revaluation on Property, Plant and Equipment  | 0                            | 0                 | 0                                     | 0                       | 6,214                       | 0                                     | <b>6,214</b>                            |
| Financing Capital Expenditure   | 0                            | 492,997           | 492,997                               | 0                       | 0                           | 0                                     | <b>0</b>                                |
| Capital grants and contributions applied  | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | <b>0</b>                                |
| Revenue expenditure funded from capital under statute   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | <b>0</b>                                |
| <b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>                    |                              |                   |                                       |                         |                             |                                       |   |
| Statutory provision for the financing of capital investment   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| Voluntary provision for the repayment of debt   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| Capital expenditure charged against the General Fund and HRA balances   | 0                            | 0                 | 0                                     | 0                       | 0                           | 0                                     | 0                                       |
| <b>Adjustments primarily involving the Pension Reserve:</b>   |                              |                   |                                       |                         |                             |                                       |   |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | -142,000                     | 0                 | -142,000                              | 142,000                 | 0                           | 0                                     | <b>142,000</b>                          |
| Employer's pensions contributions and direct payments to pensioners payable in the year                                     | 108,000                      | 0                 | 108,000                               | -108,000                | 0                           | 0                                     | <b>-108,000</b>                         |
| Pension Lump Sum Year 2 & 3   | -38,772                      | 0                 | -38,772                               | 38,772                  | 0                           | 0                                     | <b>38,772</b>                           |
| <b>Total Adjustments</b>  | <b>-416,479</b>              | <b>492,997</b>    | <b>76,518</b>                         | <b>72,772</b>           | <b>6,214</b>                | <b>-155,504</b>                       | <b>-76,518</b>                          |



### **Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

| <b>Comprehensive Income and Expenditure Statement (CIES)</b> |  |             |                   |
|--|--|-------------|-------------------|
| <b>2017/2018</b>   |  | <b>Note</b> | <b>2018/2019</b>  |
| <b>£</b>   |  |             | <b>£</b>          |
|  | <b>Income</b>  |             |                   |
| -1,729,610   | Fees and Charges   |             | -1,652,329        |
| -34,301  | Other Income   |             | -34,697           |
| <b>-1,763,911</b>  | <b>Gross Income</b>  | <b>2</b>    | <b>-1,687,026</b> |
|  | <b>Expenditure</b>   |             |                   |
| 404,968  | Employee Expenses  | 3           | 400,321           |
| 182,126  | Premises Related Expenses  | 4           | 318,419           |
| 164,838  | Supplies and Services  | 5           | 163,519           |
| 2,099  | Allowance for Bad Debts  | 7           | 4,710             |
| 59,273   | Central Support Services   | 9           | 57,570            |
| 343,707  | Depreciation and Impairment  | 10          | 98,972            |
| <b>1,157,011</b>   | <b>Gross Expenditure</b>   |             | <b>1,043,511</b>  |
| <b>-606,900</b>  | <b>Net Cost of Services</b>  |             | <b>-643,515</b>   |
| 0  | Other Operating Expenditure  |             | 0                 |
| 28,953   | Financing and Investment Income and Expenditure  | 11          | 22,764            |
| 0  | Taxation and Non-Specific Grant Income   |             | 0                 |
| <b>-577,947</b>  | <b>Surplus / Deficit on Provision of Services</b>  |             | <b>-620,751</b>   |
| 0  | Surplus or Deficit on revaluation of Property, Plant and Equipment Assets                | 14          | -382,540          |
| 0  | Impairment Losses on non-current assets charged to the Revaluation Reserve               |             | 0                 |
| -82,853  | Remeasurement of the net defined benefit liability/(asset)                               | 12          | -83,000           |
| <b>-82,853</b>   | <b>Other Comprehensive Income and Expenditure</b>  |             | <b>-465,540</b>   |
| <b>-660,800</b>  | <b>Total Comprehensive Income and Expenditure (Prior to Surplus Distribution)</b>        | <b>16</b>   | <b>-1,086,291</b> |
| 369,679  | Mansfield District Council   |             | 378,786           |
| 324,405  | Ashfield District Council  |             | 364,220           |
| 61,752   | Newark & Sherwood District Council   |             | 57,302            |
| <b>755,836</b>   | <b>Distribution of Surplus</b>   | <b>16</b>   | <b>800,308</b>    |
| <b>95,036</b>  | <b>Total Comprehensive Income and Expenditure Statement (After Surplus Distribution)</b> |             | <b>-285,983</b>   |

### **Balance Sheet as at 31 March 2019**

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Committee. The net assets of the Committee (assets less liabilities) are matched by the reserves held by the Committee. Reserves are reported in two categories:

**Usable reserves:** Those reserves that the Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

**Unusable reserves:** Those that the Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the revaluation reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet as at 31 March 2019 is presented below:

| <b>Balance Sheet</b> |                               |      |                   |
|----------------------|-------------------------------|------|-------------------|
| 2017/2018<br>£       |                               | Note | 2018/2019<br>£    |
| 1,993,480            | Property, Plant and Equipment | 10   | 2,277,048         |
| <b>1,993,480</b>     | <b>Long Term Assets</b>       |      | <b>2,277,048</b>  |
| 231,231              | Short Term Debtors            | 6    | 212,236           |
| 1,607,129            | Cash and Cash Equivalents     | 15   | 1,691,339         |
| <b>1,838,360</b>     | <b>Current Assets</b>         |      | <b>1,903,575</b>  |
| -813,671             | Short Term Creditors          | 8    | -874,470          |
| <b>-813,671</b>      | <b>Current Liabilities</b>    |      | <b>-874,470</b>   |
| -1,223,000           | Net Pension Liability         | 12   | -1,225,001        |
| <b>-1,223,000</b>    | <b>Long Term Liabilities</b>  |      | <b>-1,225,001</b> |
| <b>1,795,169</b>     | <b>Net Assets</b>             |      | <b>2,081,152</b>  |
| 764,707              | Financed by:<br>Capital Fund  |      | 800,698           |
| 299,901              | General Reserve               |      | 248,366           |
| <b>1,064,608</b>     | <b>Usable Reserves</b>        | 13   | <b>1,049,064</b>  |
| 97,413               | Revaluation Reserve           |      | 461,397           |
| 1,896,067            | Capital Adjustment Account    |      | 1,815,651         |
| -1,262,919           | Pension Reserve               |      | -1,244,960        |
| <b>730,561</b>       | <b>Unusable Reserves</b>      | 14   | <b>1,032,088</b>  |
| <b>1,795,169</b>     | <b>Total Reserves</b>         |      | <b>2,081,152</b>  |

### **Cash Flow Statement**

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

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Committee are funded by way of charges to the recipients of services provided by the Committee.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Committee's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Committee.

| <b>Cash Flow Statement</b> |   |                  |
|----------------------------|---|------------------|
| <b>2017/2018</b>           |   | <b>2018/2019</b> |
| <b>£</b>                   |   | <b>£</b>         |
| 95,036                     | Net surplus (-) / deficit on the provision of services  | -285,983         |
|                            | <b>Adjustment to net surplus / deficit on the provision of services:</b>  |                  |
| 149,290                    | Depreciation & Impairment   | 283,568          |
| 61,131                     | Creditors   | -60,799          |
| 10,116                     | Debtors   | -18,995          |
| 50,000                     | Pension Liability   | -2,001           |
| -232,050                   | Adjustments for items in the net surplus / (-) deficit on the provision of services that are investing and financing activities | 8,236            |
| <b>133,523</b>             | <b>Net Cash flows from operating activities</b>   | <b>-75,974</b>   |
| 237,097                    | Investing Activities  | 0                |
| -5,047                     | Financing Activities  | -8,236           |
| <b>365,573</b>             | <b>Net increase (-)/ decrease in cash and cash equivalents</b>  | <b>-84,210</b>   |
| 1,972,702                  | Cash and Cash equivalents at the beginning of the reporting period  | 1,607,129        |
| 1,607,129                  | Cash and Cash equivalents at the end of the reporting period  | 1,691,339        |
| <b>365,573</b>             | <b>Movement in Cash and Cash Equivalents increase(-) / decrease</b>   | <b>-84,210</b>   |

## **NOTES TO THE ACCOUNTS**

### **1. EXPENDITURE AND FUNDING ANALYSIS (EFA)**

The expenditure and funding analysis shows how the annual expenditure is used and funded from the income obtained from charges in comparison with those resources consumed or earned by the Committee in accordance with generally accepted accounting policies.

| <b>Expenditure and Funding Analysis (EFA)</b>                  |   |  |                                     |  |   |  |                  |  |  |
|--|---|--|-------------------------------------|--|---|--|------------------|--|--|
| <b>2017/2018</b>   |   |  |                                     |  |   |  | <b>2018/2019</b> |  |  |
| <b>Net Expenditure Chargeable to the General Fund Balances</b> | <b>Adjustments between Funding and Accounting basis (Table A)</b> | <b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b> |                                     | <b>Net Expenditure Chargeable to the General Fund Balances</b> | <b>Adjustments between Funding and Accounting basis (Table A)</b> | <b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b> |                  |  |  |
| £  | £   | £  |                                     | £  | £   | £  |                  |  |  |
| -1,763,911   | 0   | <b>-1,763,911</b>  | Gross Income                        | -1,687,026   | 0   | -1,687,026   |                  |  |  |
| 769,485  | 416,479   | <b>1,185,964</b>   | Gross Expenditure                   | 902,262  | 164,013   | 1,066,275  |                  |  |  |
| <b>-994,426</b>  | <b>416,479</b>  | <b>-577,947</b>  | <b>Net Cost of Service</b>          | <b>-784,764</b>  | <b>164,013</b>  | <b>-620,751</b>  |                  |  |  |
| 0  | 0   | <b>0</b>   | Other Income and Expenditure        | 0  | 0   | 0  |                  |  |  |
| <b>-994,426</b>  | <b>416,479</b>  | <b>-577,947</b>  | <b>(-) Surplus or Deficit</b>       | <b>-784,764</b>  | <b>164,013</b>  | <b>-620,751</b>  |                  |  |  |
| 755,836  | 0   | <b>755,836</b>   | Distribution of Surplus             | 800,308  | 0   | 800,308  |                  |  |  |
| <b>-238,590</b>  | <b>416,479</b>  | <b>177,889</b>   | <b>Net (-) Surplus or Deficit</b>   | <b>15,544</b>  | <b>164,013</b>  | <b>179,557</b>   |                  |  |  |
| -187,500   |   |  | Opening General Fund Balance        | -299,901   |   |  |                  |  |  |
| -238,590   |   |  | (-) Surplus or Deficit in Year      | 15,544   |   |  |                  |  |  |
| 126,189  |   |  | Transferred to Capital Reserve      | 35,991   |   |  |                  |  |  |
| <b>-299,901</b>  |   |  | <b>Closing General Fund Balance</b> | <b>-248,366</b>  |   |  |                  |  |  |

## 2. GROSS INCOME

The total income received during 2018/2019 was £1,687,026 compared to £1,763,911 in 2017/2018. This represents a decrease of £76,885 (4.35%).

- The Committee aims to fix fees which are not only competitive with those of surrounding crematoria, but which also covers operating costs. The policy in 2018/2019 was to increase the fee for a standard single adult cremation by £51 (8%) from £635 (2017/2018) to £686 (this excludes medical referee fees).
- The number of cremations decreased by 279 (11.09%) from 2,514 in 2017/2018 to 2,235 in 2018/2019. When setting the budget for 2017/2018 the number of cremations was estimated at 2,450.

| 2017/2018<br>£    | Gross Income                           | 2018/2019<br>£    |
|-------------------|--|-------------------|
| -1,588,048        | Cremation Fees                         | -1,526,370        |
| -47,212           | Medical Fees                           | -41,892           |
| -42,745           | Memorials                              | -41,893           |
| -27,762           | Organist                               | -20,199           |
| -23,843           | Book of Remembrance Inscriptions       | -21,975           |
| <b>-1,729,610</b> | <b>Fees and Charges</b>                | <b>-1,652,329</b> |
| -29,997           | Recharge to Cemeteries MDC             | -30,377           |
| -4,140            | S46 Burial of the Destitute Admin Fees | -3,780            |
| -164              | Containers                             | -540              |
| 0                 | CAMEO                                  | 0                 |
| <b>-34,301</b>    | <b>Other Income</b>                    | <b>-34,697</b>    |
| <b>-1,763,911</b> | <b>Gross Income</b>                    | <b>-1,687,026</b> |

## 3. EMPLOYEE COSTS

Employee expenses are lower than 2017/2018 by £4,647, this is mainly due to a reduction in the pension adjustment. The pension adjustment reflects the cost of service in the actuary report. The pension payments for 2018/2019 have been accounted for below the net cost of service and within the balance sheet so as not to affect the annual surplus calculations.

| 2017/2018<br>£ | Employee Expenses         | 2018/2019<br>£ |
|----------------|---------------------------|----------------|
| 250,904        | Basic Pay                 | 250,411        |
| 21,259         | Overtime                  | 22,481         |
| 21,271         | National Insurance        | 21,822         |
| 108,000        | IAS19 Pension Adjustments | 103,883        |
| 1,088          | Apprenticeship Levy       | 1,091          |
| 2,446          | Other Employee Costs      | 633            |
| <b>404,968</b> | <b>Total</b>              | <b>400,321</b> |

#### 4. PREMISES COSTS

Premises costs are higher than 2017/2018 by £136,293, this is mainly due to:

- The NDR-Business Rates for 2017/2018 included a backdated refund and rateable value adjustment. The cost in 2018/2019 is the annual invoice amount.
- Water charges have increased in 2018/2019 due to meter readings being estimated for a number of years, current charges based on up to date actual readings.
- External painting works undertaken during 2017/2018 will not need to be undertaken for a number of years.
- Cremator repairs and maintenance costs vary from year to year depending on the number of services required and parts that require replacing.

| 2017/2018<br>£ | Premises Related Expenditure     | 2018/2019<br>£ |
|----------------|----------------------------------|----------------|
| -14,584        | NDR - Business Rates             | 87,902         |
| 159            | Rent                             | 159            |
| 14,072         | Insurance                        | 14,636         |
| 42,309         | Electricity                      | 47,290         |
| 37,488         | Gas                              | 39,831         |
| 6,181          | Water                            | 18,734         |
| 5,351          | Cleaning Materials               | 4,319          |
| 32,595         | Cremator Repairs and Maintenance | 53,426         |
| 28,226         | Building Repairs and Maintenance | 29,925         |
| 13,239         | External Painting                | 0              |
| 17,090         | Grounds Maintenance              | 22,197         |
| <b>182,126</b> | <b>Total</b>                     | <b>318,419</b> |

#### 5. SUPPLIES AND SERVICES

There is an decrease in supplies and service costs in 2018/2019 of £1,319 compared to 2017/2018. This is mainly due to the reduction in expenditure for medical fees, organist and memorials (£11,523) which are directly affected by the drop in the number of cremations. Some expenses incurred in 2017/2018 were ad-hoc and not required in 2018/2019 e.g. external audit fees and valuation appeal fees (£10,999). However, these savings were offset by increased CAMEO fees of £18,993 and minor variances in other expenditure items of £2,210.

| 2017/2018<br>£ | Supplies and Services                 | 2018/2019<br>£ |
|----------------|---------------------------------------|----------------|
| 47,342         | Fees - Medical referees               | 41,681         |
| 18,199         | Fees - Organist                       | 13,543         |
| 6,395          | Memorial plaques                      | 5,190          |
| 7,655          | Book of Remembrance - inscriptions    | 8,163          |
| 2,361          | Caskets / Containers                  | 3,362          |
| 1,583          | Audit Fees to Newark & Sherwood DC    | 1,583          |
| 2,000          | External Audit Fees                   | -2,000         |
| 6,999          | Valuation Appeal Fee                  | 0              |
| 32,542         | CAMEO Contributions                   | 51,535         |
| 8,240          | Computer Maintenance and support      | 8,240          |
| 0              | Computer Hardware                     | 397            |
| 5,597          | Printing & Stationery                 | 5,256          |
| 6,117          | Telephones                            | 6,225          |
| 2,331          | Tools, Equipment & First Aid supplies | 2,142          |
| 2,770          | Furniture / Office Equipment          | 4,253          |
| 2,583          | Uniforms                              | 2,728          |
| 2,744          | Postages                              | 2,838          |
| 2,000          | JCC Committee Fees                    | 2,000          |
| 2,106          | Subscriptions                         | 2,228          |
| 1,590          | Skips and Waste Collections           | 700            |
| 2,951          | Advertising                           | 2,303          |
| 239            | Contributions                         | 225            |
| 0              | Valuation Fee                         | 500            |
| 494            | Hire of vending machines              | 427            |
| <b>164,838</b> | <b>Total</b>                          | <b>163,519</b> |

## 6. DEBTORS

The total debtors outstanding has decreased by £18,995, this is mainly due to the decrease in the level of outstanding funeral director invoices. There has been an increase in the bad debt provision due to the value of older debtors. Within the over 85 day category are invoices totalling £2,614 which are for a funeral company that is currently in administration. It is unlikely that this debt will be recovered and will need to be written off through the bad debt provision.

### SUMMARY OF THE DEBTORS OUTSTANDING

| 2017/2018<br>£ | Short Term Debtors               | 2018/2019<br>£ |
|----------------|----------------------------------|----------------|
| 241,359        | Funeral Directors                | 227,794        |
| 2,160          | Other Local Authorities          | 1,440          |
| -12,288        | Bad Debt Provision               | -16,998        |
| <b>231,231</b> | <b>Total Debtors at 31 March</b> | <b>212,236</b> |

## AGEING OF DEBTS OUTSTANDING

| 2017/2018<br>£ | Debtors Summary         | 2018/2019<br>£ | Change<br>£    |
|----------------|-------------------------|----------------|----------------|
| 10,481         | Ageing:<br>Over 85 days | 18,723         | 8,242          |
| 58,102         | 29 to 84 days           | 66,047         | 7,945          |
| 174,936        | 1 to 28 days            | 144,465        | -30,471        |
| <b>243,519</b> |                         | <b>229,235</b> | <b>-14,284</b> |

## 7. PROVISION FOR BAD DEBTS

The provision for potential bad debts has increased by £4,710 to £16,998. The provision for bad debts is based on the age of the debts; the older the debt is the higher percentage provision is required.

| 2017/2018<br>£ | Provision for Bad Debts         | 2018/2019<br>£ |
|----------------|---------------------------------|----------------|
| 243,519        | Debtors Outstanding at 31 March | 229,234        |
| <b>12,288</b>  | <b>Provision required:</b>      | <b>16,998</b>  |
| 10,189         | Provision b/fwd at 1 April      | 12,288         |
| <b>2,099</b>   | <b>Change in Provision</b>      | <b>4,710</b>   |

## 8. SHORT TERM CREDITORS

The short term creditors are shown in the table below:

| 2017/2018<br>£ | 2017/2018<br>revised £ | Short Term Creditors                                    | 2018/2019<br>£ |
|----------------|------------------------|---|----------------|
| 755,836        | 755,836                | Constituent Authorities                                 | 800,308        |
| 57,835         | 57,835                 | Other Bodies  | 74,162         |
| 12,288         | 0                      | Provision for Bad Debts - revised now<br>within debtors | 0              |
| <b>825,959</b> | <b>813,671</b>         | <b>Balance at 31st March</b>                            | <b>874,470</b> |

## 9. CENTRAL SUPPORT SERVICES AND RECHARGES

Central support services and recharges have decreased by £1,703 to £57,570. This is due to decreased costs from Design Services as there has been less planned preventative works this year and no capital projects.



| 2017/2018<br>£ | Central Support Services                    | 2018/2019<br>£ |
|----------------|---|----------------|
| 8,491          | Information Technology & Financial systems  | 13,008         |
| 9,273          | Human Resources & Payroll                   | 10,150         |
| 6,850          | Trade Waste Service                         | 7,185          |
| 5,192          | Director of Commerce and Customers          | 6,636          |
| 6,848          | Accountancy Services                        | 7,219          |
| 2,951          | Debtors/Recovery Services/CSU               | 3,030          |
| 2,912          | Business Support / Creditors                | 3,683          |
| 2,717          | Internal Audit                              | 3,016          |
| 10,180         | Design Services & Building Control          | 1,809          |
| 2,060          | Postal / Electricians/ Copiers / Telephones | 1,054          |
| 1,799          | Risk Management & Environmental Services    | 780            |
| <b>59,273</b>  | <b>Total</b>                                | <b>57,570</b>  |

## 10. PROPERTY, PLANT AND EQUIPMENT

| Movements in Year   | 2017/2018<br>£   | 2018/2019<br>£   |
|---|------------------|------------------|
| Cost or Valuation at 1 April:   | 1,844,190        | 2,100,090        |
| Additions   | 492,997          | 0                |
| Revaluation increases/ (-) decreases recognised in the Revaluation Reserve                            | 0                | 169,320          |
| Revaluation increases/ (-) decreases recognised in the Comprehensive Income and Expenditure Statement | -237,097         | 27,299           |
| Disposals   | 0                | 0                |
| <b>At 31st March</b>  | <b>2,100,090</b> | <b>2,296,709</b> |
| <b>Accumulated Impairment and Depreciation</b>  |                  |                  |
| At 1 April  | 0                | -106,610         |
| Depreciation Charge recognised in the Comprehensive Income and Expenditure Statement                  | -106,610         | -126,271         |
| Depreciation written out to the Revaluation Reserve   | 0                | 213,220          |
| Impairment  | 0                | 0                |
| Impairment Losses/ (-) reversals recognised in the Revaluation Reserve                                | 0                | 0                |
| Disposals   | 0                | 0                |
| <b>At 31st March</b>  | <b>-106,610</b>  | <b>-19,661</b>   |
| <b>Net Book Value at 31st March</b>   | <b>1,993,480</b> | <b>2,277,048</b> |

## 11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The following table contains corporate items of income and expenditure arising from the Committee's involvement in financial instruments and similar transactions involving interest:

| 2017/2018<br>£ | Financing and Investment Income and Expenditure               | 2018/2019<br>£ |
|----------------|---|----------------|
| 0              | Interest payable and similar charges                          | 0              |
| 34,000         | Net interest on the net defined benefit liability / (-) asset | 31,000         |
| -5,047         | Interest receivable and similar income                        | -8,236         |
| <b>28,953</b>  | <b>Total</b>  | <b>22,764</b>  |

## 12. RETIREMENT BENEFITS – DEFINED BENEFIT SCHEMES

### a. Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Committee makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Committee has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Committee participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council in accordance with the Local Government Pension Scheme Regulations 2013. This is a defined benefit statutory scheme and currently provides benefits based on career average revalued earnings. This means that the Committee and the employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

In April 2017, the opportunity to pay for three years Nottinghamshire County Council lump sum pension payments in advance for the period 2017/2018, 2018/2019 and 2019/2020 was accepted by the Treasurer in relation to the employees of the Mansfield and District Crematorium. This resulted in an overall saving of £3,246. The accounts for 2017/2018 and 2018/2019 show only one year lump sum pension payments for £19,960 in each year with accounting adjustments for the £19,959 paid in advance for the year 2019/2020. Due to the three year pension invoice being paid in 2017/2018 the pension reserve and pension liability within the balance sheet will vary by the amount paid in advance in the 2017/2018 accounts by £39,919 and 2018/2019 accounts by £19,959 but will realign in the 2019/2020 accounts.

The Actuary, Barnett Waddingham is instructed by Nottinghamshire County Council to undertake pension expense calculations and have prepared their figures in accordance with their understanding of the International Accounting Standard IAS19.

In General, participating in a defined benefit pension scheme means the employer is exposed to a number of risks:

- Investment risk - The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk - The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds

assets such as equities the value of the assets and liabilities may not move in the same way.

- Inflation risk - All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the employer for example higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

Further information can be found in the Annual Report of the County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP.

The latest available membership data is shown in the table below:

|                     | Number | Salaries / Pensions<br>£ |
|---------------------|--------|--------------------------|
| Active members      | 12     | 223,000                  |
| Deferred pensioners | 6      | 5,000                    |
| Pensioners          | 5      | 20,000                   |
| Unfunded pensioners | 2      | 0                        |

### Scheduled Contributions

The table below summarises the minimum employer contributions due from Mansfield and District Joint Crematorium to the fund over this inter-valuation period. The calculated cost of accrual of future benefits is 17.7% of payroll per annum.

| Minimum employer contributions: | 01-Apr-17 | 01-Apr-18 |
|---------------------------------|-----------|-----------|
| Percentage of payroll           | 17.7%     | 17.7%     |
| Plus monetary amount (£000)     | 21        | 21        |

However, the Committee have agreed with the administering authority to prepay their monetary contributions for the three years to 31 March 2020 and made a single lump sum payment of £59,879 in April 2017. This lump sum payment has received an actuarially equivalent discount to the monetary rates above of £3,246.

### Assets

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2019 is estimated to be 10%. The actual return on fund assets over the year may be different.

The fund's assets consist of the following categories, by value and proportion of the total assets held by the fund attributable to the Committee:

| 31 March 2018    |            | Asset Share                    | 31 March 2019    |            |
|------------------|------------|--------------------------------|------------------|------------|
| £                | %          |                                | £                | %          |
| 846,000          | 66         | Equities                       | 874,000          | 60         |
| 29,000           | 2          | Gilts                          | 42,000           | 3          |
| 150,000          | 12         | Other Bonds                    | 145,000          | 10         |
| 162,000          | 13         | Property                       | 226,000          | 15         |
| 25,000           | 2          | Cash                           | 44,000           | 3          |
| 32,000           | 2          | Inflation - Linked Pooled Fund | 53,000           | 4          |
| 42,000           | 3          | Infrastructure                 | 72,000           | 5          |
| <b>1,286,000</b> | <b>100</b> |                                | <b>1,456,000</b> | <b>100</b> |

**b. Transactions Relating to Post-Employment Benefits**

The costs of retirement benefits are recognised 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 made against the Committee is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the general reserve via the movement in reserves statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement via the movement in reserves statement during the year:

| <b>Comprehensive Income and Expenditure Statement</b> |   |                  |
|---|---|------------------|
| <b>2017/2018</b>                                      |   | <b>2018/2019</b> |
| <b>£</b>  |   | <b>£</b>         |
|   | <b>Cost of Services:</b>  |                  |
| 108,000   | Current Service cost  | 103,000          |
| 0   | Past Service cost   | 0                |
| 0   | Administration expenses   | 0                |
|   | <b>Financing and Investment Income and Expenditure:</b>   |                  |
| 34,000  | Net interest on the defined liability / (-) asset   | 31,000           |
| <b>142,000</b>  | <b>Total Post Employment Benefit Charged to the Surplus / Deficit on the Provision of Services</b>                                | <b>134,000</b>   |
|   | <b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>                                |                  |
| 82,853  | Actuarial gains and (-) losses  | 83,000           |
| <b>224,853</b>  | <b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>                                | <b>217,000</b>   |
|   | <b>Movement in Reserves Statement</b>   |                  |
| -142,000  | Reversal of net charges made to the Surplus / Deficit for the Provision of Services for post-benefits in accordance with the Code | -134,000         |
| 108,000   | <b>Actual amount charged against the General Fund Balance for pensions in the year:</b>   | 49,000           |
|   | Employers' contribution payable to the Scheme   |                  |

**c. Assets and Liabilities in Relation to Post-Employment Benefits**

The following table provides a reconciliation of present values of the schemes liabilities for the JCC during the 2017/2018 and 2018/2019 financial years:

| <b>At 31 March 2018</b> |  | <b>At 31 March 2019</b> |
|-------------------------|--|-------------------------|
| <b>£</b>                |  | <b>£</b>                |
| <b>2,437,000</b>        | <b>Opening Defined Benefit Obligation</b>                | <b>2,509,000</b>        |
| 108,000                 | Current service cost                                     | 103,000                 |
| 68,000                  | Interest cost  | 65,000                  |
| 0                       | Change in demographic assumptions                        | -144,000                |
| -86,000                 | Change in financial assumptions                          | 158,000                 |
| 0                       | Experience loss / (-) gain on defined benefit obligation | 0                       |
| 0                       | Liabilities assumed / (-) Extinguished on settlements    | 0                       |
| -34,000                 | Estimated benefits paid (net of transfer in)             | -26,000                 |
| 0                       | Past service costs, including curtailments               | 0                       |
| 16,000                  | Contribution by scheme participants                      | 16,000                  |
| 0                       | Unfunded pension payments                                | 0                       |
| <b>2,509,000</b>        | <b>Closing Defined Benefit Obligation</b>                | <b>2,681,000</b>        |

The following table provides a reconciliation of fair values of the schemes assets of the Committee during the 2017/2018 and 2018/2019 financial years:

| At 31<br>March 2018<br>£ |  | At 31 March<br>2019<br>£ |
|--------------------------|--|--------------------------|
| 1,164,000                | <b>Opening fair value of scheme assets</b>           | 1,286,000                |
|                          | Expected return on scheme assets                     |                          |
| 34,000                   | Interest on assets                                   | 34,000                   |
| -2,000                   | Return on assets less interest                       | 97,000                   |
| 0                        | Other actuarial gains / (-) losses                   | 0                        |
| 0                        | Administration expenses                              | 0                        |
| 108,000                  | Contribution by employer including unfunded benefits | 49,000                   |
| 16,000                   | Contribution by scheme participants                  | 16,000                   |
| -34,000                  | Estimated benefits paid including unfunded benefits  | -26,000                  |
| 0                        | Settlement prices received / (-) paid                | 0                        |
| <b>1,286,000</b>         | <b>Closing fair value of scheme assets</b>           | <b>1,456,000</b>         |

The interest income on scheme assets and interest expense on scheme liabilities is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date (31 March 2019). Expected returns on equity investments reflect long term rates of return experienced in the respective markets.

The total return on the fund for the year to 31 March 2019 was £131,000 (2017/2018 £32,000).

#### d. Scheme History

|                              | 2016/2017<br>£   | 2017/2018<br>£   | 2018/2019<br>£   |
|------------------------------|------------------|------------------|------------------|
| Present value of liabilities | 2,437,000        | 2,509,000        | 2,681,000        |
| Fair Value of assets         | -1,164,000       | -1,286,000       | -1,456,000       |
| Rounding Adjustment          |                  |                  | 1                |
| <b>Surplus/ (-) Deficit</b>  | <b>1,273,000</b> | <b>1,223,000</b> | <b>1,225,001</b> |

The liabilities show the underlying commitments that the Committee has in the long run to pay for post-employment (retirement) benefits. The total liability of £1,225,000 has a substantial impact on the net worth of the Committee as recorded in the balance sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Committee remains healthy; the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the pension scheme by the Committee in the year to 31 March 2019 are £49,000 (2017/2018 £108,000). This decrease reflects the three year payment lump sum paid in April 2017.

**e. Projected Pension Expenditure**

The projected pension expenses for the year to 31 March 2020 are:

|                         | £              |
|-------------------------|----------------|
| Service Cost            | 103,000        |
| Interest Cost           | 30,000         |
| Administration Expenses | 1,000          |
| <b>Total</b>            | <b>134,000</b> |
| Employer Contributions  | 49,000         |

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2019. These projections are based on the assumptions as at 31 March 2019, as described in the actuary's report.

**f. Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates and salary levels. The Nottinghamshire County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme at 31 March 2016.

Under the projected unit method, the current service cost will increase as the Members of the scheme approach retirement.

The main assumptions used by the actuary in their calculations have been:

| 2017/2018<br>% |   | 2018/2019<br>% |
|----------------|---|----------------|
|                | <b>Mortality assumptions:</b>           |                |
|                | Longevity at 65 for current pensioners: |                |
| 22.6           | Men                                     | 21.6           |
| 25.6           | Women                                   | 24.4           |
|                | Longevity at 65 for future pensioners:  |                |
| 24.8           | Men                                     | 23.3           |
| 27.9           | Women                                   | 26.2           |
|                | <b>Financial Assumptions:</b>           |                |
| 2.6            | Discount Rate                           | 2.5            |
| 2.3            | Pension Increases                       | 2.4            |
| 3.8            | Salary Increases                        | 3.9            |

**Additional Assumptions:**

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

|   | <b>Increase in Assumption</b><br>£ | <b>Decrease in Assumption</b><br>£ |
|---|------------------------------------|------------------------------------|
| Rate for discounting scheme liabilities<br>(increase or decrease by 0.1%)   | 2,620,000                          | 2,744,000                          |
| Rate of increase in salaries<br>(increase or decrease by 0.1%)              | 2,690,000                          | 2,672,000                          |
| Rate of increase in pensions<br>(increase or decrease by 0.1%)              | 2,735,000                          | 2,628,000                          |
| Adjustment to mortality age (longevity)<br>(increase or decrease in 1 year) | 2,778,000                          | 2,587,000                          |

**13. USABLE RESERVES**

This note sets out the amounts set aside to provide financing for future expenditure plans, subject to the need to provide a prudent level of reserves and any statutory limitations on their use.

The table below shows the usable reserves held by the Committee:

| <b>2017/2018</b><br>£ | <b>Usable Reserves</b>       | <b>2018/2019</b><br>£ |
|-----------------------|------------------------------|-----------------------|
| 764,707               | Capital Fund                 | 800,698               |
| 299,901               | General Reserve              | 248,366               |
| <b>1,064,608</b>      | <b>Balance at 31st March</b> | <b>1,049,064</b>      |

**Capital Fund**

This reserve represents amounts set aside to finance capital expenditure:

| <b>2017/2018</b><br>£ | <b>Capital Fund</b>              | <b>2018/2019</b><br>£ |
|-----------------------|----------------------------------|-----------------------|
| 1,131,515             | <b>Balance at 1st April</b>      | 764,707               |
| -492,997              | Financing of Capital Expenditure | 0                     |
| 126,189               | Contributions                    | 35,991                |
| <b>764,707</b>        | <b>Balance at 31st March</b>     | <b>800,698</b>        |



## General Reserve

This reserve represents the balance of the undistributed surpluses:

| 2017/2018<br>£ | General Reserves             | 2018/2019<br>£ |
|----------------|------------------------------|----------------|
| 187,500        | <b>Balance at 1st April</b>  | 299,901        |
| 112,401        | Movement in Year             | -51,535        |
| <b>299,901</b> | <b>Balance at 31st March</b> | <b>248,366</b> |

## 14. UNUSABLE RESERVES

This note sets out those reserves which hold unrealised gains and losses which the Committee is not able to use.

The table below shows the unusable reserves held by the Committee:

| 2017/2018<br>£ | Unusable Reserves            | 2018/2019<br>£   |
|----------------|------------------------------|------------------|
| 97,413         | Revaluation Reserve          | 461,397          |
| 1,896,067      | Capital Adjustment Account   | 1,815,651        |
| -1,262,919     | Pension Reserve              | -1,244,960       |
| <b>730,561</b> | <b>Balance at 31st March</b> | <b>1,032,088</b> |

## Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account. The last revaluation of the Crematorium assets was undertaken on 1 April 2018.

| 2017/2018<br>£ | Revaluation Reserve  | 2018/2019<br>£ |
|----------------|--|----------------|
| 103,627        | <b>Balance at 1st April</b>  | 97,413         |
| 0              | Upwards Revaluation of Assets  | 382,540        |
| -6,214         | Historic Cost Depreciation   | -18,556        |
| 0              | Downward revaluation of assets and impairment losses not charged to the Comprehensive Income and Expenditure Statement | 0              |
| <b>97,413</b>  | <b>Balance at 31st March</b>   | <b>461,397</b> |

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement. Depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Committee as finance for the costs of acquisition, construction and enhancement.

| 2017/2018<br>£   | Capital Adjustment Account   | 2018/2019<br>£   |
|------------------|--|------------------|
| 1,740,563        | <b>Balance at 1st April</b>  | 1,896,067        |
|                  | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: |                  |
|                  | Charges for Depreciation and impairment of non current assets  |                  |
| -343,707         |  | -98,972          |
| 6,214            | Historic Cost Depreciation   | 18,556           |
| 0                | Revaluation losses on Property Plant and Equipment   | 0                |
|                  | <b>Capital Financing in the Year</b>   |                  |
| 492,997          | Use of Capital Fund to finance capital expenditure   | 0                |
| <b>1,896,067</b> | <b>Balance at 31st March</b>   | <b>1,815,651</b> |

### Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be

financed when the Committee makes employer's contributions to the pension funds, or eventually pay any pensions for which it is directly responsible. Therefore, the debit balance on the Pension Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Committee has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2017/2018<br>£    | Pension Reserve   | 2018/2019<br>£    |
|-------------------|---|-------------------|
| -1,273,000        | Balance at 1st April  | -1,262,919        |
| 84,000            | Re-measurement of the net defined benefit liability/(asset)   | 83,000            |
| -142,000          | Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | -134,000          |
| 108,000           | Employers Pension contributions and direct payments to pensioners in the year   | 49,000            |
| -39,919           | Pension Lump Sum Yr 3   | 19,959            |
| <b>-1,262,919</b> | <b>Balance at 31st March</b>  | <b>-1,244,960</b> |

The Pension Reserve will show the amount of the prepaid pension lump sum payment, for 2017/2018 this is £39,919. In 2018/2019 this will reduce to £19,959 and will be zero in 2019/2020, which is the end of the three year period.

## 15. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are shown in the below:

| 2017/2018<br>£ | Cash and Cash Equivalents               | 2018/2019<br>£ |
|----------------|---|----------------|
| 150            | Petty Cash                              | 150            |
| 1,606,979      | Cash held by Mansfield District Council | 1,691,189      |
| 1,607,129      | <b>Balance at 31st March</b>            | 1,691,339      |

## 16. SURPLUS FOR DISTRIBUTION

The table below shows the values from the Movement in Reserves Statement and Comprehensive Income and Expenditure Statement that comprise the total surplus for distribution:

| 2017/2018<br>£  |   | 2018/2019<br>£  |
|-----------------|---|-----------------|
| -660,800        | CIES - Total Comprehensive Income and Expenditure (Prior to Surplus Distribution) | -1,086,291      |
| -95,036         | MIRS - Transfers to/(-)from Reserves  | 285,983         |
| <b>-755,836</b> | <b>Total Surplus for Distribution</b>   | <b>-800,308</b> |

## **17. MEMBERS ALLOWANCES**

No recharges in respect of members' allowances have been made to the Joint Committee by the constituent authorities in 2018/2019 or in 2017/2018.

## **18. EXTERNAL AUDIT COSTS**

The Committee incurred external audit fees (Audit Lincolnshire) in 2018/2019 of £1,583 (£1,583 in 2017/2018).

## **19. RELATED PARTIES**

The transactions with related parties are disclosed in the statement of accounts as follows:

- Transactions with local authorities within the Comprehensive Income and Expenditure Statement as central support services and the distribution of the surplus

The three constituent local authorities maintain a register of members' interests and a record of interests declared at Cabinet and Committee meetings. There were no material transactions with organisations identified in these records.

## **20. AUTHORISATION OF THE ACCOUNTS FOR APPROVAL**

The statement of accounts for Mansfield Joint Crematorium Committee was signed by the responsible financial officer on the 28 May 2019.

## **Mansfield Crematorium**

### **ANNUAL GOVERNANCE STATEMENT**

**2018/2019**

It is a requirement that a separate Governance Statement is produced for any joint committees for approval by their relevant management body. Mansfield Crematorium has adopted Mansfield District Council's governance arrangements as detailed below.

#### **1. Scope of Responsibility**

- 1.1 Mansfield District Council 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. Mansfield District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Mansfield District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Mansfield District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. A copy of the code is on the Council's website or can be obtained from the Civic Centre, Chesterfield Road South, Mansfield, NG19 7BH. This statement explains how Mansfield District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1) which requires all relevant bodies to prepare an annual governance statement.

#### **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the

achievement of Mansfield District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at Mansfield District Council for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

3. **Statement of Overall Opinion**

3.1 It is our opinion, based upon the content of the AGS that the Mansfield Crematorium's governance framework is robust and that the governance arrangements have proved to be highly effective during 2018/2019.

Chairman of Joint Committee .....

Date .....

Treasurer .....

Date .....

#### 4. The Governance Framework

##### Vision and Priorities

- 4.1 The Council's vision and priorities are contained in its Corporate Plan. All departments are required to develop service delivery plans which link to the Corporate Plan.

The vision of Mansfield District Council is to:

“maintain a safe and caring district where everybody can succeed”

The Council's vision will be realised through a set of priority areas around economic prosperity, quality of life and community safety.

The Council's key priorities until 2019 are:

- A thriving, vibrant and sustainable district
- Strong, safe and resilient communities
- Clean and welcoming environment

With cross cutting themes of fairness and equality and facing financial challenges.

- 4.2 The Council's Corporate Values of Excellence, Integrity, Teamwork, Empower and Involve, and Passion and Pride summarise its way of thinking to deliver positive outcomes for its customers.

Underpinning the Corporate Values is its commitment to equality as it aims to treat everyone fairly and strives to achieve equality for its diverse communities.

- 4.3 The Council's Long Term Financial Strategy (LTFS) for 2019/2020 to 2028/2029 supports the Corporate Plan and identifies its financial implications. It shows the approach the council will take in order to deliver its services and priorities within its financial constraints and in doing so how it will look to provide value for money.
- 4.4 The Council is currently delivering its Transformation Plan which sets out how the Council will become an innovative, efficient, customer focussed, high performing 21<sup>st</sup> Century Authority.

##### Quality of Services

- 4.5 The Council has an ongoing commitment to community engagement and empowerment and has a Community Involvement Strategy and toolkit to accompany the Customer Insight and Journey Mapping toolkits.
- 4.6 The Council has a performance management software package which brings together all the Council's performance data in one place and enables effective monitoring of performance in respect of Corporate Plan actions and key indicators.

- 4.7 The Council in accordance with its Contract Procedure Rules and Procurement Guidance aims to promote effective procurement practices across the whole organisation to support delivery of the Council's Corporate Plan.
- 4.8 The Council has in place a corporate complaints system which ensures effective monitoring and action is taken where appropriate.

#### Constitutional Matters

- 4.9 The Mansfield Crematorium's Joint Committee has adopted a constitution, which details how the Crematorium operates and its decision making policies and procedures.
- 4.10 It has been agreed during 2018/2019 with HMRC that Mansfield Crematorium's Joint Committee will be classed as an arms-length body for VAT purposes from April 2019.

#### Codes of Conduct

- 4.11 The Council has adopted codes of conduct for both members and employees and also has a protocol for member/employee/partner relations. The codes include reference to the need to declare any interest which may conflict with the individual's role at the Council, with registers maintained for any such interest to be recorded and monitored.
- 4.12 Compliance with the member and employee codes of conduct is currently monitored by the Council's Standards and Personnel Committees respectively but will be the responsibility of the new Governance and Ethics Committee from May 2019.
- 4.13 The Council has in place a whistle-blowing code which ensures that any referrals under the code are fully investigated, with findings reported to the Statutory Officers, senior managers and the Audit Committee as appropriate.

#### Policies, Procedures, Laws and Regulations

- 4.14 The Assistant Chief Executive Officer is designated as the Council's Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations.
- 4.15 The financial management of the authority is conducted in accordance with the relevant provisions of the Constitution and the Council's Financial Regulations. The Council has designated the Head of Finance as the Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.
- 4.16 The Council's Local Code of Corporate Governance fully conforms with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government*.



4.17 The Council maintains an Internal Audit Service, which operates in accordance with the Accounts and Audit Regulations 2015, the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note (2019).

4.18 The Council has robust policies and procedures relating to the use of resources and the corporate governance framework, including revised Corporate Risk and Opportunity Management Strategy, Financial Regulations and Contract Procedure Rules, Scheme of Delegation, IT Strategy and Anti-Fraud and Corruption Strategy.

#### Risk and Opportunity Management

4.19 The Council recognises that it has a responsibility to identify, evaluate and manage risks whilst still creating a fertile climate for innovation. It therefore supports a structured approach through the implementation of its risk and opportunity management strategy with an annual report on its effectiveness.

4.20 The Council has a Corporate Risk and Opportunity Monitoring Group which has clear roles and responsibilities, including monitoring implementation of the effective delivery of the Corporate Risk and Opportunity Management Strategy across the authority. In addition the Council's Audit Committee is responsible for monitoring the effective development and operation of risk and opportunity management.

4.21 The significant operational risks identified for the Crematorium are fully mitigated by its Business Continuity Plan which is approved by the Mansfield Crematorium's Joint Committee.

#### Audit Committee

4.22 The Council has an Audit Committee which is fully compliant with the guidance provided in CIPFA's *Audit Committees – Practical Guidance for Local Authorities 2018 edition*.

4.23 The Council has approved the merger of the Audit and Standards Committees with a new Governance and Ethics Committee being established from May 2019.

#### Development and Training Needs

4.24 There is an induction programme in place for newly appointed officers and members, with their ongoing training needs being determined by means of one to one discussions with members and annual interviews of employees in accordance with the Council's personal development scheme.

4.25 There are opportunities for members and officers to update their knowledge on a regular basis by using the Council's training and development programme, which includes training on corporate governance.

4.26 The Council also has a peer coaching and mentoring programme for members and has a management development programme for officers based upon the Council's competency framework.

4.27 In accordance with the Member Development Charter for the East Midlands, the Council has a comprehensive member development programme in place.

## 5. Review of Effectiveness

5.1 Mansfield District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit and Assurance Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

5.2 The process that has been applied in reviewing the effectiveness of the Council's governance framework includes:

5.3 The Council has carried out a self-assessment of its compliance with the CIPFA Statement on the *Role of the Head of Internal Audit in Public Service Organisations (2019 edition)* with no areas of non-compliance being identified.

5.4 The Audit and Assurance Manager's review of the Council's level of compliance with its adopted Local Code of Corporate Governance, which is to be reported to the Governance and Ethics Committee in June 2019, identified no significant governance issues relating to Mansfield Crematorium.

5.5 The Audit and Assurance Manager has completed a review of the Council's ethical governance arrangements using good practice guidance as a benchmark, with an overall excellent assurance level being achieved.

5.6 The Standards Committee monitors members' compliance with the Code of Conduct and considers any action required from this monitoring. No significant issues have been identified.

5.7 The Council's counter fraud and corruption arrangements have been reviewed during 2018/2019 to ensure that they continue to be effective and are fully compliant with both the Local Government Counter Fraud and Corruption strategy 2016-2019 and CIPFA's Code of Practice on "managing the risk of fraud and corruption". Areas for improvement identified have been included in the Council's Annual Governance Statement.

5.8 An action plan to ensure that the Council has effective and proportionate corporate risk and opportunity management arrangements was endorsed by the Audit Committee in January 2019.

5.9 The Council has a number of Overview and Scrutiny Committees which provide an overview and scrutiny role. They can "call in" a decision which has been made by the Executive or an officer (where the decision is a key decision) but not yet implemented, to enable them to consider whether they consider the decision is appropriate. They also enquire into issues which are of local concern.

- 5.10 The Audit Committee received a variety of reports during 2018/2019 both from internal assurance providers and from external audit in accordance with its terms of reference as detailed in the Council's constitution.
- 5.11 The audit of the Crematorium's accounts carried out by Assurance Lincolnshire gave an unqualified opinion.
- 5.12 No areas for improvement were identified from Internal Audit's systems review of the Crematorium.
- 5.13 The Audit and Assurance Manager's Annual Report for 2018/2019 concluded that the Council's risk management, control and governance processes were effective and therefore an unqualified opinion was given.
- 5.14 External Audit's Annual Governance report, which summarises the findings from their 2017/2018 audit work gave an unqualified opinion on the Council's financial statements and did not identify any material weaknesses in the design or operation of internal control.

## Glossary of Financial and Accounting Terms

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**PLEASE NOTE:** *This glossary provides an explanation of terms, not precise definitions. It should not be used as a substitute for the more detailed and specific definitions given in statute, codes of practice and technical guidance. It should be used in conjunction with explanations provided within and supporting the accounting statements.*

**ACCOUNTING PERIOD** – the period of time covered by the accounts, which is normally 12 months commencing on 1 April and finishing on 31 March the following year. The end of the accounting period is the Balance Sheet date.

**ACCRUAL** – an amount included in the accounts to cover income or expenditure relating to an accounting period but for which payment has not been received or made. This means that income and expenditure is recognised in the accounts when they are earned or incurred, not when money is exchanged.

**BALANCE SHEET** – a statement of the recorded assets, liabilities and other balances as they stand in monetary terms, at the end of an accounting period.

**BUDGET** – a statement defining the Committee's financial plans over a specified period of time (usually an accounting period 1 April to 31 March).

**CAPITAL ADJUSTMENT ACCOUNT** - this absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

**CAPITAL FUND** – this fund receives contributions from the Comprehensive Income and Expenditure to accumulate funds for capital expenditure.

**CAPITAL EXPENDITURE** – this includes expenditure on the acquisition of, or major enhancement of fixed assets such as land, property and other structures.

**CREDITORS** – an amount owed by the Committee for work done, goods received or services rendered relating to the accounting period, but for which payment has not yet been made.

**CURRENT ASSETS** – an asset held at the balance sheet date, which will be used within the following accounting period; for example, stock, cash and debtors.

**CURRENT LIABILITY** – an amount owing at the balance sheet date, which will be paid in the next accounting period; for example, creditors, cash and loan repayments.

**DEBTORS** – an amount owing to the Committee relating to the accounting period, but for which money has not yet been received.

**DEPRECIATION** – the measure of the reduction in value of a non-current asset due to age, consumption or other reduction in useful life during the accounting period.

**GENERAL RESERVE** – amounts put aside, but not allocated to meet, any future spending commitments.

**IMPAIRMENT** – this reflects a REDUCTION in the market value of a non-current asset due to significant changes in the market (i.e. introduction of new technology), obsolescence, or damage, etc.

**NET BOOK VALUE** – the amount at which non-current assets are included (valued) in the balance sheet, i.e. their historic value or current valuation less depreciation.

**NET REALISABLE VALUE** – the open market value of an asset in its existing use.

**PENSION RESERVE** - this absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

**PROVISIONS** – pre-determined amounts put aside in the accounts for liabilities or losses which are certain or very likely to occur, but the amounts involved or the date when they need to be settled are uncertain.

**REVENUE EXPENDITURE** – running costs of services, which include employees, premises, transport, interest, supplies and services.

## Independent auditor's report.



### AUDIT OF MANSFIELD CREMATORIUM FINAL ACCOUNTS 2018/2019

#### Remit

An audit of the Mansfield and District Crematorium Joint Committee accounts 2018/19 has recently been undertaken by Assurance Lincolnshire.

#### Opinion

In our opinion, the statement of accounts presents fairly the Crematorium's Comprehensive Income and Expenditure Statement (CIES) for the year ended 31<sup>st</sup> March 2019 and the Balance sheet as at that date. The statements are fully supported with the underlying financial records.

Auditors: Assurance Lincolnshire

Signed:

A Hunt (Principal Auditor)

Handwritten signature of A Hunt, Principal Auditor.

M Nkhoma (Senior Auditor)

Handwritten signature of M Nkhoma, Senior Auditor.

# Mansfield and District Joint Crematorium Nottinghamshire County Council Pension Fund

Pension accounting disclosure as at 31 March 2019  
Prepared in accordance with IAS19

**Barnett Waddingham LLP**

4 April 2019

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## Introduction

We have been instructed by Nottinghamshire County Council, the administering authority to the Nottinghamshire County Council Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to employees of Mansfield and District Joint Crematorium (the Employer) as at 31 March 2019. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report is addressed to the Employer and its advisers; in particular, this report is likely to be of relevance to the Employer's auditor.

These figures are prepared in accordance with our understanding of International Accounting Standard 19 (IAS19).

This advice complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100).

The figures quoted will form the basis of the balance sheet and funding status disclosures to be made by the Employer as at 31 March 2019 in respect of its pension obligations under the LGPS. The projected pension expense calculations for the year to 31 March 2020 may be used for the purpose of any interim financial reporting during the year to 31 March 2020. However, it may subsequently be necessary to adjust these projections following the occurrence of any material events such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund.

Please note that no allowance has been made for the recent McCloud judgement which relates to age discrimination within the New Judicial Pension Scheme. It is currently unclear how this judgement may affect LGPS members' past or future service benefits. We continue to participate in discussions with the governing bodies of the LGPS to understand how this may affect mechanisms within the scheme, however, at the time of producing the report no guidance or indication of the likely impact of this ruling has been provided to funds.

Please note we have not made any allowance for IFRIC14 in our calculations. We would be happy to speak to the Employer or their auditor if more information is required.

IAS19 also requires the disclosure of any other employer provided pension benefits which are not paid from the Fund itself: examples include additional pensions paid on retirement under the Discretionary Payment Regulations. We have only valued such additional liabilities, which would not be covered in the formal LGPS valuation, to the extent that they have been notified to us and are as disclosed in the Valuation data section of this report.

## Characteristics of defined benefit plans and associated risks

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet.

The administering authority for the Fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottinghamshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

## Valuation data

### Data sources

In completing our calculations for pension accounting purposes we have used the following items of data, which we received from Nottinghamshire County Council:

- The results of the valuation as at 31 March 2016 which was carried out for funding purposes and the results of the 31 March 2018 IAS19 report which was carried out for accounting purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2019;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2016, 31 March 2018 and 31 December 2018, Fund income and expenditure as noted above, and estimated market returns thereafter for the period to 31 March 2019;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2019; and
- Details of any new early retirements for the period to 31 March 2019 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.

Although some of these data items have been estimated, we do not believe that they are likely to have a material effect on the results of this report. Further, we are not aware of any material changes or events since we received the data. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice.

### Employer membership statistics

The table below summarises the membership data, as at 31 March 2016 for members receiving funded benefits, and as at 31 March 2016 for any members receiving unfunded benefits.

| Member data summary | Number | Salaries/Pensions | Average age |
|---------------------|--------|-------------------|-------------|
|                     |        | £000s             |             |
| Actives             | 12     | 223               | 50          |
| Deferred pensioners | 6      | 5                 | 45          |
| Pensioners          | 5      | 20                | 58          |
| Unfunded pensioners | 2      | 0                 | 69          |

The service cost for the year ending 31 March 2019 is calculated using an estimate of the total pensionable payroll during the year. The estimated total pensionable payroll during the year is £274,000, as advised by the Employer. The projected service cost for the year ending 31 March 2020 has been calculated assuming the payroll remains at this level over the year.

## Scheduled contributions

The table below summarises the minimum employer contributions due from Mansfield and District Joint Crematorium to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 17.7% of payroll p.a. The monetary amounts are due to be paid 0.

| Minimum employer contributions due for the period beginning | 1 Apr 2017 | 1 Apr 2018 | 1 Apr 2019 |
|---|------------|------------|------------|
| Percent of payroll  | 17.7%      | 17.7%      | 17.7%      |
| plus monetary amount (£000s)                                | 21         | 21         | 22         |

Mansfield and District Joint Crematorium may pay further amounts at any time and future periodic contributions, or the timing of contributions may be adjusted on a basis approved by us.

## Early retirements

We requested data on any early retirements in respect of the Employer from the administering authority for the year ending 31 March 2019.

It is our understanding that there were no new early retirements over the year which were not allowed for at the previous accounting date.

## Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2019 is estimated to be 10%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Mansfield and District Joint Crematorium as at 31 March 2019 is as follows:

| Asset breakdown              | 31 Mar 2019  |             | 31 Mar 2018  |             |
|------------------------------|--------------|-------------|--------------|-------------|
|                              | £000s        | %           | £000s        | %           |
| Equities                     | 874          | 60%         | 846          | 66%         |
| Gilts                        | 42           | 3%          | 29           | 2%          |
| Other bonds                  | 145          | 10%         | 150          | 12%         |
| Property                     | 226          | 16%         | 162          | 13%         |
| Cash                         | 44           | 3%          | 25           | 2%          |
| Inflation-linked pooled fund | 53           | 4%          | 32           | 2%          |
| Infrastructure               | 72           | 5%          | 42           | 3%          |
| <b>Total</b>                 | <b>1,456</b> | <b>100%</b> | <b>1,286</b> | <b>100%</b> |

We have estimated the bid values where necessary. Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%. The final asset allocation of the Fund assets as at 31 March 2019 is likely to be different from that shown due to estimation techniques.

Based on the above, the Employer's share of the assets of the Fund is less than 1%.

We received the following information from the administering authority regarding the detail of their assets as at 31 December 2018, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not).

| Asset breakdown                             |                            | 31 Dec 2018  |              |
|---|----------------------------|--------------|--------------|
|   |                            | % Quoted     | % Unquoted   |
| <b>Fixed Interest Government Securities</b> |                            |              |              |
|   | UK                         | 2.9%         | -            |
| <b>Corporate Bonds</b>                      |                            |              |              |
|   | UK                         | 9.5%         | -            |
|   | Overseas                   | 0.4%         | -            |
| <b>Equities</b>                             |                            |              |              |
|   | UK                         | 23.2%        | 0.1%         |
|   | Overseas                   | 34.2%        | -            |
| <b>Property</b>                             |                            |              |              |
|   | All                        | -            | 15.5%        |
| <b>Others</b>                               |                            |              |              |
|   | Private Equity             | -            | 2.5%         |
|   | Infrastructure             | -            | 4.9%         |
|   | Inflation Linked           | -            | 3.6%         |
|   | Cash/Temporary Investments | -            | 3.0%         |
| <b>Total</b>                                |                            | <b>70.3%</b> | <b>29.7%</b> |

We do not have any further detail on the current asset allocation of the Fund; we suggest that if further information is required the administering authority is contacted in the first instance. Please note that as above, no adjustments for presentational purposes have been made to the percentages shown.

## Actuarial methods and assumptions

### Valuation approach

#### Valuation of the Employer's liabilities

To assess the value of the Employer's liabilities at 31 March 2019, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2016, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2019 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2019 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

#### Valuation of the Employer's assets

To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2016 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The Employer currently participates in the Small Scheduled Bodies pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2016 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 2019 valuation, should the Employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

## Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes". More information on the current method of equalisation of public service pension schemes can be found [here](#).

On 22 January 2018, the Government published the outcome to its *Indexation and equalisation of GMP in public service pension schemes* consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016. Details of this outcome and the Ministerial Direction can be found [here](#).

Our valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. Therefore we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome.



## Demographic/Statistical assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 100% for males and 90% for females. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.5% p.a..

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI\_2018, which was released in March 2019. We have adopted the default smoothing parameter of 7.0 and have not applied an additional initial rate, while continuing to adopt a long term improvement rate of 1.5% p.a. At the last accounting date, the CMI\_2015 Model was adopted. The effect of updating to the most recent model is reflected in the *Change in demographic assumptions* figure in Appendix 3.

The assumed life expectations from age 65 are:

| Life expectancy from age 65 (years) | 31 Mar 2019 | 31 Mar 2018 |
|-------------------------------------|-------------|-------------|
| Retiring today                      |             |             |
| Males                               | 21.6        | 22.6        |
| Females                             | 24.4        | 25.6        |
| Retiring in 20 years                |             |             |
| Males                               | 23.3        | 24.8        |
| Females                             | 26.2        | 27.9        |

We have also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

## Financial assumptions

The financial assumptions used to calculate the results are as follows:

| Assumptions as at | 31 Mar 2019 | 31 Mar 2018 | 31 Mar 2017 |
|-------------------|-------------|-------------|-------------|
|                   | % p.a.      | % p.a.      | % p.a.      |
| Discount rate     | 2.45%       | 2.60%       | 2.80%       |
| Pension increases | 2.40%       | 2.30%       | 2.70%       |
| Salary increases  | 3.90%       | 3.80%       | 4.20%       |

These assumptions are set with reference to market conditions at 31 March 2019.

Our estimate of the Employer's past service liability duration is 24 years.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.4% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts and is consistent with the approach used at the previous accounting date.

Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, we have allowed for a short-term overlay from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

## Past service costs/gains

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

We are not aware of any additional benefits which were granted over the year ending 31 March 2019.

## Curtailments

We have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Employer may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, we have only calculated the cost of curtailments which affect the Employer's LGPS pension liabilities.

We calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, we understand no employees were permitted by the Employer to take unreduced early retirement that they would not otherwise have been entitled to.

## Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

## Results and disclosures

We estimate that the value of the net liability as at 31 March 2019 is a liability of £1,225,000.

The results of our calculations for the year ended 31 March 2019 are set out in the appendices below:

- Appendix 1 sets out the Statement of financial position as at 31 March 2019;
- Appendix 2 sets out the Statement of profit and loss for the year ended 31 March 2019;
- Appendix 3 details a reconciliation of assets and liabilities during the year;
- Appendix 4 shows a sensitivity analysis on the major assumptions;
- Appendix 5 shows the Re-measurements in other comprehensive income for the year;
- Appendix 6 contains our estimates of the projected profit and loss account costs for the year ending 31 March 2020. Please note that no allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the value of liabilities. It is only an estimate so actual experience over the year is likely to differ. We have not provided balance sheet projections on the basis that they will depend upon market conditions and the asset value of the Fund at the end of the following year.

The figures presented in this report are prepared only for the purposes of IAS19. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

We would be pleased to answer any questions arising from this report.



**Barry McKay FFA**  
**Associate**

## Appendix 1 Statement of financial position as at 31 March 2019

| Net pension asset as at                         | 31 Mar 2019  | 31 Mar 2018  | 31 Mar 2017  |
|---|--------------|--------------|--------------|
|   | £000s        | £000s        | £000s        |
| Present value of the defined benefit obligation | 2,674        | 2,502        | 2,430        |
| Fair value of Fund assets (bid value)           | 1,456        | 1,286        | 1,164        |
| <b>Deficit / (Surplus)</b>                      | <b>1,218</b> | <b>1,216</b> | <b>1,266</b> |
| Present value of unfunded obligation            | 7            | 7            | 7            |
| Unrecognised past service cost                  | -            | -            | -            |
| Impact of asset ceiling                         | -            | -            | -            |
| <b>Net defined benefit liability / (asset)</b>  | <b>1,225</b> | <b>1,223</b> | <b>1,273</b> |

## Appendix 2 Statement of profit and loss for the year to 31 March 2019

| The amounts recognised in the profit and loss statement are: | Year to     | Year to     |
|--|-------------|-------------|
|  | 31 Mar 2019 | 31 Mar 2018 |
|  | £000s       | £000s       |
| Service cost   | 103         | 108         |
| Net interest on the defined liability (asset)                | 31          | 34          |
| Administration expenses                                      | -           | -           |
| <b>Total loss (profit)</b>                                   | <b>134</b>  | <b>142</b>  |

## Appendix 3 Asset and benefit obligation reconciliation for the year to 31 March 2019

| Reconciliation of opening & closing balances of the present value of the defined benefit obligation | Year to      | Year to      |
|---|--------------|--------------|
|   | 31 Mar 2019  | 31 Mar 2018  |
|   | £000s        | £000s        |
| <b>Opening defined benefit obligation</b>   | <b>2,509</b> | <b>2,437</b> |
| Current service cost  | 103          | 108          |
| Interest cost   | 65           | 68           |
| Change in financial assumptions   | 158          | (86)         |
| Change in demographic assumptions   | (144)        | -            |
| Experience loss/(gain) on defined benefit obligation  | -            | -            |
| Liabilities assumed / (extinguished) on settlements   | -            | -            |
| Estimated benefits paid net of transfers in   | (26)         | (34)         |
| Past service costs, including curtailments  | -            | -            |
| Contributions by Scheme participants and other employers  | 16           | 16           |
| Unfunded pension payments   | -            | -            |
| <b>Closing defined benefit obligation</b>   | <b>2,681</b> | <b>2,509</b> |

| Reconciliation of opening & closing balances of<br>the fair value of Fund assets | Year to      | Year to      |
|--|--------------|--------------|
|  | 31 Mar 2019  | 31 Mar 2018  |
|  | £000s        | £000s        |
| <b>Opening fair value of Fund assets</b>   | <b>1,286</b> | <b>1,164</b> |
| Interest on assets   | 34           | 34           |
| Return on assets less interest   | 97           | (2)          |
| Other actuarial gains/(losses)   | -            | -            |
| Administration expenses  | -            | -            |
| Contributions by employer including unfunded                                     | 49           | 108          |
| Contributions by Scheme participants and other employers                         | 16           | 16           |
| Estimated benefits paid plus unfunded net of transfers in                        | (26)         | (34)         |
| Settlement prices received / (paid)  | -            | -            |
| <b>Closing Fair value of Fund assets</b>   | <b>1,456</b> | <b>1,286</b> |

The total return on the fund assets for the year to 31 March 2019 is £131,000.



## Appendix 4 Sensitivity analysis

| Sensitivity analysis                                     | £000s   | £000s | £000s    |
|--|---------|-------|----------|
| Adjustment to discount rate                              | +0.1%   | 0.0%  | -0.1%    |
| Present value of total obligation                        | 2,620   | 2,681 | 2,744    |
| Projected service cost                                   | 101     | 103   | 106      |
| Adjustment to long term salary increase                  | +0.1%   | 0.0%  | -0.1%    |
| Present value of total obligation                        | 2,690   | 2,681 | 2,672    |
| Projected service cost                                   | 103     | 103   | 103      |
| Adjustment to pension increases and deferred revaluation | +0.1%   | 0.0%  | -0.1%    |
| Present value of total obligation                        | 2,735   | 2,681 | 2,628    |
| Projected service cost                                   | 106     | 103   | 101      |
| Adjustment to life expectancy assumptions                | +1 Year | None  | - 1 Year |
| Present value of total obligation                        | 2,778   | 2,681 | 2,587    |
| Projected service cost                                   | 106     | 103   | 100      |

## Appendix 5 Re-measurements in other comprehensive income

| Remeasurement of the net assets / (defined liability)        | Year to     | Year to     |
|--|-------------|-------------|
|  | 31 Mar 2019 | 31 Mar 2018 |
|  | £000s       | £000s       |
| Return on Fund assets in excess of interest                  | 97          | (2)         |
| Other actuarial gains/(losses) on assets                     | -           | -           |
| Change in financial assumptions                              | (158)       | 86          |
| Change in demographic assumptions                            | 144         | -           |
| Experience gain/(loss) on defined benefit obligation         | -           | -           |
| Changes in effect of asset ceiling                           | -           | -           |
| <b>Remeasurement of the net assets / (defined liability)</b> | <b>83</b>   | <b>84</b>   |

## Appendix 6 Projected pension expense for the year to 31 March 2020

| Projections for the year to 31 March 2020     | Year to<br>31 Mar 2020<br>£000s |
|---|---------------------------------|
| Service cost                                  | 103                             |
| Net interest on the defined liability (asset) | 30                              |
| Administration expenses                       | 1                               |
| <b>Total loss (profit)</b>                    | <b>134</b>                      |
| <b>Employer contributions</b>                 | 49                              |

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2019. These projections are based on the assumptions as at 31 March 2019, as described in the main body of this report.

## Appendix C

| REVENUE CREMATORIUM                      | Full Year 2018-2019 |                |                 |
|--|---------------------|----------------|-----------------|
|  | Description         | Revised Budget | Actuals         |
|  | £                   | £              | £               |
| Salaries Basic Pay                       | 275,549             | 250,411        | -25,138         |
| Salaries Overtime                        | 18,000              | 22,481         | 4,481           |
| Salaries National Insurance              | 20,859              | 21,822         | 963             |
| Salaries Superannuation                  | 65,977              | 69,842         | 3,865           |
| Salaries Pension Liability               | 0                   | 34,041         | 34,041          |
| Salaries Vacancy Savings                 | -5,136              | 0              | 5,136           |
| Superann Additional Allowances           | 1,147               | 0              | -1,147          |
| Advertising Appointments                 | 0                   | 0              | 0               |
| Occupational Health Services             | 500                 | 0              | -500            |
| Apprenticeship Levy                      | 0                   | 1,091          | 1,091           |
| Training Expenses Staff                  | 3,000               | 519            | -2,481          |
| Car Allowances                           | 300                 | 114            | -186            |
| <b>Employee Related Expenditure</b>      | <b>380,196</b>      | <b>400,321</b> | <b>20,125</b>   |
| Repair/Maintenance Buildings             | 32,667              | 29,925         | -2,742          |
| Grounds Maintenance General              | 30,440              | 22,197         | -8,243          |
| EPA Testing                              | 1,500               | 1,161          | -339            |
| Repair/Maintenance Fixed Plant Cremators | 127,600             | 52,265         | -75,335         |
| Electricity                              | 45,000              | 47,290         | 2,290           |
| Gas                                      | 55,000              | 39,831         | -15,169         |
| Rent of Premises                         | 159                 | 159            | 0               |
| Business Rates                           | 90,629              | 87,902         | -2,727          |
| Sewage/Water Rates                       | 20,000              | 18,734         | -1,266          |
| Insurance                                | 16,000              | 14,636         | -1,364          |
| Cleaning Materials                       | 5,000               | 4,319          | -681            |
| <b>Premises Related Expenditure</b>      | <b>423,995</b>      | <b>318,419</b> | <b>-105,576</b> |
| Equipment Acquisitions                   | 22,000              | 0              | -22,000         |
| Furniture Acquisitions                   | 4,000               | 2,400          | -1,600          |
| Hire Vending Machines                    | 600                 | 427            | -173            |
| Light Plant and Tools                    | 5,000               | 2,142          | -2,858          |
| Bio Boxes                                | 4,000               | 3,362          | -639            |
| Office Machinery Repair/Maintenance      | 0                   | 64             | 64              |
| Office Machinery Replacement             | 1,000               | 1,789          | 789             |
| Uniforms                                 | 3,500               | 2,728          | -772            |
| Books & Publications                     | 2,000               | 0              | -2,000          |
| Printing                                 | 6,000               | 1,538          | -4,462          |
| Stationery                               | 6,000               | 3,718          | -2,282          |
| Advertising Other                        | 4,650               | 2,303          | -2,347          |
| Fees and Allowances                      | 0                   | 500            | 500             |
| Waste Collection Skips                   | 1,500               | 700            | -800            |
| Medical Referee Fees                     | 45,325              | 41,681         | -3,645          |

| REVENUE CREMATORIUM                        | Full Year 2018-2019 |                  |                 |
|--|---------------------|------------------|-----------------|
| Description                                | Revised Budget      | Actuals          | Variance        |
|  | £                   | £                | £               |
| Payments to Local Authorities              | 4,000               | 3,583            | -417            |
| External Audit Fees                        | 2,000               | -2,000           | -4,000          |
| Computer Hardware Acquisition              | 0                   | 397              | 397             |
| Software Licences                          | 9,180               | 8,240            | -940            |
| Mobile Phones                              | 100                 | 0                | -100            |
| Postages                                   | 4,500               | 2,838            | -1,662          |
| Telephones                                 | 6,800               | 6,225            | -575            |
| Conference Expenses                        | 1,000               | 0                | -1,000          |
| Subscriptions                              | 2,346               | 2,228            | -118            |
| Book of Remembrance Inscriptions           | 8,922               | 8,163            | -759            |
| Other Expenses General                     | 500                 | 225              | -275            |
| Memorial Plaques                           | 11,500              | 5,190            | -6,310          |
| Organist Fees                              | 20,000              | 13,543           | -6,457          |
| CAMEO Non Abatement Fees                   | 0                   | 51,535           | 51,535          |
| Bad Debt Provision                         | 0                   | 4,710            | 4,710           |
| <b>Supplies &amp; Services Expenditure</b> | <b>176,423</b>      | <b>168,226</b>   | <b>-8,197</b>   |
| Head of Service                            | 6,636               | 6,636            | 0               |
| Human Resources                            | 7,737               | 7,737            | 0               |
| Payroll                                    | 2,413               | 2,413            | 0               |
| Accountancy                                | 7,219               | 7,219            | 0               |
| BSU Creditors                              | 3,683               | 3,683            | 0               |
| Customer Support Unit Telephony            | 688                 | 688              | 0               |
| Customer Support Unit Reception            | 30                  | 30               | 0               |
| Debtors                                    | 2,312               | 2,312            | 0               |
| Internal Audit                             | 3,016               | 3,016            | 0               |
| Postal Services                            | 4                   | 4                | 0               |
| IT Network                                 | 13,008              | 13,008           | 0               |
| Design Services                            | 5,422               | 1,809            | -3,613          |
| Waste & Litter Collection                  | 6,987               | 7,185            | 198             |
| Environmental Health                       | 450                 | 0                | -450            |
| Risk Management                            | 780                 | 780              | 0               |
| Telephone Recharges                        | 1,050               | 1,050            | 0               |
| <b>Support Services</b>                    | <b>61,435</b>       | <b>57,570</b>    | <b>-3,865</b>   |
| Depreciation                               | 106,610             | 126,271          | 19,661          |
| Impairment                                 | 0                   | -27,299          | -27,299         |
| <b>Depreciation and Impairment</b>         | <b>106,610</b>      | <b>98,972</b>    | <b>-7,638</b>   |
| <b>Revenue Gross Expenditure</b>           | <b>1,148,659</b>    | <b>1,043,508</b> | <b>-105,151</b> |
| Book of Remembrance Inscriptions           | -24,970             | -21,975          | 2,995           |
| Crematorium Containers                     | -200                | -540             | -340            |
| Crematorium Memorials                      | -45,631             | -41,893          | 3,738           |
| Organist                                   | -32,000             | -20,199          | 11,802          |
| Cremation Fees                             | -1,680,700          | -1,526,370       | 154,330         |

| REVENUE CREMATORIUM   | Full Year 2018-2019 |                   |                |
|---|---------------------|-------------------|----------------|
| Description   | Revised Budget      | Actuals           | Variance       |
|   | £                   | £                 | £              |
| Medical Fees  | -45,325             | -41,891           | 3,435          |
| Miscellaneous Income  | 0                   | -3,780            | -3,780         |
| Recharges to Cemeteries   | -30,221             | -30,377           | -156           |
| <b>Revenue Gross Income</b>                                     | <b>-1,859,047</b>   | <b>-1,687,024</b> | <b>172,023</b> |
| <b>Net Cost of Service</b>                                      | <b>-710,388</b>     | <b>-643,516</b>   | <b>66,872</b>  |
| <b>Financing and Investment Income and Expenditure</b>          |                     |                   |                |
| Interest Income   | -1,860              | -8,236            | -6,376         |
| Interest on Pension Liability                                   | 0                   | 31,000            | 31,000         |
| <b>Surplus/Deficit on Provision of Services</b>                 | <b>-712,248</b>     | <b>-620,751</b>   | <b>91,497</b>  |
| Crem Pension Asset Liability                                    | 0                   | -83,000           | -83,000        |
| <b>Other Comprehensive Income and</b>                           | <b>0</b>            | <b>-83,000</b>    | <b>-83,000</b> |
| <b>Total Comprehensive Income and Expenditure</b>               | <b>-712,248</b>     | <b>-703,751</b>   | <b>8,497</b>   |
| Charges for Impairment of non-current                           | 0                   | 27,299            | 27,299         |
| Reverse Depreciation  | -106,610            | -126,271          | -19,661        |
| Pension Liabilities   | 0                   | -65,041           | -65,041        |
| <b>MIRS Statements</b>  | <b>-106,610</b>     | <b>-164,013</b>   | <b>-57,403</b> |
| <b>Net Surplus (-)/Deficit</b>                                  | <b>-818,858</b>     | <b>-867,764</b>   | <b>-48,906</b> |
| Appropriations - Expenditure Financed from General Reserve Fund | -28,000             | -51,535           | -23,535        |
| Crem Pension Gains and Losses                                   | 0                   | 83,000            | 83,000         |
| Carried Forward Budget to General Reserve Fund                  | 0                   | 0                 | 0              |
| Carried Forward Budget to Capital Fund                          | 46,550              | 35,991            | -10,559        |
| <b>Surplus</b>  | <b>-800,308</b>     | <b>-800,308</b>   | <b>0</b>       |
| Excess Surplus to General Reserve                               | 0                   | 0                 | 0              |
| <b>Net Surplus for Distribution</b>                             | <b>-800,308</b>     | <b>-800,308</b>   | <b>0</b>       |

| CAPITAL CREMATORIUM     | Full Year 2018-2019 |          |          |
|-------------------------|---------------------|----------|----------|
| Description             | Budget              | Actuals  | Variance |
|                         | £                   |          | £        |
| Land Purchase           | 0                   | 0        | 0        |
| New Land Infrastructure | 0                   | 0        | 0        |
| <b>Grand Total</b>      | <b>0</b>            | <b>0</b> | <b>0</b> |

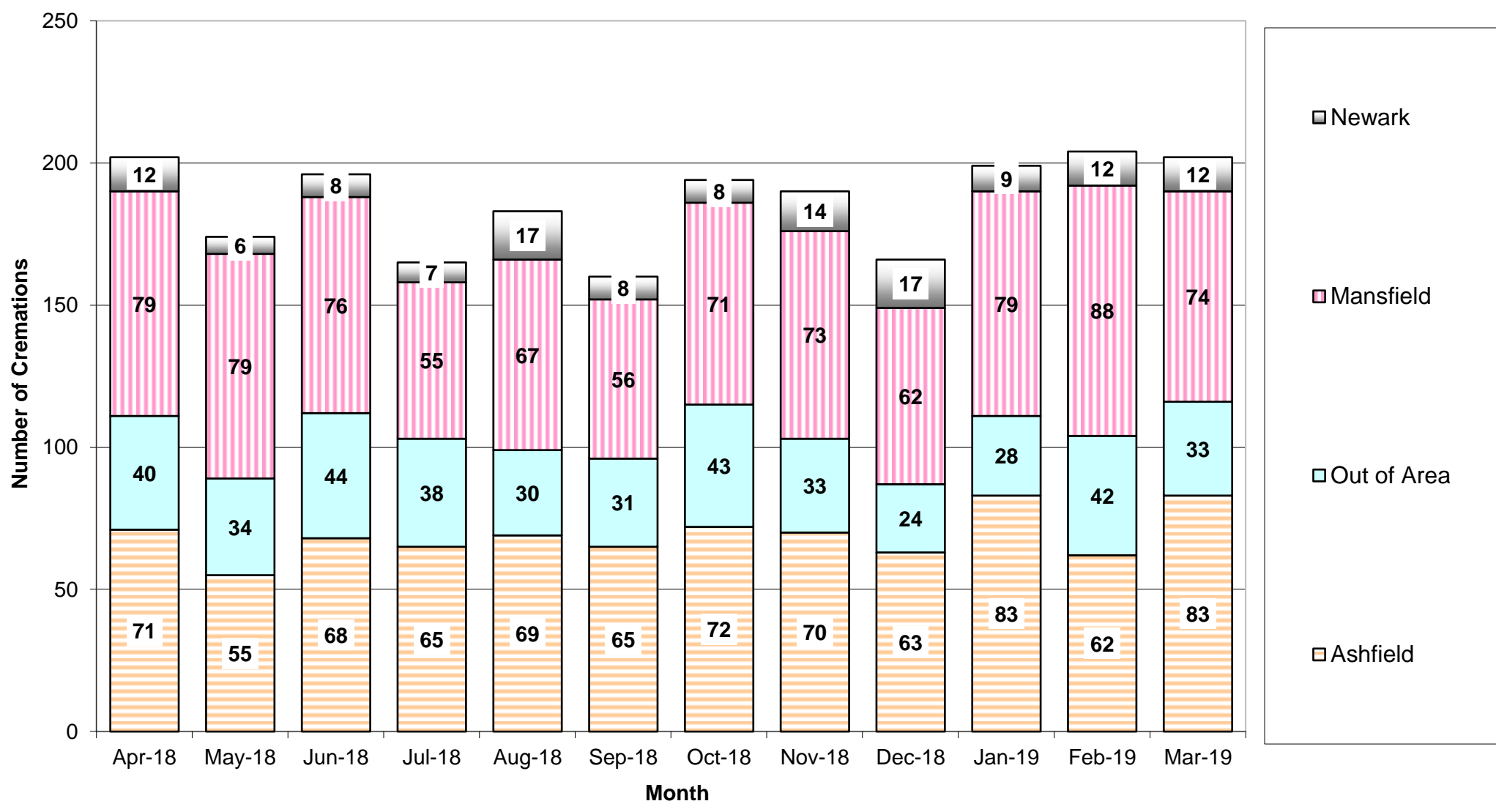
## Appendix D

### Number of Cremations by Area - 2018/2019

| Month  | Ashfield   | %          | Mansfield  | %          | Newark     | %         | Out of Area | %          | TOTAL       |
|--------|------------|------------|------------|------------|------------|-----------|-------------|------------|-------------|
| Apr-18 | 71         | 35%        | 79         | 39%        | 12         | 6%        | 40          | 20%        | 202         |
| May-18 | 55         | 32%        | 79         | 45%        | 6          | 3%        | 34          | 20%        | 174         |
| Jun-18 | 68         | 35%        | 76         | 39%        | 8          | 4%        | 44          | 22%        | 196         |
| Jul-18 | 65         | 39%        | 55         | 33%        | 7          | 4%        | 38          | 23%        | 165         |
| Aug-18 | 69         | 38%        | 67         | 37%        | 17         | 9%        | 30          | 16%        | 183         |
| Sep-18 | 65         | 41%        | 56         | 35%        | 8          | 5%        | 31          | 19%        | 160         |
| Oct-18 | 72         | 37%        | 71         | 37%        | 8          | 4%        | 43          | 22%        | 194         |
| Nov-18 | 70         | 37%        | 73         | 38%        | 14         | 7%        | 33          | 17%        | 190         |
| Dec-18 | 63         | 38%        | 62         | 37%        | 17         | 10%       | 24          | 14%        | 166         |
| Jan-19 | 83         | 42%        | 79         | 40%        | 9          | 5%        | 28          | 14%        | 199         |
| Feb-19 | 62         | 30%        | 88         | 43%        | 12         | 6%        | 42          | 21%        | 204         |
| Mar-19 | 83         | 41%        | 74         | 37%        | 12         | 6%        | 33          | 16%        | 202         |
|        | <b>826</b> | <b>37%</b> | <b>859</b> | <b>38%</b> | <b>130</b> | <b>6%</b> | <b>420</b>  | <b>19%</b> | <b>2235</b> |

Appendix E

Mansfield & District Crematorium - Cremations 2018/2019







MANSFIELD DISTRICT COUNCIL  
FAO: MR BILLINGTON  
FINANCE DEPARTMENT CIVIC CENTRE  
CHESTERFIELD ROAD  
SOUTH MANSFIELD  
NOTTS  
NG19 7BH

**WMBC**  
HM Revenue and Customs  
BX9 1LH

**Phone** 03000569596

**Email** mohammad.hussain@  
hmrc.gsi.gov.uk

**Web** www.gov.uk

**Date** 30 January 2019  
**Case Ref** CFS-1643443 & 118 1055 04

Dear Mr Billington

I write subsequent to the receipt of your request for clarification on the proposed crematorium capital works Mansfield and District council Joint Committee further to your e-mail dated 17<sup>th</sup> January 2019

**Crematorium Services**

The provision of crematoria by a local authority is primarily a business activity. This is because local authorities act under the same legal regime as private crematoria operators; namely LA Cemeteries Order 1977. Further details can be found under [VATGPB8645](#)

Local Authority crematoria services are a mix of exempt (under Schedule 9 VATA 1994 group 8: cremation fees and rights over land), standard rate and non-business supplies. (The list below is purely for illustrative purposes and not a conclusive list)

| <b>Services directly linked to the crematorium</b>   | <b>VAT treatment</b> |
|--|----------------------|
| Cremation fees                                       | Exempt               |
| Scattering of ashes                                  | Exempt               |
| Cremation certificates signed by a doctor            | Non-business         |
| Free Cremations carried out under Public Health Acts | Non-business         |
| Car parking - charged                                | Standard Rated       |
| Car Parking - Free                                   | Non-business         |
| Mercury Abatement                                    | Exempt               |
| Gardens of remembrance (free use)                    | Non-business         |

Further detail within VATGPB8645 provides details for services also linked to the commemoration of the dead all of which must be taken into consideration whilst accounting for income but crucially identifying if there are any partial exemption restrictions as a result.



Any costs incurred relating to exempt activities should be included in the section 33 method and partial exemption calculations. A basis of apportionment should be therefore used as described in [VAT Notice 749](#) section 8.

### **VAT recovery**

As I understand from the provided induction handbook, the joint committee has up to date followed VAT accounting and recovery of input tax by way of partnership structure as described under “Lead body partnership” under VATGPB6200

The lead body in this respect has been and is currently Mansfield District Council (MDC) with both the other parties involved namely Ashfield DC (VRN:118 1685 68) and Newark and Sherwood DC (VRN:118 1156 95) with both being VAT registered and also being Section 33 bodies. Crucially, this means that where applicable all three members are able to recover non-business expenditure under Section 33(1) VATA 1994 and business expenditure under section 26 VATA 1994 subject to the partial exemption restriction afforded to Local Authorities.

I understand that MDC is now correctly concerned that the expenditure and accounting for VAT as the lead body within the partnership of the joint committee will result in the breach of its test of insignificance for partial exemption.

The proposed alternative in which the structure is that of a “Management board or committee” further to VATPB6200 is one that is applicable and perhaps should have been adopted from the onset as I am unable to identify from the induction handbook that a legal entity has ever been formed under principles of the lead body partnership.

Giving consideration that all 3 members have been VAT registered as well as being section 33 bodies and further to reading the induction handbook; I am satisfied that the Joint Committee would satisfy conditions of an arm’s length body.

I do not therefore view this to have had any impact on the eligibility and accounting of VAT on the basis of the information reviewed and will not require a retrospective review.

The proposed method of split of income and expenditure between the partners in accordance with the current split between the partners at 48.5% for Mansfield DC; 44.7% for Ashfield DC and 6.8% for Newark and Sherwood DC, is acceptable as it is in accordance with VATGPB6200 “Management board or committee” structure.

I hope that this clarifies the matter however should you feel that I have misunderstood or overlooked any particular issue then please contact me at the address provided above or alternatively if you wish then via e-mail. In addition if you feel that there is some additional supporting information which will aid me in making an accurate decision based on the facts then please forward this to me urgently.

Whichever method you choose to contact us about this check, you need to quote the case reference CFS-1643443 and any other references shown above. If you write you need to use the address shown above. If you send documents you must tell us if you want them returned as we may securely destroy them after 50 days.

Yours sincerely

**Mohammad E Hussain**  
VAT Tax Specialist

To find out what you can expect from us and what we expect from you go to [www.gov.uk/hmrc/your-charter](http://www.gov.uk/hmrc/your-charter) and have a look at ‘Your Charter’.