

**THE CITY AND COUNTY OF CARDIFF, COUNTY BOROUGH COUNCILS  
OF BRIDGEND, CAERPHILLY, MERTHYR TYDFIL, RHONDDA CYNON  
TAF AND THE VALE OF GLAMORGAN**

**THE GLAMORGAN ARCHIVES  
JOINT COMMITTEE  
27 June 2014**

**REPORT OF:**

**THE TREASURER TO THE  
GLAMORGAN ARCHIVES JOINT  
COMMITTEE**

	<b>AGENDA ITEM NO: 8</b>
--	--------------------------

<b>2013-2014 OUTTURN 2013-2014 DRAFT STATEMENT OF ACCOUNTS</b>
--

**FINAL OUTTURN POSITION & DRAFT STATEMENT OF ACCOUNTS FOR  
2013/2014**

**PURPOSE OF REPORT**

1. This report presents a brief overview of the financial results for the year ending 31<sup>st</sup> March 2014 together with the unaudited draft Statement of Accounts for the year ended 31<sup>st</sup> March 2014. The unaudited draft Statement of Accounts, signed by the Corporate Director Resources & Section 151 Officer in her role as Treasurer of the Joint Committee, is presented to this Committee today for information only.

**REVENUE OUTTURN FOR 2013/2014**

2. On 7<sup>th</sup> December 2012, the Glamorgan Archives Joint Committee approved a proposed budget of £757,430 for financial year 2013/2014, to be financed by contributions from each of the six member Local Authorities. The proposed budget was subsequently agreed and ratified by each member Local Authority.
3. On the 14th March 2014 the Committee received a report detailing a forecasted overspend against this budget of £10,161 based on the financial position as at 28<sup>th</sup> February 2014.
4. The Table below summarises the final outturn position for financial year 2013/2014 excluding the Conserving Local Communities Heritage Project which is fully funded from a Heritage Lottery grant.

	<b><u>Budget</u></b> £	<b><u>Actual</u></b> £	<b><u>Variance</u></b> £
Expenditure	903,950	913,625	9,675
Income	(146,520)	(164,442)	(17,922)
Net Expenditure	757,430	749,183	(8,247)

5. **Appendix 1** provides a detailed analysis of the outturn and more detail can be found on Pages 4-7 of the draft 2013/2014 Statement of Accounts attached.
6. The final net expenditure for the year was £749,183, representing an underspend against the budget of £8,247. Savings were achieved on employee, premise and transport costs whereas costs exceeded the budget on supplies and services, third party payments and support services. There were contributions to reserves totalling £34,543 which are explained in more detail in the draft statement of Accounts. There was an increase in income from grants, hire of rooms with catering and from royalties.
7. The Committee agreed on 10<sup>th</sup> December 2010 to change the mechanism for invoicing the contributing Local Authorities. Instead of invoicing them based on the budget of £757,430 they would be invoiced based on the projected outturn for the year calculated in March 2014 up to the level of the budget. At this time it was projected there would be an overspend of £10,161 against the budget so Local Authorities were invoiced for the budgeted contributions.
8. Actual net expenditure for the year was £749,183 resulting in a surplus of £8,247 and it was this surplus that was transferred to the General Reserve held by the Joint Committee and is available to support expenditure of the Service in future years. The General Reserve had a balance of £603,518 as at 1<sup>st</sup> April 2013 and a balance of £511,765 as at 31<sup>st</sup> March 2014. The Table below shows the movements in the reserve during the year.

<b>Movements on Glamorgan Archives General Reserve</b>	<b>£</b>
Balance Brought Forward at 1 <sup>st</sup> April 2014	(603,518)
Budgeted drawdown from reserve to fund in year expenditure	100,000
Revenue surplus for 2013/2014	(8,247)
<b>Balance as at 31<sup>st</sup> March 2014</b>	<b>(511,765)</b>

On 9<sup>th</sup> December 2011 the Glamorgan Archives Joint Committee approved a withdrawal of £100,000 from the General Reserve for each of the financial years 2012/2013, 2013/2014 & 2014/2015 in order to fund in year expenditure. In each of these financial years there was a budgeted contribution for £100,000 and, in accordance with the approval, in both 2012/2013 and 2013/2014 a contribution was made from the General Reserve.

## **STATEMENT OF ACCOUNTS FOR 2013/2014**

9. The draft Statement of Accounts (attached) for the year ended 31<sup>st</sup> March 2014 is unaudited at this stage. The Wales Audit Office have yet to begin their audit of the accounts. In accordance with the 2005 Regulation the draft Statement of Accounts will be available for public inspection for 20 full working days from Monday 30th June 2014 to Friday 25th July 2014.
10. To meet the requirement of the Accounts and Audit (Wales) Regulations 2005 (as amended) the Statement of Accounts must be approved by the Committee before the 30<sup>th</sup> September immediately following the end of the financial year. If at this time the audit of the accounts has not concluded then the accounts must be approved as soon as reasonably practicable. Once the audit is complete and the Statement of Accounts has been signed by the Wales Audit Office then it will be presented to the Committee for members to approve along with any certificate, opinion or report issued, given or made by the Wales Audit Office.

## **LEGAL IMPLICATIONS**

11. Approval of the Statement of Accounts is a matter for the Committee under Clause 4(a) of the Joint Archives Agreement. The Committee only has power under Clause 5 (a)(ii) to spend within the agreed budget within any given year and the draft Statement of Accounts confirms that this has been achieved.

## **FINANCIAL IMPLICATIONS**

12. Any financial issues arising from the 2013/2014 accounts have been dealt with during the year and reported in the draft Statement of Accounts.

## **RECOMMENDATIONS**

1. That the outturn position for 2013/2014 be noted.
2. That the attached draft Statement of Accounts for 2013/2014 be noted.

**Christine Salter**  
Treasurer to the Glamorgan Archives Joint Committee

## APPENDIX 1

2013/2014 FINAL OUTTURN

	2013/2014 Budget £	2013/2014 Outturn £	2013/2014 Outturn Variance £
<b>EXPENDITURE</b>			
<b><u>Employees</u></b>			
Gross Pay	384,620	356,068	(28,552)
Administration - Overtime	3,000	5,283	2,283
Administration - Super	84,470	75,661	(8,809)
Administration - NI	25,750	22,333	(3,417)
Administration - Misc Allowances	820	834	14
P&T Staff - Gross Pay	7,810	0	(7,810)
P&T Staff - Super	1,710	0	(1,710)
OM's - Gross Pay	52,470	51,945	(525)
OM's - Super	12,540	12,415	(125)
OM's - NI	5,040	4,944	(96)
Holiday Pay	0	1,163	1,163
Agency Staff	3,000	3,520	520
Accumulated Absences (IAS19)	0	(3,641)	(3,641)
Long Service Awards	0	396	396
Employers Insurance Premium	550	300	(250)
Medical Expenses	0	90	90
Staff Training Expenses	1,000	7,031	6,031
Removal Expenses	0	725	725
<b>Total Employees</b>	<b>582,780</b>	<b>539,067</b>	<b>(43,713)</b>
<b><u>Premises</u></b>			
Repairs Alterations & Maintenance	4,000	23,246	19,246
Alterations Addns & Improvements	10,000	2,665	(7,335)
Security (intruder alarm/CCTV/Access control)	5,500	4,934	(566)
Rodent & Pest Control	100	0	(100)
Maintenance of Grounds General	1,500	1,495	(5)
Fire Management/Protection	3,640	824	(2,816)
Maintenance Contract	10,000	9,478	(522)
Electricity	72,000	46,010	(25,990)
Gas/Oil or other fuel	25,000	14,310	(10,690)
CRC Allowances	5,200	6,390	1,190
NNDR	70,060	96,970	26,910
Water Rates	1,200	2,083	883
Cleaning Materials	500	584	84
Window Cleaning	700	484	(216)
Refuse Collection / Bulk Containers	1,500	1,522	22
Office Cleaning Contract	7,500	7,644	144
Specialist Waste Disposal	1,500	871	(629)
Insurance - Building infrastructure and grounds	9,000	2,500	(6,500)
<b>Total Premises</b>	<b>228,900</b>	<b>222,010</b>	<b>(6,890)</b>

	2013/2014	2013/2014	2013/2014
	Budget	Outturn	Outturn
	£	£	Variance
			£
<b>Transport</b>			
Fuel & Other Running Costs	500	0	(500)
Vehicle Lease	3,500	0	(3,500)
Public Transport - Staff Use	500	837	337
Car Allowances - Officers	600	605	5
Travel Expenses	1,000	932	(68)
Motor Insurance Premiums	450	450	0
<b>Total Transport</b>	<b>6,550</b>	<b>2,824</b>	<b>(3,726)</b>
<b>Supplies and Services</b>			
Purchase/Repair Furniture	0	95	95
Equipment & Materials	0	582	582
Consumables	0	10	10
Signs - New & Repairs	250	27	(223)
Conservation	12,000	12,014	14
Other Equipment & Materials	0	38	38
Translation Costs	1,000	0	(1,000)
Vending Machines	3,000	3,532	532
Catering Sundries/supplies	1,000	6,359	5,359
Uniforms & Overalls	100	480	380
General Printing & Stationery	1,500	4,120	2,620
Photocopying Materials	500	521	21
Audit Fees	3,200	3,500	300
Archiving / Storage	500	1,397	897
Central Telephone Exchange	3,000	3,721	721
Postages	600	1,015	415
Telephones	2,950	980	(1,970)
Mobile Telephones	0	36	36
Internet Charges	0	605	605
Private Circuit Rentals	0	5,428	5,428
Software Purchase	1,000	945	(55)
Consumables - IT	1,000	368	(632)
Software Licence & Mtce	4,000	3,616	(384)
Hardware Purchase	5,000	4,480	(520)
Hospitality Allowances	4,000	3,427	(573)
Subscriptions	1,200	773	(427)
Public Liability Ins Premiums	1,020	1,400	380
Misc Insurance Premiums	700	700	0
Advertising General	500	774	274
<b>Total Supplies &amp; Services</b>	<b>48,020</b>	<b>60,943</b>	<b>12,923</b>
<b>Third Party Payments</b>			
Other Local Authorities	0	310	310
<b>Total Third Party Payments</b>	<b>0</b>	<b>310</b>	<b>310</b>

	2013/2014	2013/2014	2013/2014
	Budget	Outturn	Outturn
	£	£	Variance
			£
<b>Support Services</b>			
Service Accountancy	14,800	17,000	2,200
Technical Accountancy	1,500	1,940	440
Income Recovery	100	250	150
Payroll	500	1,010	510
Payments	500	680	180
Procurement	600	1,170	570
Project Accountancy	500	0	(500)
SAP Support	3,000	2,000	(1,000)
ICT Services	12,000	17,000	5,000
Human Resources	3,700	6,930	3,230
Legal Services	500	1,550	1,050
Welsh Translation	0	1,070	1,070
CTS Vehicle Recharge	0	3,328	3,328
<b>Total Support Services</b>	<b>37,700</b>	<b>53,928</b>	<b>16,228</b>
<b>Contributions to Reserves</b>			
Contribution to Earmarked Reserve	0	30,000	30,000
Transfer to Accumulated Absence Accrual Reserve	0	4,543	4,543
<b>Total Contributions to Reserves</b>	<b>0</b>	<b>34,543</b>	<b>34,543</b>
<b>GROSS EXPENDITURE</b>	<b>903,950</b>	<b>913,625</b>	<b>9,675</b>
<b>Income</b>			
Cymal	(10,470)	0	10,470
Archives & Records Council Wales	0	(6,981)	(6,981)
National Manuscripts Conservation Trust	0	(1,709)	(1,709)
Publications General	0	(378)	(378)
Sale of Photocopies	(2,000)	(1,997)	3
Conservation Income	(10,000)	(4,119)	5,881
Sale of Food	(5,000)	(16,986)	(11,986)
Vending Machine Sales	(300)	(144)	156
Course Fees	(250)	0	250
Search Fees	(3,000)	(1,717)	1,283
Hire of Special Rooms	(13,000)	(18,125)	(5,125)
Donations	0	(82)	(82)
Royalties	0	(8,666)	(8,666)
Access Charges for Filming	0	(80)	(80)
Sundry Charges & Income	0	(447)	(447)
Interest	(2,500)	(2,109)	391
Contribution from Other Reserve	(100,000)	(100,000)	0
Transfer from Accumulated Absence Accrual Reserve	0	(902)	(902)
<b>Total External Income</b>	<b>(146,520)</b>	<b>(164,442)</b>	<b>(17,922)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>757,430</b>	<b>749,183</b>	<b>(8,247)</b>

**Glamorgan Archives**  
**Statement of Accounts**  
**2013/2014**

DRAFT

## Contents

	<b>Page</b>
Introduction	3
Summary of Financial Performance 2013/2014	4
Guide to the Financial Statements	8
Statement of Accounting Policies	10
Critical Assumptions in Applying Accounting Policies	14
Statement of Responsibilities for the Statement of Accounts	15
Certificate of the Section 151 Officer	16
Comprehensive Income & Expenditure Statement	17
Movement in Reserves Statement	18
Balance Sheet	19
Cashflow Statement	20
Notes to the Core Financial Statements	21
Annual Governance Statement	31
Certification by the Chair of Committee & Archivist	36
Independent Auditor's Report	37



## Explanatory Foreword

### 1. Introduction

This document presents the Statement of Accounts for the Glamorgan Archives Joint Committee. These are prepared on a going concern basis in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and supported by International Financial Reporting Standards (IFRS).

This is the fourth year that the Statement of Accounts has been prepared on an IFRS basis, the Joint Committee having adopted the IFRS-based Code of Practice on Local Authority Accounting in the United Kingdom. Adoption of this Code has had no impact on the financial contributions required from the Member Authorities to fund the Glamorgan Archives Joint Committee.

Glamorgan Archives collects, preserves and makes accessible to the public, documents relating to the area it serves, and maintains the corporate memory of its constituent Local Authorities. It currently serves the largest population base of any record office in Wales (circa one million people). During 2013/2014 there were circa 6,500 visitors to the Glamorgan Records Office and the Service responded to over 5,000 remote enquiries.

Glamorgan Archives has operated as a joint service since 1974. From 1<sup>st</sup> April 2009, The County Council of the City and County of Cardiff (Cardiff Council) became the host authority for the Joint Committee, taking over from Rhondda Cynon Taf County Borough Council.

Glamorgan Archives is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government Act 1994. The Member Authorities of the Joint Committee are Bridgend CBC, Caerphilly CBC (for the population of the former Rhymney Valley District Council only), the City and County of Cardiff, Merthyr Tydfil CBC, Rhondda Cynon Taf CBC, and the Vale of Glamorgan CBC, who appoint representatives to the Joint Committee.

The voting rights and population in respect of each Authority is:

Constituent Authority	Voting Rights	Population	
		No.'s	%
Bridgend	2	130,600	14
Caerphilly	2	104,300	11
Cardiff	5	305,200	32
Merthyr Tydfil	1	59,700	6
Rhondda Cynon Taf	4	238,900	25
Vale of Glamorgan	2	118,800	12
<b>Total</b>	<b>16</b>	<b>957,500</b>	<b>100</b>

The population numbers are based on the 2001 Population Census. A Census took place on March 27<sup>th</sup> 2011 however the result of the census has had no impact on the accounts for 2013/2014.

Up to six further members with an interest in archives and records may be co-opted by the Committee to make a contribution to the Committee's work. These members do not have voting rights.

Current co-opted members are:

**Murray McLaggan, MA JP**

Former Lord Lieutenant and chair of pre 1996 Glamorgan Archives Joint Committee. Represents private depositors.

**Mrs K Thomas**

HM Lord Lieutenant of Mid Glamorgan.

The new Glamorgan Archives Office in Leckwith was opened to the public in January 2010. The building has been purpose built to house about 17 kilometres of records in the form of either paper, parchment, books, maps, plans, photographs, prints, films, videos or computer-generated records. These are an important and fascinating source of information for historical research.

Cardiff Council as the host authority provides committee, legal, financial, human resources, payroll, IT and procurement support.

**2. Summary of Financial Performance for 2013/2014**

The Comprehensive Income and Expenditure Account provides an analysis of the Glamorgan Archives costs and income.

The table below gives a summary of the budgets against actual expenditure and income analysed by the Chartered Institute of Public Finance and Accountancy (CIPFA) groupings.

	<b>Budget £</b>	<b>Actual £</b>	<b>Variance £</b>
<b>Expenditure</b>			
Employees	582,780	539,067	(43,713)
Premises	228,900	222,010	(6,890)
Transport	6,550	2,824	(3,726)
Supplies & Services	48,020	60,943	12,923
Third Party Payments	0	310	310
Support Services	37,700	53,928	16,228
Contributions to reserves	0	34,543	34,543
<b>Gross Expenditure</b>	<b>903,950</b>	<b>913,625</b>	<b>9,675</b>
<b>Income</b>	<b>(146,520)</b>	<b>(164,442)</b>	<b>(17,922)</b>
<b>Net Expenditure</b>	<b>757,430</b>	<b>749,183</b>	<b>(8,247)</b>

The above table excludes the actual grant funded costs and income of Conserving Local Communities Heritage (CLOCH). These are shown later in this Statement of Accounts.

There was a net underspend against the budget of £8,247. Local Authorities were invoiced for the full budget of £757,430 as it had been forecast during the year that there would not be any underspend at the year end. An analysis of the 2013/2014 constituent authority contributions can be found in Note 3. of the Notes to the Core Financial Statements.

The reasons for the main variances between budgeted and actual expenditure were:

### **Employee Expenditure**

There were several factors which resulted in the saving on employee costs.

Total savings on direct staff costs amounted to £38,495 as a result of

- The post of Conservator being vacant for a number of months.
- An Archivist post becoming vacant during the year and not being filled.
- Some staff members not being part of the superannuation scheme thereby saving on employer superannuation contributions.
- The impact of the implementation of the Single Status agreement.

The savings above were partly offset by the cost of employing casual staff. Part of the cost of casual staff was funded by additional income.

There was also an underspend of £9,520 against the budget held to fund the costs of a part-time Administrative Officer to provide support to the Archives & Record Council for Wales (ARCW). Due to the fact that responsibility for this post has transferred away from Glamorgan Archives no costs were incurred this year.

Additional costs of £6,031 were incurred on staff training. Welsh language training cost £4,200 and attendance at an Archives and Records Association conference cost £940. Both of these were partly funded by grants from ARCW totalling £1,926 shown as income in the table.

### **Premises Expenditure**

The projected saving on gas and electricity materialised, saving £36,680. The savings resulted from measures taken by the Glamorgan Archivist to reduce the level of expenditure. Tighter control over the heat and light usage and more efficient use of these utilities was put into place. A further £6,500 was saved on premises insurance due to the fact that insurance for the Glamorgan Records Office is now covered by the buildings insurance policy for Cardiff Council.

As a result of an increase in the rateable value of the Glamorgan Record Office which took effect in January 2014 there was an additional Non Domestic Rate invoice paid for £26,910 for the period January 2014 to the end of March 2014. Unforeseen levels of repairs and maintenance required at the Glamorgan Records Office incurred an additional £11,911 of expenditure.

## **Transport Costs**

There appears to be a saving in transport costs. However this is due to the fact that the leased vehicle costs have been recharged to the Service as a Central Support cost rather than a transport cost.

## **Supplies & Services Expenditure**

The budget for printing and stationery was overspent by £2,620. This is mainly as a consequence of the purchase of items for sale such as maps and pencils along with the purchase of necessary consumables such as ink cartridges and paper.

As forecast there were additional catering charges incurred (£5,369) but this has been more than offset by additional income from the provision of food in conjunction with the provision of room hire.

There was a private circuit rental charge of £5,428 for the cost of the data link between Glamorgan Records Office and County which had not been budgeted for.

## **Support Services Expenditure**

The cost of support services provided by Cardiff Council in 2013/2014 was £11,830 more than budgeted mostly due to higher charges for the provision of ICT and Human Resources services.

As previously stated there is a charge of £3,294 for the leased vehicle included under the heading of support services. There is also a charge of £1,070 for the provision of a Welsh translation service and this had been budgeted for under supplies and services.

## **Contributions to Reserves**

In the Month 11 monitoring report it was reported as part of the projected outturn for supplies and services that it was likely that there would be expenditure in the region of £30,000 incurred before the end of the year in respect of the creation of a dividing wall to the search room at the Glamorgan Records Office. This improvement would allow continued provision of services to schools and other groups and would also assist with the maximisation of income from 2014/15 onwards. In the monitoring report it stated that if the work could not be completed before the end of the financial year that the intention was to create an earmarked reserve for £30,000 for use in 2014/2015, thereby ensuring that this expenditure did not place an additional burden upon the 2014/15 budget. However, despite best efforts this work did not get underway before the end of the financial year and an earmarked reserve for £30,000 was therefore created. Should the cost of the dividing wall be less than £30,000 then each contributing Authority will receive back a share of the remaining reserve in the same proportion as their contributions. Should the cost be greater than £30,000 then any excess cost will need to be funded from the 2014/2015 budget.

There was also a transfer to the Accumulated Absence Accrual Reserve of £4,543 which has been partly offset by a credit of £3,641 from the same reserve within employee expenditure. These transfers are in accordance with statutory

requirements and have been calculated on the basis of the outstanding leave of employees as at 31 March 2014.

### **Income**

There was a net increase in income for several reasons.

The receipt of grant income that was not known about at the time of setting the 2013/14 budget amounted to £8,689, having been secured from ARCW (£6,980) and the National Manuscripts Conservation Trust (£1,709). These grants fund expenditure incurred within the Service.

Income received in respect of the hire of rooms and sale of food was £17,111 above budget whilst royalty income, not budgeted for, amounted to £8,666.

As outlined under employee expenditure the responsibility for the CyMAL funded post has been transferred away from Glamorgan Archives. As a result there was a fall out of grant funding amounting to £10,470.

As the post of Conservator was vacant for a number of months the capacity to generate income was reduced. This fact when combined with a reduction in orders and faults with the box making machine resulted in conservation income being £5,881 less than budgeted.

### **Conserving Local Communities Heritage (CLOCH)**

The Service has in place a grant agreement with the Heritage Lottery Fund to provide practical work based skills training opportunities in digitisation, research and local history, basic conservation and community engagement. The grant agreement was originally for 3 years but this has been extended to cover a 4<sup>th</sup> year and additional grant awarded to bring the total grant awarded to £322,500. In 2013/2014, the 3<sup>rd</sup> year of the project, costs of £120,623 were financed using part of the grant awarded.

Additional grant of £3,570 was awarded from CyMAL to cover the cost of CLOCH related training.

Below is a table showing an analysis of the expenditure and income for 2013/2014

	<b>Actual £</b>
<b>Expenditure</b>	
Employees	120,539
Transport	3,501
Supplies & Services	153
<b>Gross Expenditure</b>	<b>124,193</b>
<b>Grant Income</b>	<b>(124,193)</b>
<b>Net Expenditure</b>	<b>0</b>

## Guide to the Financial Statements

### **Statement of Accounting Policies (pages 10 -13) \***

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

### **Critical Assumptions in Applying Accounting Policies (page 14) \***

Assumptions applied to material transactions affecting accounting policies of the Joint Committee.

### **Statement of Responsibilities (page 15)**

This sets out the responsibilities of the Joint Committee and the arrangements for the preparation of the Statement of Accounts. The Statement is to be signed by the Joint Committee Chair on behalf of the Committee.

### **Certificate of the Section 151 Officer (page 16)**

This is the certificate of the true and fair presentation of the accounts by the Section 151 Officer.

### **Comprehensive Income and Expenditure Statement (page 17) \***

This statement is prepared in accordance with generally accepted accounting practices to record the day-to-day expenditure on an accruals basis on items such as salaries and wages, running costs of the service and income received in order to calculate the net operating cost of the Glamorgan Archives Service.

### **Movement in Reserves Statement (page 18) \***

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves.

### **Balance Sheet (page 19) \***

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Glamorgan Archives Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

### **Cash flow Statement (page 20) \***

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

### **Notes to the Core Financial Statements (pages 21- 30) \***

These notes provide any further analysis required to explain those figures contained in the financial statements.

### **Annual Governance Statement (pages 31 - 35)**

This statement sets out the framework within which the Glamorgan Archives Joint Committee manages and reports on the effectiveness of its system of internal controls. It outlines the main components of the system including details of the other parties involved in ensuring that internal control is exercised.

\* These are covered by the Statement of Responsibilities and the Independent Auditor's Report

DRAFT

## Statement of Accounting Policies

In accordance with the Accounts and Audit (Wales) Regulations 2005, this Statement of Accounts summarises the Joint Committee's transactions for the 2013/2014 financial year and its position at the year end of 31 March 2014. The accounts are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and supported by International Financial Reporting Standards (IFRS).

### 1. Heritage Assets

A new accounting policy for Heritage Assets was incorporated into the Code of Practice on Local Authority Accounting in 2011/12. There has been no financial impact of this in the accounts. Further detail on Heritage Assets can be found in note 23.

### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

### 3. Property, Plant and Equipment

#### Recognition:

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis in the accounts. A de-minimus policy for recording assets in the asset register is £50,000 for Plant & Equipment.

#### Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use.

Assets are then carried in the Balance Sheet using the following measurement bases:

Operational Land & Buildings are included in the Balance Sheet at Fair value (EUV). Vehicles, plant, furniture & equipment have been valued on the basis of Historic Cost, depreciated over its useful life.

Land and buildings were valued when they became operational, to be re-valued at least every 5 years. The Glamorgan Archives Office was re-valued as at 1st April 2012 by Cardiff Council Strategic Estates and its valuation is based on Depreciated Replacement Cost.

#### Depreciation:

Depreciation is provided for on all Property, Plant & Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets). A full year's depreciation is charged on capital expenditure incurred in the year.

Operational buildings have been depreciated on a straight-line basis over the estimated life of the asset. It had originally been assumed that the new Glamorgan



Archives building would have a useful life of 40 years but upon re-valuation this was amended to 96 years, applicable from 1st April 2012.

Vehicles, plant, furniture & equipment have been depreciated on a straight-line basis over the useful life of the asset, which in this instance is between 7 and 15 years.

#### **Impairment and downward revaluation:**

Assets are assessed at each year-end as to whether there is any indication that an asset may be reduced in value, either due to a reduction in service potential (impairment) or general market fluctuations (downward revaluation). Where either type of loss is identified they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written out to the Comprehensive Income and Expenditure Statement
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service(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.

#### **Upwards Revaluation:**

Assets are revalued at least every 5 years. Where the new valuation is higher than the carrying value, the gain is accounted for as follows:

- Where the asset has not previously suffered any impairment losses or downward revaluation charges, the full amount of the gain is posted to the Revaluation Reserve
- Where an asset that has previously suffered an impairment loss is subsequently revalued upwards, the gain is credited to the Comprehensive Income and Expenditure up to the amount of the original loss, with any excess being credited to the Revaluation Reserve.

#### **Community Assets:**

Archived records held by the Service have been deemed as community assets as they meet the criteria set by CIPFA. Community assets are usually valued in the balance sheet at historic cost. However, the records acquired by the Joint Committee are mainly of an archival value therefore no entry has been made in the Statement of Accounts. Some of these records are owned by the Joint Committee and some are held on behalf of other people or organisations.

#### **4. Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit

on the Provision of Services, but then reversed out via the Movement in Reserves Statement.

## **5. Retirement Benefits**

International Accounting Standard 19 (IAS 19) Employee Benefits (amended 2011) requires that the accounts reflect the cost of retirement benefits in the period the Joint Committee is committed to paying them and not simply in the period the benefits are paid.

The Joint Committee does not have the legal power to directly employ staff. Staff involved in Joint Committee activities are therefore employed by a constituent authority. Each constituent authority participates in a defined benefit pension scheme. The Joint Committee meets the cost of the actual pension contributions and accounts for them in the income and expenditure account. Pension costs are therefore accounted for as if contributions had been made to a defined contribution pension scheme because it is not possible to determine the underlying assets and liabilities in the schemes relating to the staff involved in Joint Committee activities on a reasonable and consistent basis. Therefore, no liability for future payments of benefits is recognised in the Balance Sheet.

## **6. Grants - Revenue**

Grants and other contributions relating to revenue expenditure are accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that :

- the conditions for their receipt have been complied with
- the grant or contribution will be received.

The accounting treatment will vary depending on whether it is deemed that conditions inherent in the agreement have been complied with. Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

## **7. Inventories**

Inventories are measured and held at the lower of cost or net realisable value and relates mainly to publications, maps and posters. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as an expense in the Comprehensive Income and Expenditure Statement.

## **8. Operating Leases - The Joint Committee as a Lessee**

Payments for operating leases are charged to the revenue account on an accruals basis. The charges are made evenly throughout the period of the lease.

## **9. Overheads and Support Services Costs**

An element of central departmental support of Cardiff Council is allocated to the Service on a basis of the estimated time spent by staff on Glamorgan Archives work or on proportional use of internal systems. Charges are reviewed annually.

**10. Value Added Tax**

The Comprehensive Income and Expenditure Statement has been prepared exclusive of Value Added Tax. The Joint Committee is not separately registered for VAT and therefore the net value of VAT incurred is recoverable from HM Revenue & Customs under the umbrella of Cardiff Council's VAT registration.

**11. Reserves**

The Joint Committee holds two usable reserves.

The General Reserve is used to hold accumulated operational surpluses which can be used to fund future expenditure and as a contingency against unforeseen events. The Joint Committee also holds an Earmarked Reserve, created in 2013/2014, specifically to fund the cost of the creation of a dividing wall in the Glamorgan Records Office search room.

The Joint Committee also holds certain unusable reserves to manage the accounting processes for non-current assets, and employee benefits. These do not represent usable resources for the Joint Committee.

DRAFT

## **Critical Assumptions in Applying Accounting Policies**

Accounting policies are only applied to material transactions of the Joint Committee. In applying policies, the Committee has had to make certain assumptions about complex transactions or those involving uncertainty about future events. The critical assumptions made in the Statement of Accounts are:

### **Fixed Interest Rate**

Due to the nature of the Joint Committee, Property, Plant & Equipment shown in the balance sheet are owned by the six contributing authorities. Each of the individual authorities has their own arrangements for the funding of their share of the Property, Plant & Equipment. As the entries in the Glamorgan Archives Statement of Accounts for interest payable is a notional charge only a fixed interest rate of 5.3% has been assumed in the calculations based on Cardiff Council's average rate of borrowing. In reality each individual authority will have their own arrangements for the repayment of their individual borrowing.

### **Fixed Prudent Minimum Revenue Provision**

The repayment terms (Prudent Minimum Revenue Provision) for the borrowing funded by the Constituent Authorities are assumed to be 4% of the original principal outstanding on a straight line basis.

## **Statement of Responsibilities**

### **The Joint Committee's responsibilities**

The Joint Committee is required to:

- Make arrangements for the proper administration of its financial affairs, and to secure that an appropriate officer has the responsibility for the administration of those affairs. In 2013/2014 this officer was Christine Salter, Section 151 Officer of Cardiff Council.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Chair**  
**Glamorgan Archives Joint Committee**

DRAFT

## The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the 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.

### In preparing the Statement of Accounts, the Section 151 Officer 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 Section 151 Officer has also:

- Kept proper accounting records which are up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Certificate of the Section 151 Officer as Treasurer of the Joint Committee

I certify that the foregoing Statement of Accounts presents a true and fair view of the financial position of the Joint Committee at 31<sup>st</sup> March 2014 and its income and expenditure for the year then ended.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**Christine Salter**  
**Corporate Director Resources & Section 151 Officer**

## Comprehensive Income and Expenditure Statement for the year ended 31<sup>st</sup> March 2014

2012/2013 £		2013/2014 £	Note
638,514	Staff costs	659,606	1
213,150	Premises	222,010	
8,904	Transport	6,324	
74,451	Supplies and Services	61,097	
1,025	Third Party Payments	310	
48,474	Central Departmental Support	53,927	
108,689	Capital Charges	108,689	2
<b>1,093,207</b>	<b>Operating Expenditure</b>	<b>1,111,963</b>	
(1,358,344)	Contributions from Local Authorities	(1,337,963)	3
(94,145)	Grant income	(132,882)	
(53,970)	Fees and Charges	(52,741)	
<b>(1,506,459)</b>	<b>Operating Income</b>	<b>(1,523,586)</b>	
<b>(413,252)</b>	<b>Net Cost of Services</b>	<b>(411,623)</b>	
(2,625)	Interest and Investment Income	(2,109)	6
317,152	Interest Payable	302,411	6
<b>314,527</b>	<b>Financing and Investment Income &amp; Expenditure</b>	<b>300,302</b>	
<b>(98,725)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(111,321)</b>	
0	Other Comprehensive Income & Expenditure	0	
<b>(98,725)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(111,321)</b>	

## Movement in Reserves Statement for the year ended 31<sup>st</sup> March 2014

	Usable Reserves (1)	Unusable Reserves (2)	Total Reserves
	£	£	£
<b>Balance at 31st March 2012</b>	<b>673,963</b>	<b>1,807,088</b>	<b>2,481,051</b>
Movement in Reserves during 2012/2013			
<b>Surplus or (Deficit) on Provision of Services</b>	<b>98,725</b>	<b>0</b>	<b>98,725</b>
Other Comprehensive Income & Expenditure	0	0	0
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>98,725</b>	<b>0</b>	<b>98,725</b>
Adjustments between Accounting Basis & Funding Basis under regulations (note 22)	(169,170)	169,170	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>(70,445)</b>	<b>169,170</b>	<b>98,725</b>
Transfers To / From Earmarked Reserves	0	329,652	329,652
<b>Increase / Decrease in 2012/2013</b>	<b>(70,445)</b>	<b>498,822</b>	<b>428,377</b>
Other movement in reserves	0	0	0
<b>Balance at 31st March 2013 Carried Forward</b>	<b>603,518</b>	<b>2,305,910</b>	<b>2,909,428</b>
Movement in Reserves during 2013/2014			
<b>Surplus or (Deficit) on Provision of Services</b>	<b>111,321</b>	<b>0</b>	<b>111,321</b>
Other Comprehensive Income & Expenditure	0	0	0
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>111,321</b>	<b>0</b>	<b>111,321</b>
Adjustments between Accounting Basis & Funding Basis under regulations (note 22)	(173,074)	173,074	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>(61,753)</b>	<b>173,074</b>	<b>111,321</b>
Transfers To / From Earmarked Reserves	0	0	0
<b>Increase / Decrease in 2013/2014</b>	<b>(61,753)</b>	<b>173,074</b>	<b>111,321</b>
Other movement in reserves	0	0	0
<b>Balance at 31st March 2014 Carried Forward</b>	<b>541,765</b>	<b>2,478,984</b>	<b>3,020,749</b>

## 1. Comprises:

Glamorgan Archives General Reserve - note 12

Glamorgan Archives Earmarked Reserve - note 13

## 2. Comprises:

Capital Adjustment Account - note 14

Revaluation Reserve – note 15

Accumulated Absences Accrual Reserve - note 16



### Balance Sheet as at 31<sup>st</sup> March 2014

31/03/2013 £		31/03/2014 £	Note
8,057,598	Land and Buildings	7,978,045	
0	Assets Under Construction	0	
97,788	Vehicle, Plant, Furniture & Equipment	68,652	8
<b>8,155,386</b>	<b>Property, Plant &amp; Equipment</b>	<b>8,046,697</b>	
18,780	Inventories	18,731	18
258,683	Short Term Debtors	156,559	9
358,077	Cash & Cash Equivalents	406,732	19
<b>635,540</b>	<b>Current Assets</b>	<b>582,022</b>	
(30,949)	Short Term Creditors	(34,769)	10
(5,616)	Provisions	(6,390)	20
<b>(36,565)</b>	<b>Current Liabilities</b>	<b>(41,159)</b>	
(5,844,933)	Long Term Borrowing	(5,566,811)	11
<b>(5,844,933)</b>	<b>Long Term Liabilities</b>	<b>(5,566,811)</b>	
<b>2,909,428</b>	<b>NET ASSETS</b>	<b>3,020,749</b>	
<b>603,518</b>	<b>Usable Reserves - General</b>	<b>541,765</b>	12
1,984,225	Capital Adjustment Account	2,157,102	13
326,228	Revaluation Reserve	322,784	14
(4,543)	Accumulated Absences Account	(902)	15
<b>2,305,910</b>	<b>Unusable Reserves</b>	<b>2,478,984</b>	
<b>2,909,428</b>	<b>TOTAL RESERVES</b>	<b>3,020,749</b>	

## Cashflow Statement for the Year Ended 31<sup>st</sup> March 2014

31/03/2013		31/03/2014	Note
£		£	
(98,725)	Net (Surplus) /Deficit on the provision of services	(111,320)	
120,306	Adjust net surplus or deficit on the provision of services for non-cash movements	62,665	17
2,625	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,109	
<b>24,206</b>	<b>Net cash flows from operating activities</b>	<b>(46,546)</b>	
<b>0</b>	<b>Investing activities</b>	<b>0</b>	
<b>(2,625)</b>	<b>Financing activities</b>	<b>(2,109)</b>	
<b>21,581</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>	<b>(48,655)</b>	
379,658	<b>Cash and cash equivalents at the beginning of the reporting period</b>	358,077	
<b>358,077</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>406,732</b>	

Cardiff Council administers all cash transactions as the Glamorgan Archives Joint Committee does not operate its own bank account.

## Notes to the Core Financial Statements

### 1. Officers' Remuneration

Under the Accounts and Audit (Wales) Regulations 2005 as amended, Local Authorities and Joint Committees must disclose in their accounts the number of staff whose remuneration exceeded £60,000 (listed in ranges, in multiples of £5,000). For the purpose of this disclosure, remuneration includes gross pay, employer's National Insurance contributions, redundancy payments etc. but excludes employer's Pension Contributions.

No individual member of staff received remuneration in the year above £60,000.

The total staff costs for the year were £659,606 analysed as follows:

	2012/2013 £	2013/2014 £
Pay	419,174	433,439
Pension costs	87,241	91,248
National Insurance	27,654	27,853
Agency Staff	40,293	3,520
Indirect employee costs	64,152	103,546
<b>Total staff costs</b>	<b>638,514</b>	<b>659,606</b>

Some staff have opted to participate in the Cardiff & Vale of Glamorgan Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

### 2. Capital Charges

	2012/2013 £	2013/2014 £
Depreciation	108,689	108,689
	<b>108,689</b>	<b>108,689</b>

Depreciation of £79,554 has been charged on operational land & buildings (£79,554 in 2012/13) and £29,135 on vehicles, plant, furniture & equipment (£29,135 in 2012/13). Depreciation has been charged on a straight-line basis over the estimated useful life of the asset which, in the case of the new building, is 96 years from 1<sup>st</sup> April 2012. Depreciation which had previously been charged on the basis of a 40 year useful life was written back in 2012/2013.

The Glamorgan Archives Office was re-valued as at 1<sup>st</sup> April 2012 resulting in a revaluation up of £329,652.

### 3. Contributions Received

The joint agreement provides for contributions towards estimated expenditure for each year to be notified in advance to each Authority and to be made in two instalments. Contribution rates have been agreed in proportion to the relevant

populations of each Authority as per the 2001 Census and were calculated as follows for 2013/2014.

Authority	Population	%	Cash Contribution based on Population % £	Notional Contribution based on Debt Funding £	Total Contribution £
Bridgend C.B.C.	130,600	14	106,040	103,937	209,977
Caerphilly C.B.C.	104,300	11	83,317	81,665	164,982
Cardiff Council	305,200	32	242,378	97,011	339,389
Merthyr Tydfil C.B.C.	59,700	6	45,446	23,373	68,819
Rhondda Cynon Taf C.B.C.	238,900	25	189,357	185,602	374,959
Vale of Glamorgan Council	118,800	12	90,892	88,945	179,837
	<b>957,500</b>	<b>100</b>	<b>757,430</b>	<b>580,533</b>	<b>1,337,963</b>

#### Comparative for 2012/2013

Authority	Population	%	Cash Contribution based on Population % £	Notional Contribution based on Debt Funding £	Total Contribution £
Bridgend C.B.C.	130,600	14	106,830	106,576	213,406
Caerphilly C.B.C.	104,300	11	83,938	83,738	167,676
Cardiff Council	305,200	32	244,182	99,475	343,657
Merthyr Tydfil C.B.C.	59,700	6	45,784	23,967	69,751
Rhondda Cynon Taf C.B.C.	238,900	25	190,768	190,315	381,083
Vale of Glamorgan Council	118,800	12	91,568	91,203	182,771
	<b>957,500</b>	<b>100</b>	<b>763,070</b>	<b>595,274</b>	<b>1,358,344</b>

#### **4. Related Party Transactions**

In accordance with IAS 24 – Related Party Disclosures, there is a duty to disclose any material transactions with a “related party”. This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

The Glamorgan Archives Service is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee currently has 18 members in total, of which 16 are elected members, with voting rights.

Included in the accounts are contributions from Local Authorities totalling £757,430 (£763,070 in 2012/13). Contributions owing at year end from Local authorities shown as debtors in the accounts are as follows:

	<b>2012/2013</b>	<b>2013/2014</b>
	<b>£</b>	<b>£</b>
Bridgend C.B.C.	0	63,624
Merthyr Tydfil C.B.C.	27,470	27,268
Caerphilly C.B.C.	50,363	49,991
Vale of Glamorgan Council	54,941	262
	<b>132,774</b>	<b>141,145</b>

During 2013/2014, Glamorgan Archives was charged £53,928 by Cardiff Council in respect of Central Departmental Support (£48,474 in 2012/13).

Cardiff Council also holds cash on behalf of Glamorgan Archives in its role as Lead Authority. The total cash balance held by Cardiff Council on behalf of Glamorgan Archives at 31<sup>st</sup> March 2014 is £406,732 (£358,077 at 31<sup>st</sup> March 2013).

## **5. Audit Fees**

The Income & Expenditure Account includes an accrual of £3,500 in respect of the anticipated cost of external audit services to be carried out by the appointed Auditor with respect to the 2013/2014 accounts (£3,500 in 2012/13).

## **6. Interest Receivable and Payable**

Interest is received on the balance invested by Cardiff Council on behalf of the Glamorgan Archives Joint Committee. During 2013/2014 interest of £2,109 was earned on the balance of the General Reserve (£2,625 in 2012/13).

Interest is payable, notionally, on the borrowing undertaken by constituent authorities to pay for their share of the Glamorgan Records Office. There is an equal and opposite entry in the contributions from Local Authorities line to ensure that this has no net revenue impact. The notional interest was £302,411 in 2013/14 (£317,152 in 2012/13).

## **7. Leases**

Operating leases exist in respect of a vehicle and other items of equipment. The following sums were charged to revenue in 2013/2014.

<b>Operating Leases</b>	<b>2012/2013</b>	<b>2013/2014</b>
	<b>£</b>	<b>£</b>
Land & Buildings	0	0
Vehicles	3,238	2,763
Plant & Equipment	4,768	4,138
	<b>8,006</b>	<b>6,902</b>

As at 31 March 2014 there was a commitment to making payments totalling £6,038 (£6,094 at 31 March 2013).

Operating Leases	2012/2013	2012/2013	2013/2014	2013/2014
	Vehicle Leases	Plant & Equip Leases	Vehicle Leases	Plant & Equip Leases
	£	£	£	£
Leases expiring within 1 year	3,238	0	2,763	2,391
Leases expiring between 2 and 5 years	0	2,856	0	884
Leases expiring after 5 years	0	0	0	0
	<b>3,238</b>	<b>2,856</b>	<b>2,763</b>	<b>3,275</b>

Glamorgan Archives does not have any Finance Lease agreements.

### 8. Movements in Property, Plant and Equipment

	Land & Buildings	Plant & Equipment	Total
	£	£	£
<b>Gross Book Value</b>	<b>8,729,653</b>	<b>224,710</b>	<b>8,954,363</b>
Accumulated Depreciation	(672,055)	(126,922)	(798,977)
<b>Net Book Value at 1<sup>st</sup> April 2013</b>	<b>8,057,598</b>	<b>97,788</b>	<b>8,155,386</b>
Depreciation	(79,553)	(29,136)	(108,689)
<b>Net Book Value at 31<sup>st</sup> March 2014</b>	<b>7,978,045</b>	<b>68,652</b>	<b>8,046,697</b>

### Comparative for 2012/2013

	Land & Buildings	Plant & Equipment	Total
	£	£	£
<b>Gross Book Value</b>	<b>8,400,001</b>	<b>224,710</b>	<b>8,624,711</b>
Accumulated Depreciation	(592,500)	(97,788)	(690,288)
<b>Net Book Value at 1<sup>st</sup> April 2012</b>	<b>7,807,501</b>	<b>126,922</b>	<b>7,934,423</b>
Upwards revaluation	329,652	0	329,652
Depreciation	(79,555)	(29,134)	(108,689)
<b>Net Book Value at 31<sup>st</sup> March 2013</b>	<b>8,057,598</b>	<b>97,788</b>	<b>8,155,386</b>

### 9. Short Term Debtors

Short Term Debtors in the Balance Sheet consists of:

<b>2012/2013</b> £	<b>Debtor Category</b>	<b>2013/2014</b> £
3,844	Central Government Bodies	110
250,057	Other Local Authorities	143,887
0	NHS Bodies	213
4,782	Other Entities and Individuals	12,349
<b>258,683</b>		<b>156,559</b>

## **10. Short Term Creditors**

Short Term Creditors in the Balance Sheet consists of:

<b>2012/2013</b> £	<b>Creditor Category</b>	<b>2013/2014</b> £
(5,886)	Central Government Bodies	(14,003)
(125)	Other Local Authorities	0
(24,938)	Other Entities and Individuals	(20,766)
<b>(30,949)</b>		<b>(34,769)</b>

## **11. Borrowing**

Borrowing is included in the Glamorgan Archives balance sheet to reflect the method of funding used by some constituent authorities to contribute to the new Glamorgan Archives Records Office. These are notional entries only as the Joint Committee does not have any borrowing powers of their own.

	<b>2012/2013</b> £	<b>2013/2014</b> £
<b>Balance as at 1<sup>st</sup> April</b>	<b>(6,123,055)</b>	<b>(5,844,933)</b>
Repayment in Year	278,122	278,122
<b>Balance as at 31<sup>st</sup> March</b>	<b>(5,844,933)</b>	<b>(5,566,811)</b>

## **12. General Reserve**

The balance on the General Reserve at 31<sup>st</sup> March 2014 was £511,765. This reserve is available for general use by Glamorgan Archives in future years. It is an accumulated working balance and is not ring fenced for any particular activity.

<b>Movements on Glamorgan Archives General Reserve</b>	<b>2012/2013</b> £	<b>2013/2014</b> £
Balance Brought Forward at 1 <sup>st</sup> April	673,963	603,518
Budgeted drawdown from reserve to fund in year expenditure	(100,000)	(100,000)
Revenue surplus	29,555	8,247
<b>Balance as at 31<sup>st</sup> March</b>	<b>603,518</b>	<b>511,765</b>

**13. Earmarked Reserve**

There was a new Earmarked Reserve created in 2013/2014 which is ring fenced specifically to fund the creation of a dividing wall in the Glamorgan Records Office Search room. Further details can be found in the Summary of Financial Performance for 2013/2014.

<b>Movements on Glamorgan Archives Earmarked Reserve</b>	<b>2012/2013 £</b>	<b>2013/2014 £</b>
Balance Brought Forward at 1 <sup>st</sup> April	0	0
Contribution to Earmarked Reserve	0	30,000
<b>Balance as at 31<sup>st</sup> March</b>	<b>0</b>	<b>30,000</b>

**14. 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 Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations 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 Authority as finance for the costs of acquisition, construction and enhancement.

<b>Movements on Capital Adjustment Account</b>	<b>2012/2013 £</b>	<b>2013/2014 £</b>
<b>Balance as at 1<sup>st</sup> April</b>	<b>1,811,368</b>	<b>1,984,235</b>
Minimum Revenue Provision	278,122	278,122
in Year Depreciation	(108,689)	(108,689)
Historic cost Adjustment for Depreciation	3,434	3,434
<b>Balance as at 31<sup>st</sup> March</b>	<b>1,984,235</b>	<b>2,157,102</b>

**15. Revaluation Reserve**

The Glamorgan Archives Office was re-valued as at 1<sup>st</sup> April 2012 resulting in a revaluation up of £329,652 which was transferred to a revaluation reserve in 2012/2013.

<b>Movements on Revaluation Reserve</b>	<b>2012/2013 £</b>	<b>2013/2014 £</b>
<b>Balance as at 1<sup>st</sup> April</b>	<b>0</b>	<b>326,218</b>
Revaluation Gains	329,652	0
Historic cost Adjustment for Depreciation	(3,434)	(3,434)
<b>Balance as at 31<sup>st</sup> March</b>	<b>326,218</b>	<b>322,784</b>



**16. Accumulated Absences Accrual Reserve**

The Accumulated Absences Accrual Reserve absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to and from the Account.

2012/2013 £		2013/2014 £
(4,280)	<b>Balance at 1 April</b>	(4,543)
(263)	Amount by which remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	3,641
(4,543)	<b>Balance at 31 March</b>	(902)

**17. Reconciliation of the Comprehensive Income and Expenditure Account to Cashflow**

2012/2013 £		2013/2014 £
<b>OPERATING ACTIVITIES</b>		
<b>The surplus on the provision of services has been adjusted for the following non-cash movements:</b>		
(108,689)	Depreciation and Impairment	(108,689)
278,122	Prudent MRP (Borrowing Repayment)	278,122
(416)	(Increase)/Decrease in Provisions	(774)
17,095	(Increase)/Decrease in Creditors	(3,820)
(65,273)	Increase/(Decrease) in Debtors & Prepayments	(102,125)
(533)	Increase/(Decrease) in Inventories	(49)
120,306	<b>Net cash flow from operating activities</b>	62,665
120,306	<b>Cash (Inflow)/Outflow from Revenue Items</b>	62,665

**18. Inventories**

Glamorgan Archives holds a stock of publications for sale which includes books, booklets, maps and posters. The stock is valued at year end and as at 31 March 2014 it was valued at £18,731 (£18,780 as at 31 March 2013).

**19. Cash and Cash Equivalents**

As disclosed in Note 4 Related Party Transactions Cardiff Council holds cash on behalf of Glamorgan Archives in its role as Lead Authority. The total cash balance held by Cardiff Council at 31<sup>st</sup> March 2014 is £406,732 (£358,077 at 31<sup>st</sup> March 2013).

<b>31 March 2013</b>		<b>31 March 2014</b>
148	Cash	227
357,929	Bank	406,505
<b>358,077</b>	<b>Total Cash and Cash Equivalents</b>	<b>406,732</b>

## 20. Provisions

Cardiff Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The accounts for 2013/14 recognises Glamorgan Archives Service's share of this liability based on the energy management records for the Glamorgan Archives Office.

	<b>Balance 1 April 2013</b>	<b>Utilised/released in year</b>	<b>Transfers to provisions</b>	<b>Balance 31 March 2014</b>
Carbon Reduction Provision	(5,616)	5,616	(6,390)	(6,390)
<b>Total Provisions</b>	<b>(5,616)</b>	<b>5,616</b>	<b>(6,390)</b>	<b>(6,390)</b>

### Comparative for 2012/2013

	<b>Balance 1 April 2012</b>	<b>Utilised/released in year</b>	<b>Transfers to provisions</b>	<b>Balance 31 March 2013</b>
Carbon Reduction Provision	(5,200)	5,200	(5,616)	(5,616)
<b>Total Provisions</b>	<b>(5,200)</b>	<b>5,200</b>	<b>(5,616)</b>	<b>(5,616)</b>

## 21. Insurance

The Glamorgan Archives Records Office and its contents are currently insured under Cardiff Council's 'block' property insurance policy but shown as a separate item so that any claims are subject to a £1,000 excess rather than the £150,000 excess carried by the Council. Cover is for 'standard' perils of fire, storm, flood, theft etc.

The unique and potentially irreplaceable material deposited with the Service has meant that the current insurance arrangements do not fully cover all deposits should a disaster or theft occur. This position has arisen due to difficulties in placing a value on deposits upon which an insurance policy can be based.

Cardiff Council will be asking insurers if any wider insurance cover is available but there would be cost implications if any additional insurance was taken out.

## **22. Adjustments Between Accounting Basis and Funding Basis Under Regulations**

	Usable Reserves General Reserve 2012/2013	Unusable Reserves 2012/2013
Adjustments involving the Capital Adjustment Account		
Charges for Depreciation of Non-Current Assets	108,689	(108,689)
Minimum Revenue Provision	(278,122)	278,122
Adjustments involving the Accumulating Compensated Absences Adjustment Account		
Accumulated Absences	263	(263)
<b>Total Adjustments</b>	<b>(169,170)</b>	<b>169,170</b>

	Usable Reserves General Reserve 2013/2014	Unusable Reserves 2013/2014
Adjustments involving the Capital Adjustment Account		
Charges for Depreciation of Non-Current Assets	108,689	(108,689)
Minimum Revenue Provision	(278,122)	278,122
Adjustments involving the Accumulating Compensated Absences Adjustment account		
Accumulated Absences	(3,641)	3,641
<b>Total Adjustments</b>	<b>(173,074)</b>	<b>173,074</b>

## **23. Heritage Assets**

The Code for 2011/12 included new accounting guidance in respect of Heritage Assets with the requirement to comply with FRS30. Heritage assets are defined as assets of historic, artistic or scientific importance that are maintained principally for their contribution to knowledge and culture at either a national or local level. This requires their identification, recognition and disclosure in the accounts where relevant and material. Previously, heritage assets were either recognised as community assets (at cost) in the property, plant and equipment classification in the balance sheet, or were not recognised at all, due to the difficulties in obtaining a valuation.

Glamorgan Archives (GA) has no material intangible heritage assets however it does hold tangible heritage assets which can be identified into the following main categories:

- papers
- plans
- photographs
- parchments
- personal diaries
- council minutes

GA holds assets and data accumulated over time.

### **Recognition, Measurement, Impairment and Depreciation**

Given the nature of Heritage assets, determining a value for them is complex. Valuations may lack reliability, there may be no market, providing an estimate of replacement cost may be difficult and the cost of determining a valuation for accounting purposes only may not be justified on cost benefit grounds. These difficulties are recognised by the Code.

Heritage assets have not been recognised in the accounts. No valuations are recorded by GA for Heritage assets. There is therefore no impairment or depreciation costs.

### **Policy on acquisitions, disposals, care and conservation**

Glamorgan Archives exists to collect, preserve and provide access to records that relate to the people and places of the former counties of Mid and South Glamorgan. They are always keen to acquire records of historical significance. A Collection Policy exists which outlines the sort of records that they collect.

Records can be given to the Archives in a number of ways.

- By **gift**, where ownership of the material passes to the Glamorgan Archives Joint Committee on behalf of its constituent authorities.
- On **deposit**, where you retain the ownership of the items in question. Depositors enter into an agreement with the Glamorgan Archives regarding the use, retention and preservation of these items. This agreement is outlined in the terms of deposit policy document which also outlines the policy on disposals.
- **Transfers** from constituent Local Authorities of records selected for permanent preservation.

The majority of holdings are on deposit so are not actually owned by Glamorgan Archives or the funding Local Authorities.

All documents are stored in secure strong rooms in carefully controlled atmospheric conditions to preserve them for the future, always adhering to the Preservation Policy.

All Policies listed above can be found on the Glamorgan Archives website.

## **Annual Governance Statement: Glamorgan Archives Joint Committee**

### **Scope of Responsibility**

Glamorgan Archives was established in 1939 to serve the former County of Glamorgan. It has operated as a joint service since 1974 when it continued to provide archive services to the newly created Mid, South and West Glamorgan. West Glamorgan County Council withdrew from the joint agreement in 1992 and thus in 1996, on Local Government re-organisation, the served area became Mid & South Glamorgan.

Glamorgan Archives is now a partnership between Bridgend C.B.C, Caerphilly C.B.C (for the former Rhymney Valley DC), the City of Cardiff Council, Merthyr Tydfil C.B.C, Rhondda Cynon Taf C.B.C, and the Vale of Glamorgan Council. These Authorities appoint representatives to the Joint Committee, pro rata to population, each of which have voting rights. The most recent Joint Archives Agreement was formally signed by the six Local Authority partners in April 2006 and covers a period of 25 years from the date of occupation of the new Glamorgan Archives Records Office in Leckwith.

The partnership aims to provide an Archive Service to collect, preserve and make accessible documents relating to the area it serves, and which will ultimately maintain the corporate memory of its constituent Local Authorities.

Cardiff Council is responsible for ensuring that its business and that of the Joint Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.

This statement is a reflection of the principles set out in the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government and also meets the requirements of regulation 4 of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control by the Glamorgan Archives Joint Committee.

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

The Governance Framework comprises the systems and processes, and culture and values by which the Joint Committee is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The aim is, therefore, to provide reasonable, rather than 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 Glamorgan Archives' policies, aims and objectives, to evaluate the likelihood of those risks being

realised and the impact should they be realised and to manage them efficiently, effectively and economically.

### **The Governance Framework**

The Joint Committee's key objectives are laid out in its Partnership Agreement which details how the six Authorities will work together to deliver the Glamorgan Archives Service. This includes an agreement on the financial commitments of the Councils, including making available sufficient internal funds to cover their share of the Service, as well as the liabilities of each Council.

In order to effectively deliver its priorities, the following components are in place to make up the overall Internal Control Framework:

- The Facilitation of Policy and Decision Making
- Establishing and Monitoring of Objectives
- Performance Management and the Reporting of Performance Management
- Compliance with Established Policies, Procedures, Laws and Regulations
- Identifying, Assessing and Managing the Risks to the Service's objectives
- The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised
- The Financial Management of the Archives Service

### **The Facilitation of Policy and Decision Making**

The Glamorgan Archives Joint Committee has decision-making powers as stipulated in the Joint Agreement. Committee membership of the Glamorgan Archives Joint Committee comprises nominated Members of the authorities participating in the joint arrangement together with other co-opted members. Voting rights are only assigned to Local Authority Members. This framework provides an assurance that all decisions taken comply with relevant policies, procedures, laws and regulations.

Glamorgan Archives Joint Committee shall:

- Provide, maintain, administer and develop the Service.
- Appoint a duly qualified Archivist to manage the Service.
- Provide and administer accommodation, offices and buildings as are necessary for the purpose of providing the Service.
- Have delegated powers and duties in connection with the care, preservation, maintenance and management of archived records.
- Approve an annual business plan.
- Approve a draft annual budget for submission to each Partner Authority.
- Only approve spending within the agreed annual budget.

The Glamorgan Archives Joint Committee does not:

- Have the power to set an annual budget.
- Have the power to borrow money.

## **Establishing and Monitoring of the Committee's objectives**

Each year the Glamorgan Archivist prepares a plan which includes key aims and objectives. Where available it includes a target completion date and also identifies management responsibilities for each key objective.

## **Performance Management and the Reporting of Performance Management**

Performance against this plan is monitored at a local level and is regularly reported to the Joint Committee. This will enable Members to track progress against the key aims and objectives, monitor performance against targets and approve or support remedial action where required.

## **Compliance with Established Policies, Procedures, Laws and Regulations**

Glamorgan Archives is managed and administered by the Joint Archives Committee under powers conferred by the Local Government (Records) Act 1962. This Act empowers all Local Authorities in Wales to make records in their possession available for study and to contribute towards the expenses of persons looking after local records.

The Local Government Act 1972 Section 224 requires all principal councils to make proper arrangements for the care and preservation of any documents which belong to them or are in their custody and permits those Councils to discharge these functions through Joint Committees.

The Local Government (Wales) Act 1994 Section 60 states that councils can buy local records or accept them by way of gift or loan.

Since April 2009 Cardiff Council's policies and procedures have been adopted.

## **Identifying, Assessing and Managing the Risks to the Services' objectives**

Until recently the risk to service delivery has been identified as failure to provide appropriate accommodation. The risk register has concentrated on the provision of such accommodation and the risks associated with its procurement and the management of the building programme. Now that this has been achieved the risks to service delivery are identified and managed through the annual plan while a more detailed register is being developed for managing the new building.

## **The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised**

Cardiff Council, as host Authority, is responsible for ensuring that the operational budget is managed by the Archives Service. Advice is available on ways of obtaining greater value for money which is key to meeting the challenges of improving the Service within the resources available.

Cardiff Council procurement can offer support in ensuring that all procurement activities operate within the context of value for money, efficiency and continuous improvement.

### **The Financial Management of the Glamorgan Archives Service**

The system of financial management is based on a framework of regular management information, Financial Procedure Rules and a system of delegation and accountability. The Glamorgan Archives budget is managed within this framework. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues.

The Financial Procedure Rules are those of Cardiff Council as host Authority and these can be found on the Council's intranet site. Not all the rules apply to the Archives as many are specific to the role of the Council. The key controls for financial management are to ensure that it is promoted and reviewed for compliance.

Financial Management includes:

- Forecasting & monitoring budgets on a periodic basis with regular financial reports
- Setting targets to measure financial and other performance
- Clearly defined expenditure guidelines
- Maximisation of external income

Responsibility for management and financial information reporting rests with Cardiff Council and the Glamorgan Archivist.

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

### **Review of the Effectiveness of the System of Internal Control**

Any review of the effectiveness of the system of internal control is in the main informed by external and internal audits.

#### **External Audit**

The Wales Audit Office undertakes the external audit requirements of the Glamorgan Archives Service. Reports are prepared, in relation to audit, under the relevant enabling legislation and the responsibilities detailed in the Code of Audit Practice, and in the context of the 'Statement of Responsibilities', issued by the Auditor General for Wales.

#### **Internal Audit**

Cardiff Council operates an independent internal audit function whose role is to review internal control arrangements. This function operates under the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the UK.



There was no internal audit of Glamorgan Archives undertaken in 2013/2014.

### **Significant Governance Issues**

The System of Internal Control, as summarised above, operated satisfactorily in 2013/2014.

### **Monitoring**

No significant issues were identified throughout the year however, should any significant issues have arisen processes would have been in place to manage and monitor these.

DRAFT

**Certification by the Chair of Glamorgan Archives Joint Committee and the Glamorgan Archivist**

The Corporate Director Resources & Section 151 Officer who acts as Treasurer to the Glamorgan Archives Joint Committee and the members of the Joint Committee are content that the process followed has been robust and has ensured the engagement of the Archives Services' partnering Authorities.

On the basis of this process we certify that we approve the Annual Governance Statement for 2013/2014

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Chair  
Glamorgan Archives Joint Committee**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Susan Edwards  
Glamorgan Archivist**

**Independent Auditor's Report to the Members of Glamorgan Archives Joint Committee**

The Independent auditor is Wales Audit Office. The above statements reflect the unaudited position as at the date of publication.

DRAFT