

**LOCAL GOVERNMENT BOUNDARY COMMISSION FOR  
WALES**

**Commission's annual report and financial statements**

**31 March 2010**



## Contents

ANNUAL REPORT	1
REMUNERATION REPORT	9
STATEMENT OF THE COMMISSION'S AND THE SECRETARY'S RESPONSIBILITIES	13
STATEMENT ON INTERNAL CONTROL	14
THE CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES TO THE NATIONAL ASSEMBLY FOR WALES	16
NET EXPENDITURE ACCOUNT	18
STATEMENT OF FINANCIAL POSITION	19
STATEMENT OF CASH FLOWS	20
STATEMENT OF CHANGES IN TAX PAYER'S EQUITY	21
NOTES TO THE FINANCIAL STATEMENTS	22 - 30



**ANNUAL REPORT**  
**for the year ended 31 March 2010**

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**REPORT OF THE SECRETARY AND ACCOUNTING OFFICER**

The Local Government Boundary Commission for Wales has adopted International Financial Reporting Standards (IFRS) for the first time. The comparative financial statements for the year ended 31 March 2009 were originally prepared under UK GAAP and have been converted for the purposes of comparison. The date of the transition to IFRS is 1 April 2008, and this opening position has been prepared with reference to IFRS standards in force as at 31 March 2009.

**History and Statutory Background**

The Local Government Boundary Commission for Wales (the Commission) was established in June 1974 under the terms of Section 53 of the Local Government Act 1972 for the purposes of keeping under review the areas and electoral arrangements of local government in Wales.

From 1 April 1995 the Commission became an advisory Non-Departmental Public Body funded by Grant-in-aid from the former Welsh Office and after 1 July 1999, an Assembly Sponsored Public Body (ASPB). When the Government of Wales Act 2006 came into effect on 25 May 2007 the Commission became an Assembly Government Sponsored Body (AGSB).

**Commission Members, Secretary and Senior Staff**

The Commission Members throughout 2009-10 were:

Mr Paul Wood	(Chairman)
Rev Hywel Meredydd Davies BD	(Deputy Chair)
Mr John Bader	(Member)

Senior managers throughout 2009-10 were:

Mr E H Lewis BSc DPM FRSA FCIPD	(Secretary and Accounting Officer)
Mr S R Halsall	(Deputy Secretary)

The terms of appointment of Commission Members and senior managers can be found in the Remuneration Report (on page 9).

**Accounts Direction**

The accounts have been prepared in accordance with the Accounts Direction issued by the Welsh Ministers.

**Register of Interests**

A register of company directorships and other significant interests is maintained and held at the Commission's offices in Caradog House, Cardiff and is available for inspection by the public on request. Alternatively, the register can be accessed from the Commission's web site at:

[www.lgbc-wales.gov.uk](http://www.lgbc-wales.gov.uk)

## **Appointment of Auditors**

The accounts of the Commission are audited by the Auditor General for Wales under Statutory Instrument 2003 number 749 issued in accordance with the Government for Wales Act 1998. On behalf of the Welsh Assembly Government, the Auditor General for Wales also undertakes Additional Assurance work on the Commission's activities. Audit fees are disclosed in Note 4 to these accounts.

## **Audit Committee**

The Audit Committee was chaired by Rev. H M Davies. Mr P Wood and Mr J Bader served as members of the Audit Committee. The Audit Committee's main duties are to consider the effectiveness of the Commission's overall internal control and risk management systems and to ensure adequate processes and mechanisms are in place for the assessment and management of risk. It considers the scope of audit coverage and adequacy of management responses to the audit recommendations and advises the Secretary on audit and compliance matters. The Audit Committee met on three occasions during the year 2009-10.

## **Charitable and Political Donations**

The Commission did not make any charitable or political donations during 2009-10.

## **Disclosure of Audit Information**

So far as I am aware there is no relevant audit information of which the Commission's auditors are unaware. I have taken all the steps that should be taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of any such information.

## **Financial Instruments**

Details of Financial Instruments are given at Note 7 to the accounts on page 27.

## **Going Concern**

These accounts are prepared on a going concern basis. So far as I am aware the net current liabilities will be financed from resources voted by Parliament (Grant-in-Aid) in the future.

## **Payment Policy**

The Commission's payment policy is to pay all invoices within 30 days of receipt. This policy is in accordance with the requirements laid down in Government Accounting and follows the Better Payment Practice Code issued by the Department of Trade and Industry. In 2009-10, the Commission received 402 invoices and paid 99% of these within 30 days.

## **Pension Scheme**

Details of the Commission's pension scheme are disclosed in the Remuneration Report, at pages 9 to 12.

## **Events After the Reporting Period**

These accounts were authorised for issue on 13 July 2010 by the Accounting Officer. At the date of signing these accounts there were no events after the reporting period to disclose.

## MANAGEMENT COMMENTARY

The Commission's general function, as set out in the Local Government Act 1972, is to "make proposals to the Welsh Assembly Government for effecting changes appearing to the Commission desirable in the interests of effective and convenient local government".

The main duties under statute are:

- i) To keep under review all local government areas in Wales for the purpose of considering whether or not to propose to the Welsh Assembly Government changes appearing to the Commission desirable in the interests of effective and convenient local government;
- ii) To consider requests for reviews from local authorities as well as recommendations from principal councils arising out of their own community reviews;
- iii) To consider the results of reviews carried out by either the Commission or local authorities and make recommendations to the Welsh Assembly Government;
- iv) To conduct a review of Wales as a whole, or of any one or more local government areas or parts of such areas in Wales, as directed by the Welsh Assembly Government; and
- v) Under provisions of the new Section 64 inserted in the 1972 Act by Section 6 of the Local Government (Wales) Act 1994 as soon as practicable after the ordinary election of councillors for any of the Welsh principal areas as held in 1995 to:
  - a) Review the electoral arrangement for that area with a view to considering future electoral arrangements; and
  - b) Formulate proposals for these arrangements.

The Commission are required under the Act to carry out reviews of the electoral arrangements of principal councils in Wales at intervals of not less than 10 or more than 15 years from the submission of the last report of the Commission on the previous review.

The Commission conduct their reviews by means of consultation with the principal councils, community councils and other interested parties including the public. The Commission announces and publicises their intention to conduct the review and invites representations from all interested parties for a period of nine weeks. The Commission then take account of representations received when formulating their draft proposals which are published in a report outlining the Commission's decisions in respect of changes (if any) to the existing boundary or electoral arrangements. The Commission announce the publication of their Draft Proposals Report and enter into a further consultation period during which further representations are invited from interested parties. These representations are then taken into account when the Commission formulate their final proposals. The Commission's final proposals are published in a report which is submitted to the Welsh Assembly Government, which may if it thinks fit make an order giving effect to any proposals made by the Commission, either as submitted or with modifications. The Commission publicises the publication of their Final Proposals Report and there is a six



week period during which interested parties may make representations concerning the Commission's proposals to the Welsh Assembly Government.

## **Review of Activities During 2009-10**

Electoral reviews were the major part of the Commission's work during the year. The Commission received a Direction from the Minister for Social Justice and Local Government dated 13 January 2009 to conduct a review of electoral arrangements for the 22 Welsh unitary authorities to be completed by no later than 30 June 2011. During 2009-10 the Commission commenced reviews of the electoral arrangements for Rhondda Cynon Taff County Borough (April 2009), Isle of Anglesey County (April 2009), Cardiff City and County (July 2009), Conwy County Borough (September 2009), Merthyr Tydfil County Borough (September 2009), Bridgend County Borough (September 2009), Powys County (October 2009), Gwynedd County (November 2009), Monmouthshire County (November 2009), Ceredigion County (December 2009), Wrexham County Borough (February 2010), Caerphilly County Borough (March 2010) and Blaenau Gwent County Borough (March 2010). The Commission published Draft Proposals Reports for electoral arrangements for Newport City and County, Neath Port Talbot County Borough and Denbighshire County in October 2009, Flintshire County Borough, Rhondda Cynon Taff County Borough and Isle of Anglesey County in January 2010 and Cardiff City and County in March 2010.

Community reviews continued to be a significant part of the Commission's work during the year. The Commission completed their reviews of the community boundaries in the County Borough of Bridgend, the County Borough of Caerphilly, the County Borough of The Vale of Glamorgan and the County Borough of Blaenau Gwent publishing their Report and Proposals in May 2009, July 2009, August 2009 and September 2009 respectively. The Commission published Further Draft Proposals for their reviews of community boundaries in the City and County of Swansea in July 2009 and their Report and Proposals in February 2010.

Principal councils are responsible for undertaking reviews of community areas and community electoral arrangements. In August 2009 the Commission received recommendations made by Pembrokeshire County Council following that Council's review of communities in their area. The Commission has reviewed Pembrokeshire County Council's recommendations and will submit their Report and Proposals to the Welsh Assembly Minister in early 2010-11.

The Commission also completed a review of part of the boundary between the Preserved Counties of Powys and Mid Glamorgan publishing their Report and Proposals in June 2009.

During 2009-10 the Commission held three open facilitated workshops in Wrexham (October 2009), Swansea (November 2009) and Merthyr Tydfil (December 2009). The feedback from these workshops was used to inform the Commission's Strategic Plan.

The Commission discharged their corporate management obligations in accordance with their Management Statement and Financial Memorandum, the Commissioners' Code of Best Practice, Complaints Procedure, Code of Practice on Public Access to Information and Welsh Language Scheme.

The Commission continued to provide a Secretariat to the Boundary Commission for Wales during 2009-10 and commenced an interim review of the boundary between the parliamentary constituencies of Brecon and Radnorshire CC and Merthyr Tydfil and Rhymney CC. Under the Memorandum of Agreement expenditure incurred by the

Secretariat of the Boundary Commission for Wales will be met by the Commission's Grant-in-Aid and reclaimed from the Ministry for Justice by the Welsh Assembly Government. During 2009-10 the Commission's expenditure relating to the Boundary Commission for Wales was £50,614 (2008-09; £37,127), as disclosed in notes 3 and 4 to these accounts.

The Commission's annual Operational Plan submitted to the sponsor division includes a draft timetable giving key deadline dates for the various stages of their review work. However, the nature of the Commission's review work means that this timetable may be subject to change as a result of requirements for additional information and other changes in the circumstances surrounding the reviews.

The Commission's Code of Practice on Public Access to Information requires all requests for information covered by the Freedom of Information (Fol) Act to be met within 15 working days. In 2009-10 there were 18 requests for information covered by the Fol Act, 100% of which were provided within 15 working days of receipt of the request.

### **Future Developments**

The Commission will be undertaking the work necessary to complete the reviews of electoral arrangements for Welsh unitary authorities by 30 June 2011 as directed by the Minister for Social Justice and Local Government on 13 January 2009. The increase in the Commission's workload resulting from this review work has necessitated an increase in Secretariat staff.

The Commission also have an ongoing obligation to keep under review the areas of principal councils and to give consideration to any recommendations made by principal councils in respect of community area reviews undertaken by them. During 2010-11 the Commission will complete those community reviews which commenced in 2009-10. It is not anticipated that the Commission will undertake further work in respect of community reviews for other principal councils until after the completion of the reviews of electoral arrangements for Welsh unitary authorities.

The Commission's Secretariat also provides a Secretariat to the Boundary Commission for Wales. The Boundary Commission for Wales will continue their interim review of the boundary between the parliamentary constituencies of Merthyr Tydfil and Rhymney CC and Brecon and Radnorshire CC during 2010-11.

The Commission's offices at Caradog House are leased by the Welsh Assembly Government until 2012 with lease costs being met by the Commission. The Commission's information technology system is largely provided and maintained by the Welsh Assembly Government as part of their Merlin partnership contract for which the Commission pays a monthly charge in line with the terms and conditions of the contract. The Commission's other assets comprise office furniture and small items of IT and office equipment. The Commission also uses Geographical Information System software to assist it in carrying out its functions.

### **Risks and uncertainties**

Risks faced by the Commission relate largely to operational and information areas. Operational risks are managed by the establishment of clear desk instructions for staff and the legal vetting of all reports and documents issued. Information requirements are limited to specialised areas including the use Geographical Information System software. Independent checks and site visits to locations under review are undertaken as necessary to reduce the risk of inaccurate information affecting the Commission's decision making

process. There are also elements of risk in the areas of health and safety and fraud/theft. Periodic health and safety checks are carried out by senior management and acted upon by the Commission. Integral to the Commission's internal system of control, it has independent accountants which considerably reduces the risk of fraud and money laundering. The Commission's internal auditors produce an annual report which is considered by the Audit Committee and the recommendations made are acted upon.

Risks are also managed by the establishment of a risk management policy together with a risk register which is reviewed annually. In addition to this the Commission maintains a Business Continuity Plan which is updated as necessary.

### **Environmental, Social and Community Issues**

The Local Government Boundary Commission for Wales is actively pursuing policies that will seek to reduce the impact the Commission's operations have on the environment. Whilst the Commission will undertake a number of initiatives to reduce environmental impact, such as ensuring all staff receive sustainable development training, the main delivery will be achieved via the Green Dragon Environmental Standard and through the Commission's sustainable procurement policies. The Commission has developed a Sustainable Procurement Policy and Strategy and the Commission's work towards reducing the environmental impact of its activities has been recognised with the awarding of level two of the Green Dragon Environmental Standard. The Commission has also achieved Level three of the Sustainable Procurement Assessment Framework in the key areas.

The Welsh Assembly Government's strategic agenda is set out in One Wales. It states that it is a comprehensive and progressive government programme for improving the quality of life of people in all of Wales' communities, from all walks of life, concentrating on the most vulnerable and disadvantages. The Commission acknowledges and supports the commitment of the Welsh Assembly Government to the regeneration of diverse communities across Wales, and will endeavour to take account of that commitment in making any recommendations.

### **Employee Policy**

The Commission maintains a small core of directly employed staff consisting of the Secretary, Deputy Secretary, a Review Officer and an Administrative Support Officer. Directly employed staff have salary bands and terms and conditions of service analogous with Welsh Assembly staff of corresponding grades. Further staffing requirements are dictated by the local authority and parliamentary review cycles and workloads and are met by employing inwardly seconded staff from other government departments for a fixed term of either 2 or 3 years. Staff seconded from other government departments remain on the salary scales and terms and conditions of their parent department whilst employed by the Commission. This policy allows the Commission to retain a core of staff with knowledge of mission critical systems and procedures whilst meeting increases in review workload efficiently.

The Commission has an extensive range of policies which reflect current legislation, and aim to secure retention and motivation. These policies are reviewed regularly. All policies are equality checked before implementation.

## **Sickness Absence**

During 2009-10 none of the Commission's permanent staff were absent on sick leave (2008-09 one member of the Commission's permanent staff was absent on sick leave for a total of 19 days).

## **Information**

The Local Government Boundary Commission for Wales has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

## **Personal Data Management**

The Local Government Boundary Commission for Wales takes all reasonable measures to protect the personal data obtained from its stakeholders and employees during the course of its business activities. Data management controls include password protection on all databases holding personal and sensitive data, restricting access to data, holding manual data in locked cupboards and ensuring data handling protocols are in place.

There were no personal data related incidents during 2009-10.

## **Financial Results**

The net expenditure for the year amounted to £636,316 (2008-09; £577,793 restated) and this has been transferred to the general reserve. Grant-in-Aid received from the Welsh Assembly Government amounted to £615,469 (2008-09; £556,978) and this has been credited direct to the general reserve.

As Grant-in-Aid is provided on a cash basis and cannot be drawn down in advance of need and the accounts are prepared on an accruals basis this can result in a net negative reserves position. This has been the case for the last two years.

**EDWARD H LEWIS**

Secretary and Accounting Officer

13 July 2010

## REMUNERATION REPORT

Powers to make remuneration to Commission Members are set out in Schedule 8 paragraph 2 of the Local Government Act 1972. This function was transferred to the National Assembly for Wales under SI 1999 Transfer of Functions Order No 672. Annual increases to the remuneration of Chairs and Members of AGSBs are authorised by the First Minister.

The appointments for current Commissioners were renewed on 1<sup>st</sup> January 2005. The appointment of the Chairman, Mr Paul Wood, is for a term of 5 years running from 1<sup>st</sup> May 2008 until 30<sup>th</sup> April 2013. The appointment of the Deputy Chair, Rev. Hywel Meredydd Davies, was for a term of 5 years and ran until 31<sup>st</sup> December 2011. The appointment of the Member, Mr John Bader is for a term of 5 years running from 1<sup>st</sup> January 2009 until 31<sup>st</sup> December 2013.

The Secretary to the Commission, Mr Edward Lewis, is directly employed by the Commission and took office on 1<sup>st</sup> April 2001 under a two and one half year, fixed term contract (renewable), based upon a three-day working week. His contract was renewed as open ended from 1<sup>st</sup> October 2003. On 1<sup>st</sup> January 2007 the post of Secretary changed from part time to full time with the agreement of the Welsh Assembly Government. The Commission's Secretary is deemed to be the equivalent of the Welsh Assembly Government's Executive Band 2. Annual increases in salary are applied in accordance with those agreed for staff of the Welsh Assembly Government and no performance bonuses are applicable.

The Commission's Deputy Secretary, Mr Steve Halsall, is directly employed by the Commission on an open ended full time basis and took office on 1<sup>st</sup> April 2006. The Commission's Deputy Secretary is deemed to be the equivalent of the Welsh Assembly Government's Management Band 1. Annual increases in salary are applied in accordance with those agreed for staff of the Welsh Assembly Government and no performance bonuses are applicable.

### Commission Members' Remuneration (\*)

	2009-10	2008-09
Name	Fees	Fees
	£'000	£'000
Mr P J Wood (Chair / Deputy Chair)	11	8
Rev H M Davies (Member / Deputy Chair)	7	6
Mr D J Bader (Member)	6	1
Mrs S G Smith (Chair)	0	5

The Commission members' remuneration related entirely to fees for services rendered during the year. Pension contributions are not payable.

## Senior Managers' Salary and Pension Entitlements

### Salaries (\*)

	2009-10	2008-09
Name	Salary	Salary
	£'000	£'000
Mr E H Lewis (Secretary)	50-55	50-55
Mr S R Halsall (Deputy Secretary)	40-45	40-45

'Salary' includes gross salary, no amounts for overtime or allowances were paid. During 2009-10 there were no payments made in respect of performance pay or bonuses.

### Benefits-in-Kind and Gifts Register

None of the Commission's Members or staff received any benefits-in-kind during the year. The Commission operates a gifts register, no gifts or hospitality were received during the year.

### Pension Benefits (\*)

Name	Accrued pension at pension age as at 31/03/10 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/10*	CETV at 31/3/09	Real increase in CETV	Employer contributions to partnership pension accounts
	£'000	£'000	£'000	£'000	£'000	
Mr E H Lewis Secretary	0 - 5 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of 0 - 2.5	112	95	17	-
Mr S R Halsall Deputy Secretary	15 - 20 plus lump sum of 35 - 40	0 - 2.5 plus lump sum of 0 - 2.5	375	331	20	-

\* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

### Civil Service Pensions

The Secretary and Deputy Secretary are ordinary members of the Principal Civil Service Pension Scheme. The employer's contributions to the scheme amounted to 21.8% of the Secretary's salary and 18.8% of the Deputy Secretary's salary.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying

assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2009-10, employers' contributions of £25,091 were payable to the PCSPS (2008-09 £27,441) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. Rates will change from 2010-11. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

**Classic Scheme** : Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

**Premium Scheme** : Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum of up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

**Classic Plus Scheme** : This is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

**Nuvos Scheme** : Scheme members build up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI

Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased in line with the Retail Prices Index.

The accrued pension quoted is the pension the member is entitled to receive when they reach 60 or immediately on ceasing to be an active member of scheme if they are already 60.

Of the Commission's staff two are members of the Classic Scheme, one is a member of the Classic-Plus Scheme and one was a member of the Premium Scheme.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

\* This information is subject to audit.

**EDWARD H LEWIS**  
Secretary and Accounting Officer  
13 July 2010



## **STATEMENT OF THE COMMISSION'S AND THE SECRETARY'S RESPONSIBILITIES**

Under the Government of Wales Act 2006, Welsh Ministers have directed the Commission to prepare for each financial year a statement of accounts in the form and on the basis determined by the Welsh Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net operating costs, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- i) Observe the accounts direction issued by the Welsh Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ii) Make judgements and estimates on a reasonable basis;
- iii) State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- iv) Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Accounting Officer for the Welsh Assembly Government has designated the senior official, the Secretary, as the Accounting Officer for the Commission. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are as set out in the Accounting Officers' Memorandum.

## **STATEMENT ON INTERNAL CONTROL**

### **Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, set by the Welsh Assembly Government Minister, whilst safeguarding the public funds and Commission's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Commission's risk management register is reviewed regularly by the Audit Committee. The Commission liaises with their sponsor division in the Welsh Assembly Government also. As Accounting Officer, I meet regularly with the Principal Accounting Officer for the Welsh Ministers providing me with the opportunity to raise any issue of concern with him.

### **The purpose of the system of internal control**

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; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's 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 system of internal control has been in place in the Commission for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **Management Statement and Financial Memorandum (MSFM) and Memorandum of Agreement (MOA)**

The current version of the Commission's MSFM was finalised in July 2009. The Commission has a MOA in place with the Ministry of Justice which sets out the terms and conditions under which the Commission's Secretariat acts as a Secretariat for the Boundary Commission for Wales.

### **Capacity to handle risk**

As Accounting Officer, I lead the risk management process through regular internal reviews and through maintaining a risk register. Staff are trained or equipped to manage risk in a way appropriate to their authority and duties. The guidance issued is in the form of comprehensive desk instructions, which are periodically updated. The results of internal and external audit reviews are examined to identify any improvements that can be made to working practices.

### **The risk and control framework**

The key elements of the risk management strategy are through a local assessment of risks. The way in which the Commission's risks are identified, evaluated and controlled are by maintaining a risk register with risk appetites and risk priorities being determined by discussion with the Audit Committee. The key way in which risk management is embedded in the activity of the organisation is through regular team meetings.

## **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Commission who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. Key factors in the process are:-

- The establishment of key risk indicators;
- The maintenance of a risk register;
- Reports from the Accounting Officer to the Audit Committee on internal control activities;
- An Audit Committee which meets three times per annum;
- Management meetings held monthly to consider plans and strategic direction of the Secretariat; and
- Internal Audit Reviews on agreed areas.

In 2003 the Commission's information technology system was replaced by that used by the Welsh Assembly Government. This system is maintained by the Welsh Assembly Government's contractors who manage the maintenance of IT equipment and back-up of data thereby reducing the Commission's own exposure to the risk of system failure.

There have been no significant internal control issues identified during the year. Internal Audit concluded in their overall assessment that substantial assurance was achieved for the areas reviewed this year.

**EDWARD H LEWIS**

Secretary and Accounting Officer

13 July 2010

## **The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales**

I certify that I have audited the financial statements of the Local Government Boundary Commission for Wales for the year ended 31 March 2010 under the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Tax Payers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

### **Respective responsibilities of the Accounting Officer and auditor**

The Secretary as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of The Commission's and Secretary's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and Welsh Ministers' directions made thereunder. I report to you whether, in my opinion, the information which comprises the Report of the Secretary and Accounting Officer and the Management Commentary, given in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition, I report to you if in my opinion the Local Government Boundary Commission for Wales has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Local Government Boundary Commission for Wales' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Local Government Boundary Commission for Wales' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Secretary and Accounting Officer, the unaudited part of the Remuneration Report and the Management Commentary. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Local Government Boundary Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and directions made thereunder by Welsh Ministers, of the state of the Local Government Boundary Commission for Wales affairs as at 31 March 2010 and of the net operating costs, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and Welsh Ministers' directions made thereunder; and
- information which comprises the Report of the Secretary and Accounting Officer and the Management Commentary, given within the Annual Report, is consistent with the financial statements.

## **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

## **Report**

I have no observations to make on these financial statements.

**Gillian Body**

Auditor General for Wales  
24 Cathedral Road  
Cardiff CF11 9LJ  
9 August 2010

# LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

## NET EXPENDITURE ACCOUNT for the year ended 31 March 2010

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	Notes	2010 £	2009 restated £
<b>EXPENDITURE</b>			
Staff costs	3	363,181	296,808
Depreciation	6	7,768	7,768
Other expenditure	4	265,363	273,146
<b>Total Expenditure</b>		<b>636,312</b>	<b>577,722</b>
<b>INCOME</b>			
Other income		-	-
<b>Total Income</b>		<b>-</b>	<b>-</b>
<b>Net Expenditure</b>		<b>(636,312)</b>	<b>(577,722)</b>
Cost of capital credit	4	(950)	(94)
Reversal of notional cost of capital charge		950	94
Net interest (payable) / receivable		(4)	(71)
<b>Net Expenditure after cost of capital and interest</b>		<b>(636,316)</b>	<b>(577,793)</b>

All activities are classed as continuing

The notes on pages 22 to 30 form part of these accounts.

# LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

## STATEMENT OF FINANCIAL POSITION as at 31 March 2010

	Notes	31 March 2010 £	31 March 2009 (restated) £	1 April 2008 £
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment	6	<u>8,711</u>	<u>16,479</u>	<u>17,219</u>
<b>Total non-current assets</b>		<u><b>8,711</b></u>	<u><b>16,479</b></u>	<u><b>17,219</b></u>
<b>CURRENT ASSETS</b>				
Trade and other receivables	8	<u>1,550</u>	<u>1,796</u>	<u>1421</u>
Cash and cash equivalents	9	<u>4,186</u>	<u>1,557</u>	<u>15587</u>
<b>Total current assets</b>		<u><b>5,736</b></u>	<u><b>3,353</b></u>	<u><b>17,008</b></u>
<b>Total assets</b>		<u><b>14,447</b></u>	<u><b>19,832</b></u>	<u><b>34,227</b></u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10	<u>(52,544)</u>	<u>(36,146)</u>	<u>(29,632)</u>
<b>Total current liabilities</b>		<u><b>(52,544)</b></u>	<u><b>(36,146)</b></u>	<u><b>(29,632)</b></u>
<b>Total assets less current liabilities</b>		<u><b>(38,097)</b></u>	<u><b>(16,314)</b></u>	<u><b>4,595</b></u>
<b>FINANCED BY:</b>				
General reserves	12	<u>(38,097)</u>	<u>(16,314)</u>	<u>4,595</u>
		<u><b>(38,097)</b></u>	<u><b>(16,314)</b></u>	<u><b>4,595</b></u>

The notes on pages 22 to 30 form part of these accounts

**EDWARD H LEWIS**  
Secretary and Accounting Officer  
13 July 2010

# LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

## STATEMENT OF CASH FLOWS for the year ended 31 March 2010

	Notes	2010 £	2009 £
<b>Cash flows from operating activities</b>			
Net expenditure after cost of capital and interest		<b>(636,316)</b>	(577,793)
Adjustments for:			
Cost of capital charge	4	<b>(950)</b>	(94)
Decrease / (Increase) in trade and other receivables		<b>246</b>	(375)
Depreciation		<b>7,768</b>	7,768
Increase in trade payables		<b>16,398</b>	5,041
<b>Net cash outflow from operating activities</b>		<b><u>(612,854)</u></b>	<b><u>(565,453)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	-	(5,555)
<b>Net cash outflow from investing activities</b>		<b><u>-</u></b>	<b><u>(5,555)</u></b>
<b>Cash flows from financing activities</b>			
Grants from parent departments		<b><u>615,483</u></b>	<b><u>556,978</u></b>
<b>Net financing</b>			
Net (decrease) in cash and cash equivalents at the start of the period		<b>2,629</b>	(14,030)
Cash and cash equivalents at the beginning of the period	9	<b><u>1,557</u></b>	<u>15,587</u>
Cash and cash equivalents at the end of the period	9	<b><u>4,186</u></b>	<u>1,557</u>

The notes on pages 22 to 30 form part of these accounts.



# LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

## STATEMENT OF CHANGES IN TAX PAYERS' EQUITY for the year ended 31 March 2010

	Notes	General Reserve £	Total Reserve £
<b>Balance at 31 March 2008</b>		4,595	4,595
Changes in accounting policy		-	-
<b>Restated balance at 1 April 2008</b>		<u>4,595</u>	<u>4,595</u>
<b>Changes in tax payers' equity 2008-09</b>			
Non-cash charges – cost of capital	4	(94)	(94)
Net expenditure		(577,793)	(577,793)
Total recognised income and expenses for 2008-09		<u>(577,887)</u>	<u>(577,887)</u>
Grant in Aid from Welsh Assembly Government		556,978	556,978
<b>Balance at 31 March 2009</b>		<u>(16,314)</u>	<u>(16,314)</u>
<b>Changes in taxpayers' equity for 2009-10</b>			
Non-cash charges – cost of capital	4	(950)	(950)
Net expenditure		(636,316)	(636,316)
Total recognised income and expenses for 2009-10		<u>(637,266)</u>	<u>(637,266)</u>
Grant in Aid from Welsh Assembly Government		615,483	615,483
<b>Balance at 31 March 2010</b>		<u>(38,097)</u>	<u>(38,097)</u>

The notes on pages 22 to 30 form part of these accounts.

# LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

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### 1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (IFRS based FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Local Government Boundary Commission for Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Local Government Boundary Commission for Wales are described below. These have been applied consistently in dealing with items that are consider material to the accounts.

#### 1.1 Accounting Convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

#### 1.2 Valuation of fixed assets

Fixed assets are stated at their value to the Commission by reference to historic cost less depreciation. Fixed assets are capitalised at the cost of acquisition and installation where that cost exceeds £500. In the opinion of the Commission, there is no material difference between the historic and current replacement cost of office furniture and equipment. Computer software costs are written off as incurred.

#### 1.3 Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation over their estimated useful lives. All fixed assets are depreciated over five years. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

#### 1.4 Employee benefits

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees. Annual leave is provided for over the period that the leave accrues. This is a new accounting policy in line with the requirement of IAS19, Employee Benefits. The change in accounting policy is made in accordance with the transitional provisions of this standard. An adjustment of £6,372 was made to the accounts at 31 March 2009. No material adjustment was required for the opening balances at 1 April 2008.

#### 1.5 Funding

The Local Government Boundary Commission for Wales receives Grant-in-Aid from the Welsh Assembly Government to fund its general revenue and capital activities. In accordance with the FReM this Grant-in-aid is regarded as financing and is

credited to the General Reserve on receipt.

Government grants receivable for specific capital expenditure are credited to the Government Grant Reserve and released to the operating cost statement account over the expected useful lives of the relevant assets by equal amounts. The Commission has not received any specific capital grant in the current or prior years.

## **1.6 Inventories**

The Local Government Boundary Commission for Wales does not hold any stock of material value.

## **1.7 Value Added Tax (VAT)**

The Commission is not registered for VAT. All expenditure and fixed asset purchases are inclusive of relevant VAT.

## **1.8 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Remuneration Report. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employee's services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payments of future benefits is a charge on the PCSPS.

## **1.9 Notional Cost of Capital**

As directed by the Welsh Assembly Government, a notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5% of average capital employed.

## **1.10 Management of Financial Risk**

The Commission has no borrowings and relies primarily on Welsh Assembly Government grants for its cash requirements. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

## **1.11 Financial Instruments**

The Commission does not have any significant financial instruments. Short term instruments can include cash, trade debtors and trade creditors. Where applicable, the current value is the same as the fair value at the year end.

### **1.11.1 Trade receivables / debtors**

Trade receivables / debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

### **1.11.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, short term deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 1.11.3 Trade payables / creditors

Trade payables / creditors are not interest bearing and are stated at their nominal value.

### 1.11.4 Borrowings

There are no interest bearing loans or overdrafts.

### 1.11.5 Impairment

The carrying value of the Local Government Boundary Commission for Wales' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use.

1.11.6 Financial Assets and Financial liabilities which arise from contracts for the purchase or sale of non financial items are recognised when performance occurs, i.e. when receipt or delivery of the goods or services is made.

## 1.12 Operating Leases

The Commission's offices at Caradog House are leased by the Welsh Assembly Government until 2012 with lease costs being met by the Commission. An operating lease is also in place for the photocopier. These lease costs are charged to the operating cost statement in the year during which the costs are incurred. The Commission is included in the Welsh Assembly Government's Merlin IT contract for the provision of all IT services including hardware and software. As part of this agreement the Commission pays a monthly charge to the Welsh Assembly based on the number of Commission staff with access to the Merlin system proportionate to the total number of overall users throughout the Welsh Assembly. Costs for the provision of hardware and software through the Merlin contract are met by the Commission but these remain assets of the Welsh Assembly Government.

## 2. FIRST TIME ADOPTION OF IFRS

	<b>General Fund £</b>
Taxpayers' equity at 31 March 2009 under UK GAAP	<b>(9,942)</b>
Adjustments for:	
Holiday pay provision	<b>(6,372)</b>
<b>Taxpayers' equity at 1 April 2009 under IFRS</b>	<b><u>(16,314)</u></b>
Net expenditure for 2008-09 under UK GAAP	<b>(571,515)</b>
Adjustments for:	
Holiday pay provision	<b>(6,372)</b>
<b>Net Expenditure for 2008-09 under IFRS</b>	<b><u>(577,887)</u></b>

There is no difference in Cash Flows under UKGAAP and IFRS.

### 3. STAFF NUMBERS AND RELATED COSTS

	2010 Permanently employed staff £	2010 Inward Secondments £	2010 Commission Members £	2010 Total £
Wages and salaries	127,130	137,918	24,533	289,581
Social security costs	13,657	8,842	1,362	23,861
Pension costs	25,091	24,648	-	49,739
<b>Total Net Costs</b>	<b>165,878</b>	<b>171,408</b>	<b>25,985</b>	<b>363,181</b>

#### Average number of persons employed

The average number of whole-time equivalent persons employed during the year by these categories was as follows:

No. 3	No. 6	No. 3	No. 12
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Comparatives:

	2009 Permanently employed staff £	2009 Inward Secondments £	2009 Commission Members £	2009 Total £
Wages and salaries	123,497	88,142	18,402	230,041
Social security costs	13,489	4,621	826	18,936
Pension costs	27,441	14,018	-	41,459
<b>Total Net Costs</b>	<b>164,427</b>	<b>106,781</b>	<b>19,228</b>	<b>290,436</b>

#### Average number of persons employed (restated)

The average number of whole-time equivalent persons employed during the year by these categories was as follows:

No. 4	No. 4	No. 3	No. 11
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The emolument of the Chair of the Commission was £11,294 (2008-09: £7,798). Rev. H Davies (Deputy Chair) received £7,497. Mr J Bader (Member) received £5,742. Further details of remuneration can be found in the Remuneration Report, at pages 7 to 10.

The above costs include £19,393 (2008-09; £6,464) in respect of staff resources expended on behalf of the Boundary Commission for Wales.

#### 4. OTHER EXPENDITURE

	2010	2009
	£	£
Running Costs		
Travel and Subsistence Staff	15,512	12,534
Travel and Subsistence Commission Members	6,926	4,571
Course Fees and Staff Training	6,362	8,895
Auditor General for Wales – annual audit fee	7,576	8,514
– other audit fees	746	718
Internal Audit Fees	4,583	3,986
Advertising	34,742	25,868
Translation	29,625	21,164
Printing, postage and stationery	28,850	29,267
Telephone and contracts	1,215	1,597
Accommodation costs	2,883	912
Legal and professional	9,660	10,034
Non-capital computer costs	27,846	55,299
Other	4,282	5,067
Rentals under operating leases	85,505	84,814
Non-cash items		
Depreciation	7,768	7,768
Cost of Capital credit	(950)	(94)
Total	<u>273,131</u>	<u>280,914</u>

The above costs include £31,220 (2008-09; £30,662) in respect of travel and subsistence, printing, telephone and accommodation expended on behalf of the Boundary Commission for Wales. Costs for the Boundary Commission for Wales are calculated as the percentage of staff time spent on parliamentary issues, with the exception of accommodation costs which are set at a fixed rate of 36%. Other operating costs for the Boundary Commission for Wales have not therefore fallen to the same extent as those in respect of staff costs (Note 3).

#### 5. INCOME

There is no income. Grant-in-Aid is financing income and is credited directly to reserves.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Information Technology £	Furniture & Fittings £	Total £
<b>Cost or Valuation</b>			
At 1 April 2009	59,501	36,376	95,877
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2010</b>	<u>59,501</u>	<u>36,376</u>	<u>95,877</u>
<b>Depreciation</b>			
At 1 April 2009	52,825	26,573	79,398
Provided during the year	2,542	5,226	7,768
Eliminated on disposal	-	-	-
<b>At 31 March 2010</b>	<u>55,367</u>	<u>31,799</u>	<u>87,166</u>
<b>Net Book Value at 31 March 2010</b>	4,134	4,577	8,711
<b>Net Book Value at 31 March 2009</b>	6,676	9,803	16,479
<b>Asset financing</b>			
Assets owned	4,134	4,577	8,711
<b>Net Book Value at 31 March 2010</b>	<u>4,134</u>	<u>4,577</u>	<u>8,711</u>
	Information Technology £	Furniture & Fittings £	Total £
<b>Cost or Valuation</b>			
At 1 April 2008	56,373	32,476	88,849
Additions	3,128	3,900	7,028
Disposals	-	-	-
<b>At 31 March 2009</b>	<u>59,501</u>	<u>36,376</u>	<u>95,877</u>
<b>Depreciation</b>			
At 1 April 2008	50,283	21,347	71,630
Provided during the year	2,542	5,226	7,768
Eliminated on disposal	-	-	-
<b>At 31 March 2009</b>	<u>52,825</u>	<u>26,573</u>	<u>79,398</u>
<b>Net Book Value at 31 March 2009</b>	6,676	9,803	16,479
<b>Net Book Value at 31 March 2008</b>	6,090	11,129	17,219
<b>Asset financing</b>			
Assets owned	6,676	9,803	16,479
<b>Net Book Value at 31 March 2009</b>	<u>6,676</u>	<u>9,803</u>	<u>16,479</u>

## 7. FINANCIAL INSTRUMENTS

As the cash requirements of the Commission are met through Grant-in-Aid provided by the Welsh Assembly Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Commission's expected purchase and usage requirements and the

Commission is therefore exposed to little credit, liquidity or market risk.

## 8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2010 £	2009 £
<b>Amounts falling due within one year:</b>		
Prepayments and accrued income	1,550	1,796
<b>Total</b>	<b><u>1,550</u></b>	<b><u>1,796</u></b>

## 9. CASH AND CASH EQUIVALENTS

	2010 £	2009 £
Balance at 1 April	1,557	15,587
Net change in cash and cash equivalent balances	2,629	(14,030)
Commercial banks and cash in hand	<b><u>4,186</u></b>	<u>1,557</u>
Balance at 31 March	<b><u>4,186</u></b>	<u>1,557</u>

## 10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2010 £	2009 £
<b>Amounts falling due within one year:</b>		
Taxation and social security	2,186	1,449
Trade payables	16,964	15,388
Accruals and deferred income	23,333	12,937
Holiday pay accrual	10,061	6,372
	<b><u>52,544</u></b>	<u>36,146</u>

### 10.1 INTRA - GOVERNMENT BALANCES

	<b>Amounts falling due within 1 year</b>		
	31 March 2010 £	31 March 2009 £	1 April 2008 £
Welsh Assembly Government	5,120	1,751	3,544
Department for Work and Pensions	6,875	7,686	7,157
Driver and Vehicle Licensing Agency	7,319	-	-
Business Innovation and Skills	7,439	-	-
HM Revenue and Customs	2,186	1,449	1,443
Companies House	-	3,903	4,658
Balances with other central government bodies	<b><u>28,939</u></b>	<u>14,789</u>	<u>16,802</u>
Balances with bodies external to government	<b>13,544</b>	14,985	12,830
<b>Total</b>	<b><u>42,483</u></b>	<u>29,774</u>	<u>29,632</u>



## 11. OPERATING LEASES

	2010 £	2009 £
Total future minimum lease payments under Non-cancellable operating leases comprise:		
Buildings		
Not later than 1 year	84,000	85,000
Later than 1 and not later than 5 years	127,000	211,000
Total	<u>211,000</u>	<u>296,000</u>
Information Technology		
Not later than 1 year	21,600	21,460
Later than 1 and not later than 5 years	88,400	87,600
Total	<u>110,000</u>	<u>109,060</u>
Other		
Not later than 1 year	2,000	1,600
Later than one and not later than five years	1,900	3,900
Total	<u>3,900</u>	<u>5,500</u>
Total	<u><u>324,900</u></u>	<u><u>410,560</u></u>

The figures for the Information Technology operating lease payments relate to the Commission's inclusion on the Welsh Assembly Government's Merlin IT contract. It is assumed that the Merlin IT contract is continuous and therefore it is not possible to calculate minimum payments later than 5 years.

## 12. GENERAL RESERVE

	2010 £	2009 £ (restated)
Net expenditure	(636,316)	(577,793)
Non cash charges – Cost of capital	(950)	(94)
	<u>(637,266)</u>	<u>(577,887)</u>
Welsh Assembly Grant-in-Aid	615,483	556,978
	<u>(21,783)</u>	<u>(20,909)</u>
General reserve at 1 April	(16,314)	4,595
General reserve at 31 March	<u><u>(38,097)</u></u>	<u><u>(16,314)</u></u>

### **13. SPECIAL PAYMENTS AND LOSSES**

The Commission did not make any special payments in 2009-10. The Commission recorded losses amounting to £2,904 in 2009-10 resulting from fruitless payments. These losses were reported to the Welsh Assembly Government in accordance with the Commission's Financial Memorandum.

### **14. RELATED PARTY TRANSACTIONS**

The Welsh Assembly Government is regarded as a related party. During the year, the Commission has had various material transactions with the Welsh Assembly Government. Grant-in-Aid received during the year amounted to £615,469.

The Secretariat of the Commission also acts as Secretariat to the Parliamentary Boundary Commission for Wales (BCW). The BCW is a Non-Departmental Public Body sponsored by the Ministry for Justice (MoJ). The MoJ is regarded as a related party.

The Commission has no other related party transactions. None of the Commission members, key managerial staff or other related parties has undertaken any material transactions with the Commission during the year.

### **15. ANALYSIS OF NET EXPENDITURE BY SEGMENT**

The Net Expenditure Account reflects the segments that the operating results of the Local Government Boundary Commission for Wales are reported to the Commission. Consequently no further analysis of net expenditure by segment is provided.

### **16. CONTINGENT LIABILITIES AND ASSETS**

At the end of 2009-10 the Commission discovered that National Insurance contributions for directly employed staff had been paid to HM Revenue and Customs at the wrong rate since April 2001. As the Commission's directly employed staff are members of the Principal Civil Service Pension Scheme the employees' and employers' contributions should have been paid at the rate applicable to salary related contracted-out pension schemes. However, from April 2001 the contributions had been paid at a higher rate applicable to non contracted-out pension schemes. This error resulted from changes to Commission staff and payroll administration and a failure to ensure that adequate arrangements were in place for continuity of pensions and payroll knowledge. The Commission has made subsequent arrangements for reclaiming the overpayment from HM Revenue and Customs. However, HM Revenue and Customs will only make repayments dating back six years and therefore the Commission can only reclaim amounts overpaid between 1 April 2004 and 31 March 2010. It is expected that the amount of reclaimed employers' contributions will be approximately £13,867.

### **17. EVENTS AFTER THE REPORTING PERIOD**

These accounts were authorised for issue on 13 July 2010 by the Accounting Officer. At the date of signing these accounts there were no events after the reporting period to disclose.