SOUTH YORKSHIRE
FIRE & RESCUE
AUTHORITY

STATEMENT OF ACCOUNTS

2014/15

SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY
STATEMENT OF ACCOUNTS 2014/15

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1. Introduction

The Statement of Accounts is a statutory publication required under the Accounts and Audit Regulations and prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting required to give a true and fair view of the Authority's financial position at the end of the year and the transactions of the Authority during the year.

The information contained in the various statements and notes are of a highly technical nature and it may be useful to refer to the Glossary on page 79 for further explanation.

2. Explanation of Financial Statements

The Authority's Statement of Accounts consists of the following four Core Financial Statements:

- ***Movement in Reserves Statement***

This statement shows the movement of the Authority's reserves during the year, analysed into usable and unusable reserves. Usable reserves can be used by the Authority to fund expenditure or reduce taxation. Unusable reserves are those that have been created to reconcile the accounting entries required to comply with the Code with those that the Authority must statutorily charge to the General Fund Balance for council tax setting purposes. They are not therefore available to spend in the future.

The Adjustments between the Accounting Basis and Funding Basis under Regulations line within the Statement consolidates all the adjustments needed to convert the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement to the movement in the General Fund Balance for the year.

- ***Comprehensive Income and Expenditure Statement***

This statement shows the accounting cost for the year of providing services in accordance with generally accepted accounting practices. The Surplus or Deficit on the Provision of Services within the Statement shows the increase or decrease in net worth of the Authority as a result of incurring expenses and generating income. The Other Comprehensive Income and Expenditure shows any changes in net worth which have not been reflected in the above Surplus or Deficit, for example increases or decreases as a result of movements in asset values or because of actuarial gains or losses on pensions assets and liabilties.

The Statement does not match with the Authority's revenue expenditure to be funded from taxation and the reconciliation to this taxation position is shown in the Movement in Reserves Statement.

- ***Balance Sheet***

This statement sets out the financial position of the Authority and shows the value of assets and liabilities recognised by the Authority at 31 March each year. The net assets (assets less liabilities) are matched by the reserves held by the Authority, split between usable and unusable reserves.

- ***Cash Flow Statement***

This statement summarises the movements in cash and cash equivalents during the year. It shows how the Authority uses and generates cash and cash equivalents in its operating, investing and financing activities.

These Core Statements of Accounts are supported by the ***Statement of Responsibilities,*** and the ***Notes to the Accounts*** which include the accounting policies adopted (Note 1).

In addition, there is a supplementary accounting statement for the ***Pension Fund Account*** which shows the transactions, as determined by regulation, for the two Firefighters' Pension Schemes (1992 and 2006).

3. Revenue Expenditure

Each year, the Authority sets a revenue budget funded by a combination of Government grant, income raised from council tax and internal reserves.

The budget for 2014/15 was set in February 2014 against a continuing uncertain future funding position for the Authority. The Authority suffered grant reduction of £2.6M for 2014/15, bringing the total loss of grant to approximately £9.6M over the 4 year period since 2011/12. The Authority has since been notified of an actual cut of £2.8M in 2015/16 and in view of the current economic climate, the Government has indicated that further funding cuts will continue beyond 2016.

The Authority's priority therefore has been to continue the process of reducing budget levels by identifying and implementing savings in operational, support and non pay areas. Whilst the Authority agreed to the use of earmarked reserves by funding certain one off items in 2014/15, the overall strategy has also been to maintain a level of usable reserves to manage the implementation of further budget reductions.

The Authority's approved revenue budget for 2014/15 was £56.084M. The Authority received regular monitoring reports during the year and actual expenditure for the year was £53.188M, resulting in an underspend of £2.896M compared to the original budget as shown below:

	%	Budget £000	Actual £000	Variation £000
Employee Costs	70.3	40,182	40,055	(127)
Premises Costs	5.1	2,897	2,831	(66)
Transport Costs	2.2	1,263	1,209	(54)
Other Supplies and Services Costs	10.4	5,950	5,365	(585)
Capital Financing Costs	12.0	6,896	5,165	(1,731)
Gross Expenditure	**100**	**57,188**	**54,625**	**(2,563)**
Income		(1,104)	(1,437)	(333)
Net Expenditure		**56,084**	**53,188**	**(2,896)**
Available in Year External Funding			(53,120)	
(Increase) / Decrease in GF Reserves			**68**	
Net Use of Earmarked Reserves (Note 7 & MIRS)			(2,549)	
Net (Increase) / Decrease in GF Reserves for Year			**(2,481)**	

Whilst the overall outturn position suggests that a relatively high underspend occurred during the year much of this relates to the delay in procuring the Aerial appliances which make up the main element of the one off reserves funding.

The emphasis during the year has been on reducing base spending levels in order to plan for the continued reductions in funding. Despite the national fire-fighter pensions dispute and the industrial action that ensued, which continues into 2015/16, savings were generated which allowed the Authority to contain the £0.563M net costs of the industrial action within the budget figures without having to draw on reserves.

The main variances include:

- Employee Costs (£0.127M underspend). Underspends within the wholetime, retained duty system and support staff areas were generated during the year as the impact of operational shift changes and the implications of the support services review provided opportunities for savings. These were offset to some degree by the one-off payments made to staff leaving the organisation on early voluntary redundancy;

- Premises Costs (£0.066M underspend). Expenditure within the energy and cleaning and domestic budgets reduced, offset slightly by increased repair, alteration and maintenance costs in the latter part of the year;

- Transport Costs (£0.054M underspend). The investment in more fuel efficient and reliable vehicles resulted in lower vehicle running and repair costs;

- Other Supplies and Services Costs (£0.585M underspend). The final outturn position included an underspend against the stronger safer community reserve budget (£0.841M). Legal costs associated with the Hillsborough Inquest resulted in an overspend of £0.540M;

- Capital Financing Costs (£1.731M underspend) The final position included totaling direct revenue funding of capital investments in 2014/15 which was £2.5M, allocated for the purchase of 2 aerial and 4 pumping appliances. Supplier delays contributed to an underspend of £1.7M in 2014/15 however, the project is as a whole on budget; and

- Income (£0.333M overachieved). Additional income was received in the form of Section 31 grant income, officers seconded to other organisations and from the provision of services to Safety Solutions UK Ltd.

The Authority's available funding for 2014/15 is set out below:

Sources of Finance	**£000**	**£000**	**%**
Revenue Support Grant		(17,679)	33.3
Business Rate Retention Top Up Grant		(9,840)	18.5
Non Domestic Rates		(4,114)	7.7
Council Tax Income:			
• Barnsley	(3,874)		
• Doncaster	(4,975)		
• Rotherham	(4,295)		
• Sheffield	(8,343)		
		(21,487)	40.5
Total Funding		**(53,120)**	**100.0**

The Authority received 51.8% of its funding from Central Government in the form of the Revenue Support Grant and a Business Rate Retention Top Up Grant following the changes to the funding arrangements from 1st April 2013. Rather than receiving funding from a national business rates pool, the Authority now receives a share of each District Councils' business rate income directly. This enables it to benefit from any future economic growth as it will be able to retain a share of any increase in business rates. However in recognition of the fact that some local authorities collect more business rates than others, the Government introduced a system to ensure that an individual authority would not fall below a start-up funding level.

The balance of 48.2% comes from the local council tax and business rate payers.

The above figures do not reconcile to the Comprehensive Income and Expenditure Statement due to presentational differences required by proper accounting practice; however the net contribution to reserves is reflected in the Movement in Reserves Statement.

4. Capital Expenditure

The Authority spent £8.014M on capital expenditure in 2014/15 against the originally approved capital programme of £11.444M, representing an underspend of £3.430M. The majority of the underspend has been slipped for completion in 2015/16, together with related capital funding.

Whilst £0.654M was spent on improving the existing buildings, a further £5.739M was spent on the build of the two new fire stations at Parkway and Birley, with completion planned for the summer of 2015.

Despite the delay in the delivery of the new aerial and pumping appliances, investment in newer more efficient vehicles cost the Authority £1.200M. In addition, £0.213M was spent on operational equipment and included the replacement of Breathing Apparatus equipment and £0.208M was spent on improvement in ICT systems.

5. Capital Financing and Borrowing

Capital expenditure is financed by a combination of government grant, internal resources such as capital receipts and direct revenue funding, with the balance from external borrowing. The Authority is able to borrow to fund capital investment provided that it can demonstrate that it is affordable and prudent in accordance with CIPFA's Prudential Code. The Authority approves an annual Treasury Management Strategy which includes requirements and proposed arrangements for borrowing during the year.

The Authority's current outstanding borrowing from the Public Works Loans Board (PWLB) at the end of the year was £29.248M (£29.248M 2013/14). In view of the continuing impact of the banking crisis and economic situation, the Authority's strategy was to utilise internal cash to fund capital expenditure in 2014/15 in order to reduce cash levels and limit investment risk. No borrowing was therefore undertaken during the year.

6. General and Earmarked Reserves

The actual movements in reserves are summarised below:

	1 April 2014	Movement in Year	31 March 2015
	£000	£000	£000
Earmarked Reserves (Note 7)	21,747	(2,549)	19,198
General Reserves (General Fund Balance)	3,386	2,481	5,867
	25,133	**(68)**	**25,065**

There has been a shift in reserves between general and earmarked reserves during the year as part of the further development of a reserves strategy. The Authority also has available reserves to support the medium term financial strategy as a first priority. Utilising reserves in this way allows the Authority to undertake a measured approach in identifying further savings to reach a balanced financial position over the medium term.

There are also a number of other specific purposes for which reserves are required by the Authority over the next few years and by earmarking these, should ensure clarity around the future use of these reserves and minimum balances can be maintained more transparently.

Further information on earmarked reserves is provided in Note 7.

7. Retirement Benefits

The Authority participates in three pension schemes which are accounted for in line with International Accounting Standard (IAS) 19, the requirements of which are further explained in the Accounting Policies and other notes to the Financial Statements. This means that the Authority must include the commitment to pay future retirement benefits as a liability on its Balance Sheet to reflect the true accounting position, even though it will not pay for these until many years into the future.

The inclusion of this estimated liability of £723.9M is matched by a pensions reserve within unusable reserves in the Balance Sheet. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flow rather than as benefits are earned by employees.

The inclusion of this reserve has a substantial impact on the net worth of the Authority but no impact on the usable reserves as statutory provisions dicate the amounts to be charged to the general fund balance.

8. South Yorkshire Fire and Rescue Safety Solutions UK

The creation of South Yorkshire Fire and Rescue Safety Solutions UK is in response to the financial challenges facing the public sector, and a widening of the scope for entering into commercial ventures as a result of legislation. The Authority has recognised that the ability to generate additional new income streams is an opportunity to attract external funding from areas including those outside of the United Kingdom, which will boost South Yorkshire's economy and as such, is an integral part of the financial strategy. The primary objective of exploring commercial trading activities is to make a profit which can be re invested in South Yorkshire Fire and Rescue. This reinvestment could be direct, through a return of funds, or it may be indirect, for example through the offsetting of other costs.

The objectives of the Trading Company are:

- To generate profit where there are opportunities to do so;
- To maximise the use of the Authority's assets for commercial gain;
- To produce a revenue stream for the Authority; and
- To increase the profile of the trading company and the South Yorkshire Fire and Rescue Service.

The company began trading from 1 April 2014 and no trading accounts have been filed to date.

9. Financial Prospects

The Government's Comprehensive Spending Review (CSR) funding reductions over the last five years have represented a major challenge for the Authority. The Authority has continued to reduce its base budget during the year which has been possible due to a significant effort to achieve budget savings / cost reductions at the earliest possible time and in advance of specific budgetary need.

Although the Authority was able to set a Balanced budget for the current financial year, the anticipated funding across the remainder of this Parliament will leave the Authority's medium term financial forecasts in a deficit position, based on establishment levels remaining at current levels. Significant work continues to be carried out in assessing the cost of providing an adequate level of service in future years and proposals will be submitted to the Authority during 2015/16. The achievement of the required budget reductions may take several years and reserves have been earmarked to support this transitional period.

The financial position continues to be monitored and regularly reported to the Authority, along with the financial risks on the assumptions underpinning the Medium Term Financial Strategy.

Further information about the accounts is available from:

The Treasurer,
South Yorkshire Fire & Rescue Authority,
Westgate Plaza One,
Barnsley
S70 2DR.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Signed on Behalf of the Fire and Rescue Authority by the Chair of the Audit Committee:

____ **Date: 21st September 2015**

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code of Practice.

The Treasurer has also:

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

I certify that the attached Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2015 and its income and expenditure for the year then ended.

____ **Date: 21st September 2015**

F FOSTER, CPFA, TREASURER

SECTION 3 – CORE FINANCIAL STATEMENTS

THE MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase / Decrease before the Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2013	**19,721**	**3,027**	**-**	**320**	**23,068**	**(676,943)**	**(653,875)**
Movement in Reserves During 2013/14							
Surplus / (Deficit) on The Provision of Services	(19,821)	-	-	-	(19,821)	-	(19,821)
Other Comprehensive Income & Expenditure	-	-	-	-	-	41,258	41,258
Total Comprehensive Income & Expenditure (CIES)	**(19,821)**	**-**	**-**	**-**	**(19,821)**	**41,258**	**21,437**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 6)	22,206	-	77	53	22,336	(22,336)	-
Net Increase / (Decrease) Before Transfers to Earmarked Reserves	**2,385**	**-**	**77**	**53**	**2,515**	**18,922**	**21,437**
Transfers To / (From) Earmarked Reserves (Note 7)	(18,720)	18,720	-	-	-	-	-
Increase / (Decrease) in 2013/14	**(16,335)**	**18,720**	**77**	**53**	**2,515**	**18,922**	**21,437**
Balance at 31 March 2014 Carried Forward (Balance Sheet)	**3,386**	**21,747**	**77**	**373**	**25,583**	**(658,021)**	**(632,438)**
Movement in Reserves During 2014/15							
Surplus / (Deficit) on The Provision of Services	(17,843)	-	-		(17,843)	-	(17,843)
Other Comprehensive Income & Expenditure	-	-	-	-	-	(30,684)	(30,684)
Total Comprehensive Income & Expenditure (CIES)	**(17,843)**	**-**	**-**	**-**	**(17,843)**	**(30,684)**	**(48,527)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 6)	17,775	-	(77)	-	17,698	(17,698)	-
Net Increase / (Decrease) Before Transfers to Earmarked Reserves	**(68)**	**-**	**(77)**	**-**	**(145)**	**(48,382)**	**(48,527)**
Transfers To / (From) Earmarked Reserves (Note 7)	2,549	(2,549)	-	-	-	-	-
Increase / (Decrease) in 2014/15	**2,481**	**(2,549)**	**(77)**	**-**	**(145)**	**(48,382)**	**(48,527)**
Balance at 31 March 2015 Carried Forward (Balance Sheet)	**5,867**	**19,198**	**-**	**373**	**25,438**	**(706,403)**	**(680,965)**

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2013/14				2014/15		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
55,497	(1,016)	54,481	Fire Fighting and Rescue Operations	51,687	(717)	50,970
6,301	(182)	6,119	Community Fire Safety	5,941	(165)	5,776
32	(46)	(14)	Emergency Planning	32	(45)	(13)
909	-	909	Corporate & Democratic Core	1,255	-	1,255
24	-	24	Non Distributed Costs	25	-	25
62,763	**(1,244)**	**61,519**	**Cost of Services**	**58,940**	**(927)**	**58,013**
			Other Operating Expenditure:			
		(34)	Gains / Losses on the Disposal of Non-Current Assets			(18)
			Financing and Investment Income and Expenditure:			
		1,731	Interest Payable and Similar Charges			1,706
		29,575	Net Interest on the Net Defined Benefit Liability			29,436
		(115)	Interest Receivable and Similar Income			(101)
			Taxation and Non-Specific Grant Income:			
		(20,914)	Council Tax Income			(21,750)
		(3,951)	Non Domestic Rates			(4,114)
		(30,502)	Non Ring-Fenced Government Grants			(27,898)
		(15,374)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's behalf			(16,027)
		(2,114)	Capital Grants and Contributions			(1,404)
		19,821	**(Surplus) or Deficit on Provision of Services**			**17,843**
		(1,405)	(Surplus) / Deficit on Revaluation of Property, Plant and Equipment			(352)
		(39,853)	Remeasurements of the Net Defined Benefit Liability			31,036
		(41,258)	**Other Comprehensive Income and Expenditure**			**30,684**
		(21,437)	**Total Comprehensive Income and Expenditure**			**48,527**

BALANCE SHEET AS AT 31st MARCH 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, that is those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2014 £000		31 March 2015 £000
51,714	Property, Plant and Equipment (Note 16)	55,527
255	Intangible Assets (Note 17)	215
-	Long Term Debtors (Note 19)	50
51,969	**Long Term Assets**	**55,792**
9,887	Short-Term Investments (Note 22)	-
129	Assets Held for Sale (Note 18)	-
594	Inventories (Note 24)	561
7,206	Short-Term Debtors (Note 25)	6,578
9,679	Cash and Cash Equivalents (Cash Flow)	19,388
27,495	**Current Assets**	**26,527**
(26)	Short-Term Borrowing (Note 22)	(5,600)
(689)	Short-Term Deferred Liabilities (Note 26)	(712)
(3,194)	Short-Term Creditors (Note 27)	(5,683)
(297)	Provisions (Note 28)	(334)
(4,206)	**Current Liabilities**	**(12,329)**
(335)	Long-Term Provisions (Note 28)	(481)
(28,143)	Long-Term Borrowing (Note 22)	(22,606)
(674,562)	Pensions Liability (Note 31)	(723,924)
(3,569)	Transferred Debt from Former County Council (Note 29)	(3,107)
(1,087)	Finance Leases (Note 29)	(837)
(707,696)	**Long-Term Liabilities**	**(750,955)**
(632,438)	**Net Assets**	**(680,965)**

	Usable Reserves:	
3,386	General Reserves (General Fund Balance) (MIRS)	5,867
21,747	Earmarked Reserves (Note 7)	19,198
77	Capital Receipts Reserve (MIRS)	-
373	Capital Grants Unapplied (MIRS)	373
25,583	**Total Usable Reserves**	**25,438**
	Unusable Reserves:	
5,040	Revaluation Reserve (Note 8)	5,244
11,161	Capital Adjustment Account (Note 8)	11,660
(136)	Financial Instruments Adjustment Account (Note 8)	(118)
(674,562)	Pensions Reserve (Note 8)	(723,924)
670	Collection Fund Adjustment Account (Note 8)	932
(194)	Accumulated Absences Account (Note 8)	(197)
(658,021)	**Total Unusable Reserves**	**(706,403)**
(632,438)	**Total Reserves**	**(680,965)**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2013/14 (Restated) £000		2014/15 £000	
19,821	**Net (Surplus) or Deficit on the Provision of Services**	**17,843**	CI&ES
	Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:		
(4,654)	Depreciation	(3,315)	
(406)	Impairment and Downward Valuations	(1,174)	
(63)	Amortisations	(66)	
58	Increase / Decrease in Creditors	(2,380)	
763	Increase / Decrease in Debtors	(894)	
(23)	Increase / Decrease in Inventories	(34)	
(21,983)	Movement in Pensions Liability	(18,326)	
(109)	Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	(167)	
(213)	Movement in Provisions	(183)	
(43)	Other Non-Cash Movements	(60)	
(26,673)		**(26,599)**	
	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:		
2,114	Capital Grants & Contributions	1,404	
77	Proceeds From Sale of Non-Current Assets	153	
2,191		**1,557**	
(4,661)	**Net Cash (Inflow) / Outflow from Operating Activities** (Note 32)	**(7,199)**	
(5,044)	Investing Activities (Note 33)	(3,459)	
2,610	Financing Activities (Note 34)	949	
(7,095)	**Net (Increase) / Decrease in Cash and Cash Equivalents**	**(9,709)**	
(2,584)	Cash and Cash Equivalents at the Beginning of the Reporting Period	(9,679)	
(9,679)	**Cash and Cash Equivalents at the End of the Reporting Period**	**(19,388)**	Balance Sheet

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014 £000		31 March 2015 £000
20	Cash Held by the Authority	22
58	Bank Current Accounts	19,366
9,601	Call and Money Market Fund Investments	-
9,679	**Total (Balance Sheet)**	**19,388**

In preparation for the disbanding of the South Yorkshire Joint Secretariat and the reorganisation of South Yorkshire Fire & Rescue Authority's Treasury Management function to Barnsley MBC, the Authority's funds were removed from the pooled fund arrangements (described in Note 22) on 30 March 2015 and held in the Authority's bank account as at the year end.

Investments in line with the revised working arrangements, on a single entity basis commenced from 1 April 2015.

SECTION 4 – NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES OUTLINING THE AUTHORITY'S ACCOUNTING POLICY, FRAMEWORK AND ACCOUNTING BASIS

These notes outline the accounting principles and conventions that underpin this Statement of Accounts.

Note 1 – Statement of Accounting Policies

A summary of the main accounting policies adopted are shown below:

a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit (England) Regulations 2011. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code), and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Fees, charges and rents due are accounted for as income at the date the Authority provides the relevant goods or services;
- Interest payable on borrowings and receivable on investments is accounted for as expenditure or income respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

c) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits. Cash Equivalents are short-term, highly liquid investments with financial institutions that are readily convertible to known amounts of cash with insignificant risk of change in value. The Authority has classified investments in Call Accounts and Money Market Funds, which provide instant access with no penalty, as cash equivalents.

In the Balance Sheet and the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

d) Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

e) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, that is in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

f) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements and other forms of leave, such as time off in lieu, 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 salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement and then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or of an officer's decision to accept voluntary redundancy in exchange for those benefits. These are charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Retirement Benefits

Employees of the Authority are members of the following pensions schemes:

- the 1992 and 2006 Firefighters' Pension Schemes (FPS) - these are unfunded schemes, which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall due. The Authority is required by legislation to operate a Pension Fund, with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The Authority set up a Pension Fund on 1 April 2006 from which pension payments are made and into which contributions, from the Authority and employees, are received. The Pension Fund receives a top-up grant from the Government equal to the deficit each year, with any surplus on the Fund being repaid to the Government. The Pension Fund is shown separately in the Accounts
- the Local Government Pension Scheme (LGPS) for support staff, administered by the South Yorkshire Pensions Authority, is a funded scheme, which means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The above schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. They are accounted for in accordance with the requirements for defined benefits schemes, based on the principle that an organisation should account for retirement benefits when it is committed to give them, even though this may be many years into the future.

A pensions asset or liability is recognised in the Balance Sheet, made up of the net position of retirement liabilities and pension scheme assets. Retirement liabilities are measured on an actuarial basis using the projected unit method, by assessing the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Pension scheme assets (LGPS only) attributable to the Authority are included at their fair value. The Authority currently has a net pensions liability and this is matched in the Balance Sheet by a negative Pensions Reserve.

The change in net pensions liability during the year is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of service earned by employees in the current year. This is charged to services within the Comprehensive Income and Expenditure Statement;
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of Non Distributed Costs in the Comprehensive Income and Expenditure Statement; and
  - net interest on the net defined benefit liability – the change during the period in the net defined benefit liability that arises from the passage of time. This is

calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. This is charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising:
  - the return on plan assets (LGPS only) – this excludes amounts included in net interest on the net defined benefit liability and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expendture.
- Contributions paid / benefits paid – cash paid as employer's contribution by the Authority either to LGPS or directly to pensioners to reduce the scheme liabilities.

Statutory provisions require that the amount charged to the General Fund Balance is that payable by the Authority to pensions funds or directly to pensioners during the year, rather than that calculated under accounting standards. This means that an appropriation to or from the Pensions Reserve is done within the Movement in Reserves Statement to replace the notional sums for retirement benefits with the actual pensions costs. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

g) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts

h) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as income when there is a reasonable assurance that:

- the Authority will comply with the conditions attached to the grant or contribution; and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Most grants and contributions will be given with stipulations as to how they are to be spent and the consequences if resources are not applied in the manner authorised. Conditions are stipulations that require that the grant or contribution must be returned if not deployed as specified.

Monies advanced as grants and contributions 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 relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

i) Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority, such as software licences, is capitalised when it is expected that future economic benefit or service potential will flow to the Authority for more than one year.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Intangible assets are measured initially at cost. The depreciable amount of the intangible asset balance is subsequently amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and gain or losses on disposal are not permitted to have an impact on the General Fund Balance and are reversed out in the Movement in Reserves Statement to the Capital Adjustment Account and the Capital Receipts Reserve (for sale proceeds greater than £10,000).

j) Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and are expected to be used for more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost can be measured reliably. Expenditure on repairs that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs directly attributable to bringing the asset into working condition for its intended use. The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for:

- specialised properties such as fire stations where there is no market-based evidence of fair value, depreciated replacement cost (DRC) is used as an estimate of fair value;
- non-property assets that have short useful lives and / or low values which are measured at depreciated historical cost basis as a proxy for fair value; and
- assets under construction which are measured at historical cost.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are 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); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are 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 the balance (up to the amount of the accumulated gains); and

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line 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.

Depreciation

Depreciation is provided on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, such as freehold land, and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer; and
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of each asset as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continued use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from disposals in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve as part of the Movement in Reserves Statement. The Capital Receipts Reserve can only be used either to finance new capital investment or to reduce the Authority's borrowing requirement and when sums are utilised for this purpose they are subsequently transferred to the Capital Adjustment Account.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

k) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer from the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement then reverses out the amounts charged so there is no impact on the level of council tax.

l) Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the real cost of holding non-current assets during the year:

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

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Authority is also charged with the principal element of Transferred Debt taken over from the former South Yorkshire County Council, and managed by Rotherham MBC on its behalf. This charge is included as another adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

m) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as a Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments under finance leases are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant and Equipment – applied to write down the lease liability; and
- a finance charge, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased Property, Plant and Equipment. Charges are made on a straight line basis over the term of the lease, even if this does not match the pattern of payments (for example there is a rent-free period at the commencement of the lease).

The Authority as a Lessor

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet and rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example there is a premium paid at the commencement of the lease).

n) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA's *Service Reporting Code of Practice*. The total absorption costing principle is used, where the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the democratic processes of the Authority and other corporate costs; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Cost of Services.

o) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried on the Balance Sheet at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains or losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of the transaction. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

The Authority has financial assets classified as loans and receivables which are assets that have fixed or determinable payments but are not quoted in an active market. Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and

Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. For the loans that the Authority has made, this means that the amount on the Balance Sheet is the outstanding principal receivable (plus accrued interest) and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year according to the loan agreement.

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking account of relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Provisions are reviewed at the end of each financial year and where it becomes less probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits.

q) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund

Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain other reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Authority. These reserves are explained elsewhere in the Accounting Policies.

r) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average costing formula.

s) Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

t) VAT

Income and expenditure excludes amounts related to VAT, as all VAT collected is payable to the HM Revenue and Customs and all VAT paid is recoverable from them.

u) Interest in Companies

The Authority has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which may require it to prepare Group Accounts, where material. The Authority has one Trading Company recently set up to allow the Authority to trade more flexibly, in a commercial environment. Details of this company are shown within the Explanatory Foreword on page 10. Within the Authority's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost.

Note 2 – Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

An authority shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. An authority shall provide known or reasonably estimable information, relevant to assessing the possible impact that application of the new IFRS will have on the Authority's financial statements, including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2015 for 2015/16). For this disclosure the standards introduced by the 2015/16 Code include:

IFRS 13 - Fair Value Measurement

This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions).The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

IFRIC 21 - Levies

This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises, or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle).

These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015 and therefore, there is no impact on the 2014/15 Statement of Accounts.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty about the future levels of funding for the Authority, and the Authority continues to consider service delivery options to enable spending to be reduced in line with funding reductions. The Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.

The critical judgements made in the Statement of Accounts are:

- Whether a lease is an operating or finance lease. A lease would normally be classed as a finance lease where it meets one of the following criteria:
    - Ownership of the asset transferred to the Authority at the end of the lease term;
    - The lessee has an option to purchase the asset at the end of the lease term for a price expected to be sufficiently lower than the fair value;
    - The lease term is for the major part of the economic life of the asset;
    - That the present value of minimum lease payments amount to at least substantially all (90% or more) of the fair value of the leased asset; and
    - The leased assets are of such a specialised nature that only the lessee can use them without modification.

- Whether contractual arrangements have the substance of a lease;
- Whether a public / private partnership is a service concession;
- Whether land and buildings owned by the Authority are investment properties;
- Whether the substance of a relationship between the Authority and another entity indicates that the entity is controlled by the Authority; and
- Whether the Authority’s exposure to possible losses is to be accounted for as a provision or a contingent liability.

Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of usage of individual assets and the repairs that will be incurred to maintain individual assets in the future. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending in either maintaining or replacing its assets, bringing into doubt the useful lives assigned to assets.	If the useful lives of assets is reduced then depreciation increases and the carrying amount of the assets falls. The reverse occurs if the useful lives of assets are increased. It is estimated that the annual depreciation charge would change by approximately £0.195M for every year that useful lives increased or decreased.
Insurance Provision	The Authority has made a total provision of £0.815M for the settlement of outstanding insurance claims. It is difficult to predict the final outcome of claims until they are actually settled. MMI Ltd are the Authority's former insurers who ceased trading in 1992 and with whom there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. In 2013/14 the Authority received notification that the Scheme had been triggered and has paid an initial levy of £0.119M, equating to 15% of the value of claims paid. No provision has been made for any further levies at this stage.	There is a risk that existing claims are settled at higher or lower figures than estimated. In addition, since insurance claims develop over time, the requirement to make provisions could be increased by the identification in future years of additional liabilities incurred but not yet reported. The position with regard to MMI Ltd is being kept under review by the Administrators and there may be further levies announced in future. The Authority has earmarked sums in an Insurance Reserve to provide some cover should this occur.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions is extremely volatile as it depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied for each of its pension schemes.	Whilst the effects on the net pensions liability of changes in individual assumptions can be measured, the assumptions interact in complex ways. During 2014/15, the Authority's actuaries advised that the net pensions liability has increased by approximately £49M as a result of estimates being corrected and updating financial and demographic assumptions. Further information is provided at Note 31.

This list does not include assets and liabilities that are carried at fair value based on recently observed market price.

Note 5 – Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Treasurer on 21st September 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31st March 2015 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date:

GAD vs Milne – Pensions Commutation Determination

On 15th May 2015, the Pensions Ombudsman published his determination in a case concerning the lump sum paid to a firefighter on his retirement, specially relating to the commutation factors used when calculating a lump sum entitlement.

The commutation factors should be revised regularly. The Ombudsman ruled that the Government's Actuary Department (GAD) failed to sufficiently review the commutation factors from 1998 to 2006 in respect of the firefighters' pension scheme meaning lump sum payments were not reflective of current assumptions. The ruling therefore sets the precedent for other claimants to present a case. This case will have relevance to many firefighters and police officers who retired in the early 2000s. At this stage, the financial impact on the Authority is currently indeterminable.

The Authority considers this event an adjusting post balance sheet event as the conditions inherent within the case ruling were not present as at 31st March 2015. However, no adjustments have been made to the 2014/15 statement of accounts on the basis that any impact on the accounts is not likely to be material. The adjustment will therefore will be accounted for accordingly in 2015/16.

NOTES RELATING TO THE MOVEMENT IN RESERVES STATEMENT

Note 6 – Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Authority in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might prove otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

2014/15	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments Primarily Involving the Capital Adjustment Account:				
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement:				
• Charges for Depreciation and Impairment of Non-Current Assets	3,314	-	-	(3,314)
• Revaluation Losses on Property, Plant and Equipment	1,174	-	-	(1,174)
• Amortisation of Intangible Assets	66	-	-	(66)
• Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of the Gain / Loss on Disposal to the Comprehensive Income and Expenditure Statement	167	-	-	(167)
Insertion of Items Not Debited or Credited to The Comprehensive Income and Expenditure Statement:				
• Statutory Provision for the Financing of Capital Investment	(1,946)	-	-	1,946
• Capital Expenditure Charged Against The General Fund	(1,492)	-	-	1,492
Adjustments Primarily Involving the Capital Grants Unapplied Account:				
• Capital Grants and Contributions Unapplied Credited to the Comprehensive Income and Expenditure Statement	(1,404)	-	1,404	-
• Application of Grants to Capital Financing Transferred to the Capital Adjustment Account	-	-	(1,404)	1,404
Adjustments Primarily Involving the Capital Receipts Reserve:				
• Transfer of Cash Sale Proceeds Credited as part of the Gain / Loss on Disposal to the Comprehensive Income and Expenditure Statement	(153)	153	-	-
• Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	(230)	-	230
Adjustments Primarily Involving the Financial Instruments Adjustment Account:				
• Amount by Which the Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different From the Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	(18)	-	-	18

2014/15	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments Primarily Involving the Pensions Reserve:				
• Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement	40,805	-	-	(40,805)
• Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(6,452)	-	-	6,452
• Additional Contribution to Pension Account to Balance Deficit on the Account	(16,027)	-	-	16,027
Adjustments Primarily Involving the Collection Fund Adjustment Account:				
• Amount by Which the Council Tax Income and Non-Domestic Rating Income Credited to the Comprehensive Income and Expenditure Statement is Different from Council Tax and Non-Domestic Rating Income Calculated for the Year in Accordance with Statutory Requirements	(262)	-	-	262
Adjustments Primarily Involving the Accumulated Absences Account:				
• Amount by Which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	3	-	-	(3)
Total Adjustments	**17,775**	**(77)**	**-**	**(17,698)**
	MIRS	MIRS	MIRS	MIRS

2013/14 Comparative Figures	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000
Adjustments Primarily Involving the Capital Adjustment Account:				
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement:				
• Charges for Depreciation and Impairment of Non-Current Assets	4,654	-	-	(4,654)
• Revaluation Losses on Property, Plant and Equipment	406	-	-	(406)
• Amortisation of Intangible Assets	63	-	-	(63)
• Capital Grants and Contributions Applied	(2,061)	-	-	2,061
• Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of the Gain / Loss on Disposal to the Comprehensive Income and Expenditure Statement	109	-	-	(109)
Insertion of Items Not Debited or Credited to The Comprehensive Income and Expenditure Statement:				
• Statutory Provision for the Financing of Capital Investment	(1,980)	-	-	1,980
• Capital Expenditure Charged Against The General Fund	(602)	-	-	602
Adjustments Primarily Involving the Capital Grants Unapplied Account:				
• Capital Grants and Contributions Unapplied Credited to the Comprehensive Income and Expenditure Statement	(53)	-	53	-
• Application of Grants to Capital Financing Transferred to the Capital Adjustment Account	-	-	-	-
Adjustments Primarily Involving the Capital Receipts Reserve:				
• Transfer of Cash Sale Proceeds Credited as part of the Gain / Loss on Disposal to the Comprehensive Income and Expenditure Statement	(77)	77	-	-
• Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	-
Adjustments Primarily Involving the Financial Instruments Adjustment Account:				
• Amount by Which the Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different From the Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	(17)	-	-	17

2013/14 Comparative Figures	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	£000
Adjustments Primarily Involving the Pensions Reserve:				
• Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement	43,443	-	-	(43,443)
• Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(6,086)	-	-	6,086
• Additional Contribution to Pension Account to Balance Deficit on the Account	(15,374)			15,374
Adjustments Primarily Involving the Collection Fund Adjustment Account:				
• Amount by Which the Council Tax Income and Non-Domestic Rating Income Credited to the Comprehensive Income and Expenditure Statement is Different from Council Tax and Non-Domestic Rating Income Calculated for the Year in Accordance with Statutory Requirements	(229)	-	-	229
Adjustments Primarily Involving the Accumulated Absences Account:				
• Amount by Which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different From Remuneration Chargeable in the Year in Accordance with Statutory Requirements	10	-	-	(10)
Total Adjustments	**22,206**	**77**	**53**	**(22,336)**
	MIRS	MIRS	MIRS	MIRS

Note 7 – Transfers To / From Earmarked Revenue Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15.

	Balance at 1 April 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance at 31 March 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserves:							
• Insurance	1,391	(383)	-	1,008	(157)	-	851
• Operational Contingency	1,000	-	-	1,000	-	-	1,000
• Invest to Save	486	(74)	-	412	-	-	412
• Revenue Grants	67	(1)	-	66	(63)	-	3
• Budget Carry Forward	-	-	-	-	-	175	175
• Green Travel	83	(83)	-	-	-	-	-
• Capital	-	-	8,500	8,500	(875)	-	7,625
• Transition	-	-	7,500	7,500	(775)	-	6,725
• Stronger, Safer Communities	-	-	2,000	2,000	(159)	-	1,841
• Property Upgrade	-	-	1,261	1,261	(695)	-	566
Total	**3,027**	**(541)**	**19,261**	**21,747**	**(2,724)**	**175**	**19,198**
				Balance Sheet			Balance Sheet

The purpose of each reserve held is set out below:

Usable Reserve	Purpose
• Insurance	This reserve has been created to fund future potential liabilities under current insurance arrangements.
• Operational Contingency	This is a contingency to cover unexpected operational requirements.
• Invest to Save	This reserve enables the Authority to target specific initiatives which will deliver future efficiency savings in excess of the initial investment.
• Revenue Grants	The treatment of revenue grants in accordance with the Code may result in a mismatch between spending and income. In order to address this, any grant which has not been used to fund related expenditure is contributed to this reserve and used to fund expenditure when it is incurred in future years.
• Budget Carry Forward	Sums earmarked to fund the slippage of specific items of revenue expenditure are carried forward into the following financial year in this reserve.

Usable Reserve	Purpose
• Green Travel	This reserve was set aside to support expenditure on green travel plans. This has now been built into revenue budgets and as a result, the reserve is no longer required.
• Capital	This has been set aside during the year to support the Authority's future capital investment programme.
• Transition	The Authority is anticipating further substantial reductions in grant funding over the next few years and will need to reduce base expenditure to match in order to achieve a balanced financial position. Sums have therefore been earmarked in a Transition Reserve to enable a measured approach to be taken to achieving the required savings.
• Stronger, Safer Communities	The Authority has set aside reserves in support of its objectives of protecting the most vulnerable in our communities; further promoting the Community fire safety agenda; enhancing partnership working and sharing data amongst partners in order to focus resources on priority areas and individuals.
• Property Upgrade	Sums have been earmarked to fund a programme of essential property upgrades / repairs identified following a property condition survey.

Note 8 – Unusable Reserves

31 March 2014 £000		31 March 2015 £000
5,040	Revaluation Reserve	5,244
11,161	Capital Adjustment Account	11,660
(136)	Financial Instruments Adjustment Account	(118)
(674,562)	Pensions Reserve	(723,924)
670	Collection Fund Adjustment Account	932
(194)	Accumulated Absences Account	(197)
(658,021)	**Total Unusable Reserves**	**(706,403)**
Balance Sheet		Balance Sheet

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; and
- disposed of and the gains are realised.

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

2013/14 £000		2014/15 £000
3,766	**Balance at 1 April**	**5,040**
1,587	Upward Revaluations of Assets	753
(182)	Downward Revaluations of Assets and Impairment Losses not Charged to the Surplus or Deficit on the Provision of Services	(401)
1,405	**Surplus or Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services**	**352**
(131)	Difference Between Fair Value Depreciation and Historical Cost Depreciation	(133)
-	Accumulated Gains on Assets Sold or Scrapped	(15)
(131)	**Amount Written off to the Capital Adjustment Account**	**(148)**
5,040	**Balance at 31 March**	**5,244**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the term of the replacement loan. As a result, the balance on the Account as at 31 March 2015 will be charged to the General Fund over the next 7 years.

2013/14 £000		2014/15 £000
(153)	**Balance at 1 April**	**(136)**
17	Premiums Incurred in Previous Years Charged to the Comprehensive Income and Expenditure Statement	18
17	**Amount by Which Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different from Finance Costs Chargeable in Accordance with Statutory Requirements**	**18**
(136)	**Balance at 31 March**	**(118)**

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 to 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.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £000		2014/15 £000
11,619	**Balance at 1 April**	**11,161**
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:	
(4,654)	• Charges for Depreciation and Impairment of Non-Current Assets	(3,314)
(406)	• Revaluation Losses on Property, Plant and Equipment	(1,174)
(63)	• Amortisation of Intangible Assets	(66)
(109)	• Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income and Expenditure Statement	(167)
(5,232)		(4,721)
131	Adjusting Amounts Written Out of the Revaluation Reserve	148
(5,101)	**Net Written Out Amount of the Cost of Non-Current Assets Consumed in the Year**	**(4,573)**
	Capital Financing Applied in the Year:	
-	• Use of the Capital Receipts Reserve to Finance New Capital Expenditure	230
2,061	• Capital Grants and Contributions Credited to the Comprehensive Income and Expenditure Statement that have Been Applied to Capital Financing	1,404
-	• Application of Grants to Capital Financing from The Capital Grants Unapplied Account	-
1,980	• Statutory Provision for the Financing of Capital Investment Charged Against The General Fund	1,946
602	• Capital Expenditure Charged Against the General Fund	1,492
4,643		**5,072**
11,161	**Balance at 31 March**	**11,660**

Pensions Reserve

The Pensions Reserve absorbs the timing difference arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The transactions on the Pensions Reserve are as follows:

2013/14 £000		2014/15 £000
(692,432)	**Balance at 1 April**	**(674,562)**
39,853	Remeasurements of the Net Defined Benefit Liability	(31,036)
(43,443)	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(40,805)
21,460	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	22,479
(674,562)	**Balance at 31 March**	**(723,924)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rate income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14 £000		2014/15 £000
441	**Balance at 1 April**	**670**
229	Amount by Which Council Tax and Non-Domestic Rates Income Credited to the Comprehensive Income and Expenditure Statement is Different from Council Tax and Non-Domestic Rates Income Calculated for the Year in Accordance with Statutory Requirements	262
670	**Balance at 31 March**	**932**

Accumulated Absences Account

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

2013/14 £000		2014/15 £000
(184)	**Balance at 1 April**	**(194)**
184	Settlement or Cancellation of Accrual Made at the End of Preceding Year	194
(194)	Amounts Accrued at the End of the Current Year	(197)
(10)	**Amount by Which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements**	**(3)**
(194)	**Balance at 31 March**	**(197)**

NOTES RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Note 9 – Amounts Reported For Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across subjective headings. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure, whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement; and
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure of the Authority recorded in the budget reports for the year is as follows:

2013/14 £000		2014/15 £000
(1,128)	Fees, Charges and Other Service Income	(771)
(410)	Government Grants and Contributions	(666)
(1,538)	**Total Income**	**(1,437)**
40,202	Employee Costs	40,054
13,927	Other Operating Expenses	14,571
54,129	**Total Operating Expenses**	**54,625**
52,591	**Net Expenditure in the Budget Holder Analysis**	**53,188**

Reconciliation of Budget Holder Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of budget holder income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2013/14 £000		2014/15 £000
52,591	Net Expenditure in the Budget Holder Analysis	53,188
19,002	Amounts in the Comprehensive Income and Expenditure Statement Not Reported to Management in the Analysis	15,927
(10,074)	Amounts Reported to Management Not Included in the Comprehensive Income and Expenditure Statement	(11,102)
61,519	**Net Cost of Services in Comprehensive Income and Expenditure Statement**	**58,013**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of budget holder income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement (CIES).

2014/15	Subjective Analysis	Amounts not Reported to Management	Amounts Not Included in CIES	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges and Other Service income	(670)	-	30	**(640)**	-	(640)
Interest Income	(101)	-	101	**-**	(101)	(101)
Income from Council Tax	-	-	-	**-**	(25,864)	(25,864)
Government Grants and Contributions	(666)	-	379	**(287)**	(45,329)	(45,616)
Total Income	**(1,437)**	**-**	**510**	**(927)**	**(71,294)**	**(72,221)**
Employee Costs	40,054	11,372	(6,450)	**44,976**	29,436	74,412
Other Service Expenses	9,409	-	-	**9,409**	-	9,409
Capital Financing Costs	5,162	-	(5,162)	**-**	1,706	1,706
Depreciation, Amortisation and Impairment	-	4,555	-	**4,555**	-	4,555
Gain or Loss from Disposal of Non-Current Assets	-	-	-	**-**	(18)	(18)
Total Operating Expenses	**54,625**	**15,927**	**(11,612)**	**58,940**	**31,124**	**90,064**
Surplus / Deficit on the Provision of Services	**53,188**	**15,927**	**(11,102)**	**58,013**	**(40,170)**	**17,843**
				CI&ES		CI&ES

2013/14 Comparative figures	Subjective Analysis	Amounts not Reported to Management	Amounts Not Included in CIES	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges and Other Service income	(1,013)	-	66	**(947)**	-	(947)
Interest Income	(115)	-	115	**-**	(115)	(115)
Income from Council Tax	-	-	-	**-**	(24,865)	(24,865)
Government Grants and Contributions	(410)	-	160	**(250)**	(47,990)	(48,240)
Total Income	**(1,538)**	**-**	**341**	**(1,197)**	**(72,970)**	**(74,167)**
Employee Costs	40,202	13,878	(6,086)	**47,994**	29,575	77,569
Other Service Expenses	9,598	-	-	**9,598**	-	9,598
Capital Financing Costs	4,329	-	(4,329)	**-**	1,731	1,731
Depreciation, Amortisation and Impairment	-	5,124	-	**5,124**	-	5,124
Gain or Loss from Disposal of Non-Current Assets	-	-	-	**-**	(34)	(34)
Total Operating Expenses	**54,129**	**19,002**	**(10,415)**	**62,716**	**31,272**	**93,988**
Surplus / Deficit on the Provision of Services	**52,591**	**19,002**	**(10,074)**	**61,519**	**(41,698)**	**19,821**
				CI&ES		CI&ES

Note 10 – Impairment Losses

There have been no impairment losses on Property, Plant and Equipment or Intangible Assets during the year. In 2013/14 the Authority recognised an impairment loss of £1.3M in relation to its combined aerial rescue pumps.

Note 11 – Members' Allowances

The total sum paid to members in 2014/15 was £0.077M (£0.073M in 2013/14). The allowances are initially paid to members by their respective District Councils and then subsequently billed to the Authority.

Note 12 – Officers' Remuneration & Exit Packages

South Yorkshire Fire & Rescue Senior Officers:

The remuneration paid to the Authority's senior employees in 2014/15 is as follows:

	Salary, Fees and Allowances	Bonuses	Expenses	Benefits in Kind	Total Remuneration	Pension Contribution	Total
	£000	£000	£000	£000	£000	£000	£000
Chief Fire Officer and Chief Executive – Jamie Courtney	157	-	-	11	168	31	199
Deputy Chief Fire Officer - Chief Operating Officer	136	-	-	9	145	-	145
Assistant Chief Fire Officer - Director of Service Delivery	126	-	-	9	135	24	159
Director of Finance and Resources	87	-	2	1	90	11	101

The increase in payments over and above the 1% pay award relates to contingency payments arising from extraordinary cover required.

The Deputy Chief Fire Officer retired at 31 March 2013 and was re-engaged with effect from 1 May 2013 until 31 March 2015 under the Authority's re-engagement policy. As part of the policy, the officer's pension income is fully abated and he is not a member of the firefighter pensions scheme, resulting in no pension contribution being required by the Authority.

Comparative figures for 2013/14:	Salary, Fees and Allowances	Bonuses	Expenses	Benefits in Kind	Total Remuneration	Pension Contribution	Total
	£000	£000	£000	£000	£000	£000	£000
Chief Fire Officer and Chief Executive – Jamie Courtney	143	-	-	10	153	30	183
Deputy Chief Fire Officer - Chief Operating Officer	115	-	-	8	123	-	123
Assistant Chief Fire Officer - Director of Service Delivery	116	-	-	9	125	24	149
Director of Finance and Resources	87	-	2	1	90	10	100

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's contributions) were paid the following amounts:

2013/14 Number	£	2014/15 Number
8	50,000 - 54,999	5
10	55,000 - 59,999	14
7	60,000 - 64,999	3
4	65,000 - 69,999	9
1	70,000 - 74,999	-
2	75,000 - 79,999	1
-	80,000 - 84,999	-
-	85,000 - 89,999	-
-	90,000 - 94,999	2
32		**34**

The number and total cost of exit packages for compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (Including Special Payments)	Number of Redundancies *		Number of Other Departures Agreed		Total Number of Exit Packages Per Cost Band		Total Cost of Exit Packages in Each Band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
							£000	£000
£0 - £19,999	-	21	1	-	1	21	11	181
£20,000 - £39,999	-	9	-	-	-	9	-	244
£40,000 - £59,999	-	1	-	-	-	1	-	54
£60,000 - £79,999	-	1	-	-	-	1	-	70
£80,000 - £99,999	-	1	-	-	-	1	-	83
£100,000 - £149,999	-	1	-	-	-	1	-	143
Total	**-**	**34**	**1**	**-**	**1**	**34**	**11**	**775**

* There were 34 voluntary redundancy payments included within the above exit packages for 2014/15 (nil in 2013/14).

There was one employment tribunal case at the year end due to be concluded in July 2015. There were three ongoing cases at the 2014/15 year end, but no potential costs were available.

South Yorkshire Joint Secretariat Senior Officers

The South Yorkshire Joint Secretariat (SYJS) was a department of Barnsley MBC with a primary role to provide independent, impartial financial, legal, policy and administrative support and advice to the members of the Fire Authority, the Police and Crime Commissioner, and Pensions Authority.

The costs of the SYJS were billed to the respective authorities based on the time spent on providing services. The charge to the Fire Authority for 2014/15 was £0.572M (£0.690M in 2013/14). SYJS as an administrative body closed on the 31 March 2015 with responsibility for the key bodies that it supported being transferred to the respective South Yorkshire local authorities.

With effect from 1 April 2014, the management of SYJS was overseen by Barnsley Metropolitan Borough Council with the Clerk, the Treasurer and the Monitoring Officer of SYJS being made redundant on 31 March 2014 and their respective roles primarily being undertaken by the Director of Finance, Assets and Information Services and the Director of Legal and Governance from Barnsley MBC.

In 2014/15, due to the larger number of officers sharing the duties of the Fire Authority responsibilities at Barnsley MBC, it has not been possible to determine detailed salary and pensions costs for the duties carried out on behalf of the Authority.

The remuneration of the two statutory officers of the SYJS during 2013/14, including employer pension contribution, is shown below together with the charge to the Fire Authority:

2014/15	Salary £	Compensation for loss of office £	Pension Contribution £	Total £	Charged to Fire Authority £
(See Note Above)	-	-	-	-	-

Figures for 2013/14	Salary £	Compensation for loss of office £	Pension Contribution £	Total £	Charged to Fire Authority £
Chief Executive & Treasurer	91	41	9	141	31
Deputy Chief Executive, Solicitor & Monitoring Officer	74	40	15	129	6

Note 13 – External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2013/14 £000		2014/15 £000
(6)	Fees Payable / (Refund) to The Audit Commission with Regard to External Audit Services Carried out by the Appointed Auditor for the Year*	(5)
-	Fees Payable to The Audit Commission for the Certification of Grant Claims and Returns for the Year	-
1	Fees Payable in Respect of Other Services Provided by the Audit Commission During the Year **	1
(5)	**Sub Total – Audit Fees Payable to Audit Commission**	**(4)**
46	Fees Payable to KPMG LLP with Regard to External Audit Services Carried out by the Appointed Auditor for the Year *	46
-	Fees Payable to KPMG LLP for the Certification of Grant Claims and Returns for the Year	-
46	**Sub Total - Audit Fees Payable to KPMG LLP**	**46**
-	**Fees Payable in Respect of Other Services Provided by Other Audit Companies**	**-**
41	**Total**	**42**

***** The functions of the Audit Commission were transferred to the private sector during 2012/13, following Central Government's decision to abolish the Commission on the 1st April 2015. KPMG was appointed as the Authority's external auditor in November 2012.

****** The fees for other services payable in 2013/14 & 2014/15 relate to the National Fraud Initiative.

Note 14 – Grant Income Recognised Through The Comprehensive Income & Expenditure Statement

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in the year:

2013/14 £000		2014/15 £000
	Credited to Taxation and Non Specific Grant Income:	
(30,502)	Non-Ringfenced Government Grants	(27,898)
(15,374)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's behalf	(16,027)
(2,114)	Capital Grants, Contributions and Donations	(1,404)
(47,990)	**Total**	**(45,329)**

2013/14 £000		2014/15 £000
	Credited to Services:	
(116)	New Burdens Grant	(159)
(80)	New Dimension Grant	(81)
(53)	Other Grants	(65)
(249)	**Total**	**(305)**

Note 15 – Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows an assessment of the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central Government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (for example council tax bills).

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 11. From examination of the Register of Members' Interests, no material related party transactions have been identified.

Officers

Certain officers might also be in a position to influence significantly the policies of the Authority. No related party transactions have been identified following consultation with relevant officers.

Other Public Bodies (subject to common control by Central Government)

Rotherham MBC manages the debt taken over from the former South Yorkshire County Council on behalf of the Authority.

South Yorkshire Joint Secretariat, a department of Barnsley MBC, provides advice and support to the Authority and details are set out in Note 12. From 1 April 2015, Barnsley MBC took over the responsibility of the provision of advice and support to the Authority, following the disbanding of the South Yorkshire Joint Secretariat on 31 March 2015.

NOTES RELATING TO THE BALANCE SHEET

Note 16 – Property, Plant and Equipment

Movement in Balances 2014/15:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Cons-truction £000	Total Property, Plant & Equipment £000
Cost or Valuation:					
At 1 April 2014	**44,720**	**23,975**	**149**	**1,279**	**70,123**
Additions	695	515	-	6,778	7,988
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	(144)	-	79	-	(65)
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	(2,229)	-	(24)	-	(2,253)
Derecognition – Disposals	-	(417)	-	-	(417)
Assets Reclassified (To) / from Held for Sale	-	-	-	-	-
Other Reclassifications and Movements in Cost or Valuation	(51)	955	-	(998)	(94)
At 31 March 2015	**42,991**	**25,028**	**204**	**7,059**	**75,282**
Accumulated Depreciation and Impairment At 1 April 2014	**(3,358)**	**(14,928)**	**(123)**	**-**	**(18,409)**
Depreciation Charge	(1,302)	(1,912)	(6)	-	(3,221)
Depreciation Written out to the Revaluation Reserve	418	-	-	-	418
Depreciation Written out to the Surplus / Deficit on the Provision of Services	1,062	-	16	-	1,078
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-
Derecognition – Disposals	-	379	-	-	379
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
At 31 March 2015	**(3,181)**	**(16,461)**	**(113)**	**-**	**(19,755)**
Net Book Value					
At 31 March 2015	39,810	8,567	91	7,059	55,527
At 31 March 2014	41,362	9,047	26	1,279	51,714
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet

Comparative Movements in 2013/14:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Cons-truction £000	Total Property, Plant & Equipment £000
Cost or Valuation					
At 1 April 2013	**43,591**	**24,135**	**149**	**1,220**	**69,095**
Additions	948	331	-	1,253	2,532
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	1,106	-	-	-	1,106
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	(537)	-	-	-	(537)
Derecognition – Disposals	-	(1,623)	-	-	(1,623)
Assets Reclassified (To) / from Held for Sale	-	-	-	-	-
Other Reclassifications and Movements in Cost or Valuation	(388)	1,132	-	(1,194)	(450)
At 31 March 2014	**44,720**	**23,975**	**149**	**1,279**	**70,123**
Accumulated Depreciation and Impairment					
At 1 April 2013	**(2,704)**	**(13,323)**	**(120)**	**-**	**(16,147)**
Depreciation Charge	(1,084)	(1,818)	(3)	-	(2,905)
Depreciation Written out to the Revaluation Reserve	299	-	-	-	299
Depreciation Written out to the Surplus / Deficit on the Provision of Services	131	-	-	-	131
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	-	(1,300)	-	-	(1,300)
Derecognition – Disposals	-	1,513	-	-	1,513
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
At 31 March 2014	**(3,358)**	**(14,928)**	**(123)**	**-**	**(18,409)**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – 2 to 65 years; and
- Vehicles, Plant and Equipment – 2 to 20 years.

Capital Commitments

At 31 March 2015, the Authority has entered into a number of contracts for the construction, enhancement or purchase of Property, Plant and Equipment in 2014/15 and future years, budgeted to cost approximately £4.8M. The Authority had similar commitments at 31 March 2014 of £1.4M. The commitments relate to the following:

- Replacement control and mobilising system - £0.6M;
- Fire station replacements and other premises improvements - £2.4M; and
- Vehicle purchase - £1.8M.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The valuations of land and buildings were carried out during the year by an external valuer, Mouchel, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The effective date of the valuation was 1 April 2014. The progress of the Authority's rolling programme for the revaluation of non-current assets is:

	Land & Buildings £000	Vehicles & Equipment £000	Surplus £000	Under Construction £000	Total £000
Carried at Historical Cost	-	25,028	107	7,059	32,194
Valued at Fair Value in:					
• Current Year	9,193	-	97	-	9,290
• 2013/14	4,977	-	-	-	4,977
• 2012/13	5,037	-	-	-	5,037
• 2011/12	17,411	-	-	-	17,411
• 2010/11	6,373	-	-	-	6,373
Total Cost or Valuation	**42,991**	**25,028**	**204**	**7,059**	**75,282**

Note 17 – Intangible Assets

The Authority accounts for software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The carrying amount of intangible assets is amortised on a straight line basis.

The movement on Intangible Asset balances during the year is as follows:

2013/14 £000		2014/15 £000
	Balance at Start of Year	
805	• Gross Carrying Amount	937
(619)	• Accumulated Amortisation	(682)
186	**Net Carrying Amount at Start of Year**	**255**
132	Additions	26
(63)	Amortisation for the Period	(66)
255	**Net Carrying Amount at End of Year (Balance Sheet)**	**215**
	Comprising:	
937	• Gross Carrying Amount	963
(682)	• Accumulated Amortisation	(748)

Note 18 – Assets Held For Sale

2013/14 £000		2014/15 £000
129	**Balance at 1 April**	**129**
-	Assets Newly Qualified as Held for Sale	-
-	Revaluation (Losses) / Gains	-
-	Assets Sold	(129)
129	**Balance at 31 March (Balance Sheet)**	**-**

Note 19 - Long Term Debtors

2013/14 £000		2014/15 £000
-	**Balance at 1 April**	**-**
-	Loans Made	50
-	**Balance at 31 March (Balance Sheet)**	**50**

Note 20 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

2013/14 £000		2014/15 £000
33,503	**Opening Capital Financing Requirement**	**31,907**
	Capital Investment	
2,532	Property, Plant and Equipment	7,988
132	Intangible Assets	26
	Sources of Finance	
-	Capital Receipts	(230)
(2,061)	Government Grants and Contributions	(1,404)
	Sums Set Aside From Revenue:	
(602)	• Direct Revenue Contributions	(1,492)
(1,597)	• Minimum Revenue Provision	(1,525)
31,907	**Closing Capital Financing Requirement**	**35,270**
(1,596)	Increase / (Decrease) in Capital Financing Requirement	3,363

Note 21 – Leases

Authority as Lessee

Finance Leases

The Authority has acquired land for the car park at its training centre, a number of appliances and personal protective clothing/equipment under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet with the following net amounts:

31 March 2014 £000		31 March 2015 £000
55	Property	55
1,202	Vehicles and Equipment	931
1,257	**Total**	**986**

The Authority is committed to making minimum payments under the vehicles and equipment leases, comprising settlement of long-term liability for the interest in the assets acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding:

31 March 2014 £000		31 March 2015 £000
	Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):	
268	• Current	249
1,087	• Non-Current	837
213	Finance Costs Payable in Future Years	147
1,568	**Total**	**1,233**

The minimum lease payments are payable over the following periods:

	Minimum Lease Payments		**Finance Lease Liability**	
	31 March 2015 £000	**31 March 2014 £000**	**31 March 2015 £000**	**31 March 2014 £000**
Not Later Than One Year	301	334	249	268
Later Than One Year and Not Later than Five Years	932	1,076	837	936
Later Than Five Years	-	158	-	151
Total	**1,233**	**1,568**	**1,086**	**1,355**

Operating Leases

The Authority currently has an operating lease for an item of software. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2014 £000		31 March 2015 £000
148	Not Later Than One Year	102
80	Later Than One Year and Not Later than Five Years	-
228	**Total**	**102**

The expenditure charged to the Comprehensive Expenditure and Income Statement during the year in relation to this lease was £0.100M in 2014/15 (£0.100M in 2013/14).

Note 22 – Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. The definition is broad and covers instruments used in treasury management activities including the borrowing and lending of money and making of investments. However it also extends to include such items as trade receivables (debtors) and trade payables (creditors) but excludes statutory obligations such as the debt transferred from the former South Yorkshire County Council, managed by Rotherham MBC.

Financial Instruments Balances

The borrowing and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	31 March 2014		31 March 2015	
	Current	Long-Term	Current	Long-Term
	£000	£000	£000	£000
Investments				
Loans and Receivables *	9,887	-	-	-
Total Investments (Balance Sheet)	**9,887**	**-**	**-**	**-**
Debtors				
Financial Assets Carried at Contract Amounts	367	-	154	50
Total Debtors	**367**	**-**	**154**	**50**
Borrowing				
Financial Liabilities at Amortised Cost	(26)	(28,143)	(5,600)	(22,606)
Total Borrowing (Balance Sheet)	**(26)**	**(28,143)**	**(5,600)**	**(22,606)**
Creditors				
Finance Lease Liabilities	(268)	(1,087)	(249)	(837)
Financial Liabilities Carried at Contract Amount	(850)	-	(2,916)	-
Total Creditors	**(1,118)**	**(1,087)**	**(3,165)**	**(837)**

* In preparation for the disbanding of the South Yorkshire Joint Secretariat and the reorganisation of South Yorkshire Fire & Rescue Authority's Treasury Management function to Barnsley MBC, the Authority's funds were removed from the pooled fund arrangements on 30 March 2015 and held in the Authority's bank account as at the year end.

Investments in line with the revised working arrangements, on a single entity basis commenced from 1 April 2015.

Financial Instrument Income, Expense, Gains and Losses

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments are made up as follows:

	2014/15			2013/14		
	Financial Liabilities at Amortised Cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities at Amortised Cost	Financial Assets: Loans and Receivables	Total
	£000	£000	£000	£000	£000	£000
Surplus or Deficit on the Provision of Services						
Interest Expense	(1,388)	-	(1,388)	(1,405)	-	(1,405)
Interest Income	-	101	101	-	115	115
Net Income / Expense	**(1,388)**	**101**	**(1,287)**	**(1,405)**	**115**	**(1,290)**
Net Gain / (Loss) for the Year	**(1,388)**	**101**	**(1,287)**	**(1,405)**	**115**	**(1,290)**

The figures included in the above table exclude the interest expense that does not relate to financial liabilities at amortised cost.

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial Liabilities and Financial Assets represented by loans and receivables, are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

The fair value of the Authority's financial liabilities that relates to borrowing has been calculated by PWLB by using rates for premature repayment of loans on 31 March 2015.

	31 March 2015		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities	**28,206**	**36,764**	**28,169**	**33,645**

The fair value is higher than the carrying amount for Financial Liabilities because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates currently available for similar loans at the Balance Sheet date. The commitment to pay interest at above the current market rate increases the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loans.

The fair value of the Authority's Loans and Receivable financial assets is deemed to approximate to the value in the Balance Sheet because of the relatively short period to maturity.

	31 March 2015		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Loans and Receivables	-	-	9,887	9,887

Note 23 – Nature and Extent of Risks Arising From Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set through a legal framework which requires the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - the Authority's overall borrowing;
  - the maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt; and
  - its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are reported within the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after the end of the year.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Authority in February 2014. The key issues within the Strategy were:

- The Authorised Limit for 2014/15 was set at £40M. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £36M. This is the expected level of debt and other long term liabilities during the year; and

- The maximum limits on principal sums outstanding in respect of borrowing at fixed and variable interest rates were set at £47M and £12M respectively.

These policies are implemented by treasury officers at the South Yorkshire Joint Secretariat with advice from Capital Asset Services Limited. The Authority has written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from the lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Authority's customers. The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum criteria set by the Authority. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution. Deposits are not made with financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The key areas of the Investment Strategy are that the minimum criteria for investment are based on the creditworthiness service provided by Capita. This service uses a sophisticated modeling approach with credit ratings from all three rating agencies (Fitch, Moodys and Standard and Poors) forming the core element. However it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Authority's surplus funds are pooled with those of South Yorkshire Police and Crime Commissioner for investment which enables access to a wider range of investments and the sharing of risk. Deposits with institutions are limited to a maximum of £20M with UK part nationalised banks and £10M with any other counterparty for the total investment pool of which the Authority's share is approximately £6M and £3M respectively.

The Authority's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Authority's deposits but there was no evidence at the 31 March 2015 that this was likely to crystallise. The Authority therefore expects full repayment on the due dates of existing deposits.

The Authority does not generally allow credit for customers. The total value of trade debtors at 31 March 2015 is £0.155M analysed as follows:

31 March 2014 £000		31 March 2015 £000
332	Less than 3 Months	136
17	3 to 6 Months	-
-	6 to 12 Months	-
19	Over 12 Months	19
368	**Total**	**155**

In 2014/15, the Authority wrote off no uncollectable debts.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the Authority has access to borrow from the Public Works Loan Board (PWLB), there is no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Authority therefore has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future which reduces the financial impact of re-borrowing at a time of unfavourable interest rates. The Authority's policy is to ensure that not more than 15% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments. However, due to the treasury policy of utilising surplus funds rather than carrying out new borrowing, or rescheduling of current PWLB loans, the expected maturity within less than 1 year is around 19%.

The maturity analysis of loans outstanding to PWLB as at 31 March 2015 is:

31 March 2014 £000		31 March 2015 £000
	Maturing in:	
-	Less than 1 Year	5,600
11,700	1 to 5 Years	6,400
1,380	5 to 10 Years	2,989
11,539	10 to 20 Years	9,630
2,979	20 to 30 Years	3,879
1,650	30 to 40 Years	750
29,248	**Total**	**29,248**

The average rate payable by the Authority is 4.37% with rates ranging from 3.71% to 7.125%. The Amortised Cost included in the Balance Sheet of the above loans is £28.206M at 31 March 2015.

All trade and other payables are due to be paid in less than one year.

Market Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charges to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Authority's policy is to aim to keep a maximum of 25% of its borrowings in variable loan rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is reduced by the fact that a proportion of government grant payable on financing costs will normally move with the prevailing interest rates on the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The Authority's treasury management strategy provides for the assessment of interest rate exposure, which will assist in decisions on whether new borrowing taken out should be on a fixed or variable basis.

The Authority received investment interest of £0.101M for the financial year with an average rate of 0.35%. A change of 0.1% in the interest rate achieved would have resulted in a decrease or increase in interest of approximately £0.030M provided that bank balances had remained the same. The Authority's borrowings are all currently at fixed rates; the Authority is not therefore exposed to risk due to changes in interest rates in the year.

Price Risk

The Authority does not invest in equity shares on the markets and therefore is not at significant risk to price movements.

Foreign Exchange Risk

The Authority has no financial assets or liabilities in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 24 – Inventories

	2014/15			2013/14		
	Stores £000	Vehicle Maintenance £000	Total £000	Stores £000	Vehicle Maintenance £000	Total £000
Balance at 1 April	322	272	594	355	263	618
Purchases	708	520	1,228	723	587	1,310
Recognised as an Expense in the Year	(711)	(543)	(1,254)	(748)	(578)	(1,326)
Written-Off Balances / Provisions for Write-offs	(7)	-	(7)	(8)	-	(8)
Balance at 31 March (Balance Sheet)	**312**	**249**	**561**	**322**	**272**	**594**

Note 25 – Short Term Debtors

31 March 2014 £000		31 March 2015 £000
330	Central Government Bodies	745
4,792	Other Local Authorities	3,577
3	NHS Bodies	8
32	Public Corporation and Trading Funds	-
2,049	Other Entities and Individuals	2,248
7,206	**Total (Balance Sheet)**	**6,578**

Note 26 – Short Term Deferred Liabilities

31 March 2014 £000		31 March 2015 £000
(421)	Transferred Debt from Former County Council	(463)
(268)	Finance Leases	(249)
(689)	**Total (Balance Sheet)**	**(712)**

Note 27 – Creditors

31 March 2014 £000		31 March 2015 £000
(908)	Central Government Bodies	(1,243)
(273)	Other Local Authorities	(516)
(9)	NHS Bodies	-
(5)	Public Corporation and Trading Funds	(4)
(1,999)	Other Entities and Individuals	(3,920)
(3,194)	**Total (Balance Sheet)**	**(5,683)**

Included in the above table is an accrual of £0.197M for annual leave and other related benefits earned by employees but not taken by 31 March 2015 (£0.194M at 31 March 2014) which was previously classified as a provision (Note 28). This is matched by an equivalent sum in the Accumulated Absences Account (Note 8).

Note 28 – Provisions

Movements in short-term and long-term provisions during the year are as follows:

	Insurance £000
Balance at 1 April 2014	**(632)**
Additional Provisions Made in the Year	(307)
Amounts Used in the Year	124
Unused Amounts Reversed in the Year	-
Balance at 31 March 2015	**(815)**
Short-Term Element	334
Long-Term Element	481
Balance at 31 March 2015	**(815)**

Insurance Provision

The Authority provides a degree of self-insurance through its insurance provision. Under its insurance policies, the Authority has to meet a proportion of each claim up to a total maximum level each year. A contribution to the provision is made from revenue to fund this uninsured liability, in accordance with advice from the Authority's insurance brokers. Payments are then made directly from the provision. An element of this provision has been classified as long term on the Balance Sheet following an assessment of likely payment profiles.

The Authority's former insurance company, MMI Limited, ceased trading in September 1992 and a 'Scheme of Arrangement' was agreed in case of insolvency, involving a claw back of claims paid. The Scheme was triggered during 2012/13 and in 2013/14 the Authority paid a levy 15% of total claims payments equating to £0.119M from the provision. No further levies have yet been announced.

Note 29 – Other Long Term Liabilities

Other Long Term Liabilities on the Balance Sheet consist of:

31 March 2014 £000		31 March 2015 £000	
3,569	Transferred Debt from Former County Council	3,107	(Balance Sheet)
1,087	Finance Leases	837	(Balance Sheet)
4,656	**Total**	**3,944**	

Transferred Debt

This consists of debt taken over from the former South Yorkshire County Council, where the loan management rests with Rotherham MBC. Debt of £0.463M is repayable within the next twelve months. The interest rate paid in 2014/15 was 8.57% (7.75% in 2013/14).

31 March 2014 £000		31 March 2015 £000
(463)	Maturity Between 1 and 2 Years	(509)
(1,684)	Maturity Between 2 and 5 Years	(1,853)
(1,422)	Maturity Between 5 and 10 Years	(745)
(3,569)	**Total**	**(3,107)**

Finance Leases

Information relating to finance leases is included at Note 21.

Note 30 – Contingent Liabilities

The Authority has the following contingent liabilities:

- The Authority's former insurance company, MMI Limited, ceased trading in September 1992 and a 'Scheme of Arrangement' was later agreed in case of insolvency, involving a claw back of claims paid. In 2012/13 the Authority was notified by the Administrators that the Scheme had been triggered and a levy of 15% of the value of total claims payments was payable. This equated to around £0.119M and was paid during 2013/14. However, the position is reviewed each year and further levies could become payable. The maximum liability is around £0.800M.

- Early Voluntary Release of Control Staff – The support services review has concluded that a number of support services staff have received confirmation that they will be permitted to leave the organisation on Early Voluntary Release (EVR). A number of Control Staff have also applied for EVR and whilst the control staff were not subject to the support services review, their applications are being considered. However, a review of the control room in terms of future staffing levels, future work routines etc means that there is sufficient uncertainty about the numbers and timing that would require this to be considered as a contingent liability.

- In November 2014, the Employment Appeal Tribunal ruled that holiday pay should include non-guaranteed overtime (i.e overtime, which is not guaranteed by the employer, but which the worker is obliged to work, if it is offered). This stems from a discrepancy between EU and UK Law. In the UK, employers have generally used basic pay to calculate how much the employees are paid while they are on holiday whilst the European Working Time Directive does not specify how holiday pay should be taken into account.

  The ruling may have implications for the Authority where their employees are required to work overtime as a regular part of their job. The backdated claims have, however, been limited, with the tribunal ruling that workers can only make claims if it is less than three months since their last incorrect payment (of holiday pay), although the claim can be backdated until such a time as there is a three month break between underpayments.

  An appeal has been lodged by one of the major UK utilities against the tribunal decision and therefore the financial implications, if any, for the Authority are unclear at this stage.

- Hillsborough – The inquest into the Hillsborough Disaster commenced on 31 March 2014. During 2014/15 there have been several reports to Fire Authority Members from the SYFRA Solicitor and Deputy Monitoring Officer and the Head of BMBC Internal Audit. SYFRA has been designated “Interested Party” status as part of its subsequent involvement in the inquest.

  Phase 1 of the inquest was originally expected to conclude in January 2015, but the latest estimate is that this will be around the end of April 2015.

  The Authority Members have sought some indication of the final fees total once the inquest concludes which is expected to be September / October 2015. The invoiced fees to 17 April 2015 were £1.052M and the latest estimate of total fees is £1.113M, although this may increase if the inquest carries on longer than anticipated and dependent upon evidence received by the Coroner.

Note 31 – Defined Benefit Pension Schemes

Participation in Pensions Schemes

As part of the terms and conditions of employment of its employees, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in three pension schemes as explained in the Accounting Policies: Pension schemes for Fire officers (FPS 1992 and 2006) and the Local Government Pension Scheme (LGPS) for support staff, administered by the South Yorkshire Pensions Authority.

Injury awards are payable irrespective of whether a Fire officer is a member of the Pension Scheme and tax rules from 1 April 2006 prevent injury awards from being part of pension scheme regulations. Injury awards have been moved into a separate Fire Compensation Scheme (FCS) and under the pensions financial arrangements they must be paid from the

Authority's operating account and not the Pension Fund Account. The injury awards have been accounted for as part of the pensions adjustments and information relating to these injury awards are disclosed separately in the following notes.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2014/15	**FPS 1992 £000**	**FPS 2006 £000**	**FCS £000**	**LGPS £000**	**Total £000**
Comprehensive Income and Expenditure Statement					
Cost of Services					
• Current Service Cost	8,370	1,270	610	957	11,207
• Past Service Cost	-	-	-	-	-
• Curtailment Gains and Losses	-	-	-	141	141
• Administration Costs	-	-	-	21	21
Financing and Investment Income and Expenditure					
• Net Interest Expense	26,840	570	1,510	516	29,436
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**35,210**	**1,840**	**2,120**	**1,635**	**40,805**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement					
Remeasurement of the Net Defined Benefit Liability Comprising:					
• Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	-	-	-	(2,821)	(2,821)
• Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	(34,640)	(2,180)	(18,300)	-	(55,120)
• Actuarial Gains and Losses Arising from Changes to Assumptions Underlying Present Value of Retained Settlement	-	710	-	-	710
• Actuarial Gains and Losses Arising on Changes in Financial Assumptions	94,170	3,620	2,230	7,780	107,800

2014/15	FPS 1992 £000	FPS 2006 £000	FCS £000	LGPS £000	Total £000
• Experience Gains and Losses	(18,214)	(467)	(1,225)	373	(19,533)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account	**76,526**	**3,523**	**(15,175)**	**6,967**	**71,841**
Movement in Reserves Statement					
• Reversal of Net Charges to Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	(35,210)	(1,840)	(2,120)	(1,635)	(40,805)
Actual Amount Charged Against the General Fund Balance for Pensions in the Year					
• Employer's Contribution Payable	3,689	353	-	1,655	5,697
• Retirement Benefits Payable to Pensioners	-	-	754	-	754
• Additional Contribution to Fire Pension Fund Account to Balance Deficit	16,708	(681)	-	-	16,027

Comparative figures for 2013/14 are:

2013/14	FPS 1992 £000	FPS 2006 £000	FCS £000	LGPS £000	Total £000
Comprehensive Income and Expenditure Statement					
Cost of Services					
• Current Service Cost	10,510	1,400	730	1,219	13,859
• Past Service Cost	-	-	-	9	9
Financing and Investment Income and Expenditure					
• Net Interest Expense	26,660	520	1,750	645	29,575
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**37,170**	**1,920**	**2,480**	**1,873**	**43,443**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement					
Remeasurement of the Net Defined Benefit Liability Comprising:					
• Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	-	-	-	(385)	(385)
• Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	(450)	(20)	20	677	227
• Actuarial Gains and Losses Arising	(14,370)	(1,140)	(2,970)	(3,978)	(22,458)

2013/14	FPS 1992 £000	FPS 2006 £000	FCS £000	LGPS £000	Total £000
on Changes in Financial Assumptions					
• Experience Gains and Losses	(11,107)	(69)	(5,177)	(884)	(17,237)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account	**11,243**	**691**	**(5,647)**	**(2,697)**	**3,590**
Movement in Reserves Statement					
• Reversal of Net Charges to Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	(37,170)	(1,920)	(2,480)	(1,873)	(43,443)
Actual Amount Charged Against the General Fund Balance for Pensions in the Year					
• Employer's Contribution Payable	3,949	341	-	1,073	5,363
• Retirement Benefits Payable to Pensioners	-	-	723	-	723
• Additional Contribution to Fire Pension Fund Account to Balance Deficit	15,986	(612)	-	-	15,374

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

31 March 2015	FPS 1992 £000	FPS 2006 £000	FCS £000	LGPS £000	Total £000
Present Value of Defined Benefit Obligation	(671,990)	(16,110)	(18,390)	(51,893)	(758,383)
Fair Value of Plan Assets	-	-	-	34,459	34,459
Net Liability Arising from Defined Benefit Obligation	**(671,990)**	**(16,110)**	**(18,390)**	**(17,434)**	**(723,924)**

Comparative figures for 2013/14 are:

31 March 2014	FPS 1992 £000	FPS 2006 £000	FCS £000	LGPS £000	Total £000
Present Value of Defined Benefit Obligation	(615,910)	(12,210)	(34,320)	(41,827)	(704,267)
Fair Value of Plan Assets	-	-	-	29,705	29,705
Net Liability Arising from Defined Benefit Obligation	**(615,910)**	**(12,210)**	**(34,320)**	**(12,122)**	**(674,562)**

Reconciliation of the Movements in the Fair Value of the LGPS (Plan) Assets

31 March 2014 £000		31 March 2015 £000
28,221	Opening Fair Value of Scheme Assets at 1 April	29,705
1,183	Interest Income	1,350
386	Remeasurement (Gains) and Losses - Return on Plan Assets	2,448
1,072	Contributions From Employer	1,655
334	Contributions From Employees into the Scheme	356
(1,470)	Benefits Paid	(1,034)
(21)	Administration Expenses	(21)
29,705	**Closing Fair Value of Scheme Assets at 31 March**	**34,459**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2014/15	**FPS 1992 £000**	**FPS 2006 £000**	**FCS £000**	**LGPS £000**	**Total £000**
Opening Balance at 1 April	**615,910**	**12,210**	**34,320**	**41,827**	**704,267**
Current Service Cost	8,370	1,270	610	957	11,207
Interest Cost	26,840	570	1,510	1,866	30,786
Contributions from Scheme Participants	2,440	387	-	356	3,183
Remeasurement (Gains) and Losses					
• Actuarial Gains / Losses Arising From Changes in Demographic Assumptions	(34,640)	(2,180)	(18,300)	-	(55,120)
• Actuarial Gains / Losses Arising From Changes in Assumptions Around Present Value of Settlement	-	710	-	-	710
• Actuarial Gains / Losses Arising From Changes in Financial Assumptions	94,170	3,620	2,230	7,780	107,800
• Experience Gains and Losses	(18,214)	(467)	(1,225)	-	(19,906)
Gains / (Losses) on Curtailment	-	-	-	141	141
Benefits Paid	(22,886)	(10)	(755)	(1,034)	(24,685)
Closing Balance at 31 March	**671,990**	**16,110**	**18,390**	**51,893**	**758,383**

Comparative figures for 2013/14 are:

2013/14	FPS 1992 £000	FPS 2006 £000	FCS £000	LGPS £000	Total £000
Opening Balance at 1 April	**624,630**	**11,220**	**40,690**	**44,113**	**720,653**
Current Service Cost	10,510	1,400	730	1,198	13,838
Interest Cost	26,660	520	1,750	1,828	30,758
Contributions from Scheme Participants	2,360	300	-	334	2,994
Remeasurement (Gains) and Losses					
• Actuarial Gains / Losses Arising From Changes in Demographic Assumptions	(450)	(20)	20	677	227
• Actuarial Gains / Losses Arising From Changes in Financial Assumptions	(14,370)	(1,140)	(2,970)	(3,978)	(22,458)
• Experience Gains and Losses	(11,107)	(69)	(5,177)	(884)	(17,237)
Past Service Cost	-	-	-	9	9
Benefits Paid	(22,323)	(1)	(723)	(1,470)	(24,517)
Closing Balance at 31 March	**615,910**	**12,210**	**34,320**	**41,827**	**704,267**

Local Government Pension Scheme Assets comprise:

31 March 2014 £000	31 March 2014 %		31 March 2015 £000	31 March 2015 %
		Equities		
6,458	21.7	• UK Quoted	6,651	19.3
11,883	40.0	• Overseas Quoted	13,868	40.2
18,341	61.7		20,519	59.5
		Bonds		
-	-	• UK Government Fixed	265	0.8
3,091	10.5	• UK Government Indexed	4,135	12.0
779	2.6	• Overseas Government Fixed	879	2.6
1,852	6.2	• UK Other	1,775	5.2
119	0.4	• Overseas Other	221	0.6
5,841	19.7		7,275	21.2
		Property		
2,489	8.4	• UK Direct	3,243	9.4
427	1.4	• Property Funds	517	1.5
2,916	9.8		3,760	10.9

		Alternatives		
2,005	6.8	• Pooled Investment Vehicles	2,343	6.8
2,005	6.8		2,343	6.8
		Cash		
602	2.0	• Cash Accounts	562	1.6
602	2.0		562	1.6
29,705	**100.0**	**Total Scheme Assets**	**34,459**	**100.0**

All scheme assets have quoted prices in active markets except pooled investment vehicles.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates, employee turnover and salary levels. The liabilities of the Fire Pension and Compensation Schemes have been assessed by the Government Actuary's Department (GAD). The LGPS fund liabilities have been assessed by Mercer, using estimates based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuaries have been:

2013/14			**2014/15**	
FPS	**LGPS**		**FPS**	**LGPS**
		Long-Term Expected Rate of Return on Assets:		
-	7.0%	Equity Investments	-	6.5%
-	3.4%	Government Bonds	-	2.2%
-	4.3%	Other Bonds	-	2.9%
-	6.2%	Property	-	5.9%
-	0.5%	Cash / Liquidity	-	0.5%
		Mortality Assumptions:		
		Longevity at 65 for Future Pensioners (In Years)		
26.6	25.2	• Men	24.8	25.3
28.6	28.3	• Women	24.8	28.4
		Longevity at 65 for Current Pensioners (In Years)		
23.5	22.9	• Men	22.5	23.0
25.5	28.3	• Women	22.5	25.6
		Financial Assumptions:		
2.5%	2.4%	Rate of Inflation (CPI)	2.2%	2.0%
4.5%	4.2%	Rate of Increase in Salaries	4.2%	3.8%
2.5%	2.4%	Rate of Increase in Pensions	2.2%	2.0%
4.4%	4.5%	Rate for Discounting Scheme Liabilities	3.3%	3.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the above table. The sensitivity analyses in the following tables have been provided by the actuaries and have been determined based on reasonably possible changes in assumptions occuring at the end of the reporting period and assumes for each change that the assumption analysed changes while other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Schemes

FPS	**Increase / (Decrease)**	
Assumption	**1992 Scheme**	**2006 Scheme**
	£000	**£000**
Longevity - Increase by One Year	18,000	300
Rate of Increase in Salaries – Increase by 0.5%	8,000	1,400
Rate of Increase in Pensions – Increase by 0.5%	60,000	1,400
Rate of Discounting Scheme Liabilities – Increase by 0.5%	(71,000)	(3,000)

LGPS	**Increase / (Decrease)**
Assumption	**£000**
Longevity - Increase by One Year	992
Rate of Inflation – Increase by 0.1%	1,056
Rate of Increase in Salaries – Increase by 0.1%	286
Rate of Discounting Scheme Liabilities – Increase by 0.1%	(1,035)

Impact on the Authority's Cash Flows

The objectives of the LGPS are to keep employer's contributions at as constant a rate as possible. The strategy agreed with the actuary is to achieve a funding level of 100% over the next 22 years. The next triennial valuation is due for 31 March 2016. The contributions in respect of the Firefighters' pension schemes are determined by the government.

The liabilities show the underlying commitments that the Authority has in the long run to pay employment benefits. The total liability of £723.9M has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £681.0M.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the LGPS will be made good by increased contributions over the remaining working life of the employees (ie before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover Fire Pensions when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2016 is £0.8M. Expected contributions for the Fire Pensions Schemes in the year to 31 March 2016 are £3.9M.

The weighted average duration of the defined benefit obligation for scheme members is:

- LGPS – 20 years
- FPS 1992 – 20 years
- FPS 2006 – 40 years.

NOTES PRIMARILY RELATING TO THE CASH FLOW STATEMENT

Note 32 – Cash Flow Statement – Operating Activities

The cash inflows for operating activities of £7.199M (£4.661M in 2013/14) include the following items:

2013/14 £000		2014/15 £000
(156)	Interest Received	(133)
2,208	Interest Paid	1,689

Note 33 – Cash Flow Statement Investing Activities

The cash flows for investing activities include the following items:

2013/14 £000		2014/15 £000
3,060	Purchase of Property, Plant and Equipment and Intangible Assets	8,014
-	Purchase of Short-Term Investments	-
(5,776)	Proceeds from Short-Term Investments	(9,854)
(140)	Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	(215)
(2,188)	Other Receipts from Investing Activities	(1,404)
(5,044)	**Net Cash (Inflows) / Outflows From Investing Activities**	**(3,459)**

Note 34 – Cash Flow Statement - Financing Activities

The cash flows for financing activities include the following items:

2013/14 (Restated) £000		2014/15 £000
298	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases	267
229	Collection Fund Adjustment	262
1,700	Repayments of Short and Long-Term Borrowing	-
383	Other Payments for Financing Activities	420
2,610	**Net Cash (Inflows) / Outflows From Financing Activities**	**949**

SECTION 5 – SUPPLEMENTARY STATEMENTS

THE PENSION FUND

2013/14 £000		£000	2014/15 £000
	Contributions Receivable		
	From Fire Authority		
(4,187)	• Normal	(3,924)	
(103)	• Early Retirements	(118)	
(2,663)	***Officers' Contributions***	(2,776)	
(6,953)			(6,818)
-	**Transfers In from Other Schemes**		(39)
	Benefits Payable		
17,441	• Pensions	18,284	
4,567	• Commutations and Lump Sum Retirement Benefits	4,183	
182	• Death Benefits	-	
22,190			22,467
	Payments To and On Account of Leavers		
137	• Transfers Out to Other Schemes		417
15,374	**Net Amount Payable for the Year**		**16,027**
(15,374)	Top-up Grant Payable by the Government		(16,027)
-	**Net Amount Payable / Receivable for Year**		**-**

NET ASSETS STATEMENT

31 MARCH 2014 £000		31 MARCH 2015 £000
	Current Assets	
4,431	• Pensions Top-up Grant Receivable from the Government	3,316
	Current Liabilities	
(109)	• Contributions Received in Advance from Fire Authority	(90)
(4,322)	• Amount Owing to General Fund	(3,226)
-	**TOTAL**	**-**

NOTES TO THE PENSION FUND

The Authority administers the Firefighters' Pensions Fund Account. The operation of the Pension Fund is controlled by the Firefighters' Pension Scheme (Amendment)(England) Order 2006, which specifies the amounts that must be paid into and out of the Fund.

Contributions are made into the Pension Fund from the Authority and those of its employees who are members of the Firefighter Pension schemes. The contribution rates are based on percentages of pensionable pay, as determined nationally by the Government and subject to triennial revaluation by the Government Actuary's Department. The current contribution rates are as follows:

	FPS 1992 %	FPS 2006 %
Employer Contribution	21.3	11.0
Employee Contribution – Based on Salary Bandings	11.0 – 15.0	8.5 – 11.1

The Authority is also required to make payments into the Fund in respect of ill health retirements.

The schemes are unfunded which means that there are no investment assets built up to meet pensions payments. The Pension Fund Account is therefore balanced to nil each year by the receipt of a top-up grant from the Government if contributions are insufficient to meet the defined pensions benefits payable. Any surpluses on the Fund are repayable to the Government.

The accounting policies adopted for the Pension Fund follow those set out in the Authority's Statement of Accounting Policies. However the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. These are dealt with within the Authority's Financial Statements and Notes in accordance with the application of International Accounting Standard 19 - Retirement Benefits.

SECTION 6 – GLOSSARY OF TERMS

ACCOUNTING STANDARDS

The Code is based on approved accounting standards and also reflects specific statutory accounting requirements. Compliance with the Code is therefore necessary (except in exceptional circumstances) in order that an authority's accounts give a 'true and fair' view of the financial position, financial performance and cash flows of the authority.

The requirements of International Financial Reporting Standards (IFRS) and other pronouncements by the International Accounting Standards Board in effect for accounting periods commencing on or before 1 January 2014 (as adopted by the EU) apply unless specifically adapted by the Code.

IFRS's are considered a "principles based" set of standards in that they establish broad rules as well as dictating specific treatments.

International Financial Reporting Standards comprise:

- International Accounting Standards (IAS);
- International Financial Reporting Standards (IFRS);
- International Financial Reporting Interpretations Committee (IFRIC); and
- Standing Interpretations Committee (SIC).

A further set of interpretations, specifically for the Public Sector, are International Public Sector Accounting Standards (IPSAS).

There are also some UK GAAP accounting standards that remain relevant to Local Authorities as they have no equivalent standard under IFRS and the Code interprets them accordingly.

The paragraphs below give a brief description of the accounting standards that are referred to in CIPFA's Code of Practice. Where relevant, interpretations have been grouped with the standard that they are interpreting.

International Accounting Standards (IAS)

Accounting Standard	Description
IAS 1 – Presentation of Financial Statements	IAS 1 prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.
IAS 2 – Inventories	The objective of IAS 2 is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised.
IAS 7 – Statement of Cash Flows	The objective of IAS 7 is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities.
IAS 10 – Events After the Reporting Period	The objective of IAS 10 is to prescribe when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.
IAS 11 – Construction Contracts	The objective of IAS 11 is to prescribe the accounting treatment of revenue and costs associated with construction contracts. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods.
IAS 12 – Income Taxes	IAS 12 prescribes the accounting treatment for income taxes.
IAS 16 – Property, Plant and Equipment	The objective of IAS 16 is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.

Accounting Standard	Description
IAS 17 – Leases	The objective of IAS 17 is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases. The classification of leases adopted in this Standard is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.
IAS 18 – Revenue	The primary issue in accounting for revenue is determining when to recognise it. Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria.
IAS 19 – Employee Benefits	The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.
IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	IAS 20 shall be applied in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance.
IAS 21 – Effects of Changes in Foreign Exchange Rates	The objective of IAS 21 is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements.
IAS 23 – Borrowing Costs	IAS 23 prescribes that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
IAS 24 – Related Party Disclosures	The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.
IAS 26 – Retirement Benefit Plans	IAS 26 shall be applied in the financial statements of retirement benefit plans where such financial statements are prepared.
IAS 27 – Consolidated and Separate Financial Statements	The objective of IAS 27 is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control.
IAS 28 – Investments in Associates	IAS 28 shall be applied in accounting for investments in associates.
IAS 29 – Financial Reporting in Hyperinflationary Economies	The objective of IAS 29 is to establish specific standards for entities reporting in the currency of a hyperinflationary economy, so that the financial information provided is meaningful.
IAS 31 – Interests in Joint Ventures	IAS 31 shall be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place.
IAS 32 - Financial Instruments: Presentation	The objective of IAS 32 is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.
IAS 36 – Impairment of Assets	IAS 36 prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset.
IAS 37 – Provisions, Contingent Liabilities and Assets	The objective of IAS 37 is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount.
IAS 38 – Intangible Assets	The objective of IAS 38 is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.
IAS 39 - Financial Instruments: Recognition & Measurement	The objective of IAS 39 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.
IAS 40 – Investment Property	IAS 40 prescribes the accounting treatment for investment property and related disclosure requirements.
IAS 41 – Agriculture	The objective of IAS 41 is to establish standards of accounting for agricultural activity – the management of the biological transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets).

International Financial Reporting Standards (IFRS)

Accounting Standard	Description
IFRS 1 – First-Time Adoption of International Financial Reporting Standards	The objective of IFRS 1 is to ensure that an entity's first IFRS financial statements and its interim financial reports for part of the period covered by those financial statements, contain high quality information that is transparent for users and comparable over all periods presented and also provides a suitable starting point for accounting in accordance with International Financial Reporting Standards (IFRS's).
IFRS 3 – Business Combinations	The objective of IFRS 3 is to specify the financial reporting by an entity when it undertakes a business combination. A business combination is the bringing together of separate entities or businesses into one reporting entity
IFRS 4 – Insurance Contracts	The objective of IFRS 4 is to specify the financial reporting for insurance contracts by any entity that issues such contracts (described in this IFRS as an insurer).
IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations.	The objective of IFRS 5 is to specify the accounting treatment for assets held for sale, and the presentation and disclosure of discontinued operations.
IFRS 6 – Exploration for and Evaluation of Mineral Resources	The objective of this IFRS is to specify the financial reporting arrangements for the exploration for and evaluation of mineral resources.
IFRS 7 – Financial Instruments: Disclosures	IFRS 7 identifies requirements for disclosing information about financial instruments.
IFRS 8 – Operating Segments	The objective of this IFRS is to ensure that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
IFRS 10 - Consolidated Financial Statements	The objective of this IFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11 - Joint Arrangements	The core principle of this IFRS is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.
IFRS 12 - Disclosure in Other Entities	The objective of this IFRS is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
IFRS 13 - Fair Value Measurement	The objective of this IFRS is to provide a clear definition of fair value, set out in a single IFRS, a framework for measuring fair value and the requirements for disclosures about fair value measurements.

Standing Interpretations Committee (SIC)

Accounting Standard	Description
SIC 12 - Consolidation - Special Purpose Entities	SIC-12 addresses when a special purpose entity should be consolidated by a reporting enterprise under the consolidation principles in IAS 27.
SIC 15 - Operating Leases: Incentives	SIC-15 clarifies the recognition of incentives related to operating leases by both the lessee and lessor. The Interpretation indicates that lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) should be considered an integral part of the consideration for the use of the leased asset.
SIC 25 - Income Taxes: Changes in the Tax Status of an Entity or its Shareholders	A change in the tax status of an enterprise or its shareholders, e.g. due to an initial public offering or restructuring, does not give rise to increases or decreases in the pre-tax amounts recognised directly in equity. Therefore, SIC-25 concludes that the current and deferred tax consequences of the change in tax status should be included in net profit or loss for the period.
SIC 27 - Evaluating the Substance of Transactions Involving The Legal Form of a Lease	Among the provisions of SIC- 27 is the accounting arrangements for arrangements between an enterprise and an investor should reflect the substance of the arrangement. All aspects of the arrangement should be evaluated to determine its substance, with weight given to those aspects and implications that have an economic effect.
SIC 29 - Disclosure - Service Concession Arrangements	SIC-29 prescribes the information that should be disclosed in the notes to the financial statements of a concession operator and a concession provider when the two parties are joined by a service concession arrangement. A service concession arrangement exists when an enterprise (the concession operator) agrees with another enterprise (the concession provider) to provide services that give the public access to major economic and social facilities.
SIC 31 - Barter Transactions involving Web Site Costs	Under SIC-31, revenue from a barter transaction involving advertising cannot be measured reliably at the fair value of advertising services received. However, a seller can reliably measure revenue at the fair value of the advertising services it provides in a barter transaction.
SIC 32 - Intangible Assets: Web Site Costs	SIC-32 concludes that a website developed by an entity using internal expenditure, whether for internal or external access, is an internally generated intangible asset that is subject to the requirements of IAS 38 - Intangible Assets.

International Financial Reporting Interpretations Committee (IFRIC)

Accounting Standard	Description
IFRIC 1 - Changes in Existing Decommissioning, Restoration & Similar Liabilities	IFRIC 1 contains guidance on accounting for changes in decommissioning, restoration and similar liabilities that have previously been recognised both as part of the cost of an item of property, plant and equipment under IAS 16 and as a provision (liability) under IAS 37.
IFRIC 3 - Emissions Rights	IFRIC 3 focuses on the accounting to be adopted by participants in a 'cap and trade' scheme in respect of carbon emissions, although some of its requirements might be relevant to other schemes that are also designed to encourage reduced levels of emissions and share some of the features of a cap and trade scheme.
IFRIC 4 – Determining Whether an Arrangement Contains a Lease.	The objective of IFRIC 4 is to specify criteria by which an arrangement, that does not take the legal form of a lease but which convey rights to use assets in return for a payment or series of payments, is to be assessed. An arrangement that meets the criteria or contains a lease that should be accounted for in accordance with IAS 17 - Leases.
IFRIC 5 - Rights to Interest Arising From Decommissioning, Restoration & Environmental Rehabilitation Funds	IFRIC 5 discusses how a contributor should account for its interest in a fund and when a contributor has an obligation to make additional contributions, how the obligation should be accounted for.
IFRIC 6 - Liabilities Arising From Participating in a Specific Market-Waste Electrical & Electronic Equipment	IFRIC 6 addresses the arrangements where an entity has an obligation to contribute to waste management costs based on its share of the market in a measurement period and highlights what is the event under IAS 37 that gives rise to a liability.
IFRIC 7 - Applying the Restatement Approach Under IAS 29 - Financial Reporting in Hyperinflationary Economies	IFRIC 7 contains guidance on how an entity would restate its financial statements in the first year it identifies the existence of hyperinflation in the economy of its functional currency.
IFRIC 9 - Reassessment of Embedded Derivatives	IFRIC 9 addresses whether IAS 39 requires such an assessment to be made only when the entity first becomes a party to the hybrid contract, or whether the assessment be reconsidered throughout the life of the contract. It also dictates whether a first-time adopter of IFRSs should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, or those prevailing when the entity adopts IFRSs for the first time.
IFRIC 12 – Service Concession Arrangements	IFRIC 12 sets out the accounting treatment of service concessions. Service concessions primarily involve a private sector organisation utilising / constructing a fixed asset and providing services from that asset, on behalf of a public sector organisation. The accounting treatment of these assets is determined by the actual substance of the concession, in terms of which party holds effective control throughout the term, rather than legal ownership of those assets.
IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (IAS 19 - Employee Benefits)	IFRIC 14 addresses the interaction between a minimum funding requirement and the limit stipulated by IAS 19 on the measurement of the defined benefit asset or liability. When determining the limit on a defined benefit asset in accordance with IAS 19, under IFRIC 14, entities are required to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	IFRIC 16 clarifies that the presentation currency does not create an exposure to which an entity may apply hedge accounting, that the hedging instrument(s) may be held by any entity or entities within the group and that while IAS 39 must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 must be applied in respect of the hedged item.

UK GAAP

Accounting Standard	Description
FRS 30 - Heritage Assets	The objective of this FRS is to ensure that enhanced disclosures apply to all heritage assets, regardless of whether they are reported in the Balance Sheet and that where information is available on cost or value, heritage assets are reported in the Balance Sheet.
SSAP 5 - Accounting for Value Added Tax	In the UK, VAT is a tax on the supply of goods and services that is eventually borne by the final consumer but collected at each stage of the production and distribution chain. As a general principle, therefore, the treatment of VAT in the accounts of a trader should reflect his role as a collector of the tax and VAT should not be included in income or in expenditure whether of a capital or revenue nature. There will, however, be circumstances in which a trader will bear the VAT, and in such cases where the VAT is irrecoverable, it should be included in the cost of the items reported in the financial statements.

International Public Sector Accounting Standards (IPSAS)

	Description
IPSAS 1 - Presentation of Financial Statements	Public Sector interpretation of IAS 1 (see above).
IPSAS 2 - Cash Flow Statements	Public Sector interpretation of IAS 7 (see above).
IPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors	Public Sector interpretation of IAS 8 (see above).
IPSAS 4 - Effects of Changes in Foreign Exchange Rates	Public Sector interpretation of IAS 21 (see above).
IPSAS 5 - Borrowing Costs	Public Sector interpretation of IAS 23 (see above).
IPSAS 6 - Consolidated and Separate Financial Statements	Public Sector interpretation of IAS 27 (see above).
IPSAS 7 - Investments in Associates	Public Sector interpretation of IAS 28 (see above).
IPSAS 8 - Interests in Joint Ventures	Public Sector interpretation of IAS 31 (see above).
IPSAS 9 - Revenue From Exchange Transactions	The objective of IPSAS 9 is to prescribe the accounting treatment for revenue arising from exchange transactions and events.
IPSAS 10 - Financial Reporting in Hyperinflationary Economies	Public Sector interpretation of IAS 29 (see above).
IPSAS 11 - Construction Contracts	Public Sector interpretation of IAS 11 (see above).
IPSAS 12 - Inventories	Public Sector interpretation of IAS 2 (see above).
IPSAS 13 - Leases	Public Sector interpretation of IAS 17 (see above).
IPSAS 14 - Events After the Reporting Period	Public Sector interpretation of IAS 10 (see above).
IPSAS 16 - Investment Property	Public Sector interpretation of IAS 40 (see above).
IPSAS 17 - Property, Plant and Equipment	Public Sector interpretation of IAS 16 (see above).
IPSAS 19 - Provisions, Contingent Liabilities and Assets	Public Sector interpretation of IAS 37 (see above).
IPSAS 20 - Related Party Disclosures	Public Sector interpretation of IAS 24 (see above).
IPSAS 21 - Impairment of Non Cash Generating Assets	The objective of IPSAS 21 is to ensure that non cash-generating assets are carried at no more than their recoverable service amount, and to prescribe how recoverable service amount is calculated.
IPSAS 23 – Revenue From Non-Exchange Transactions (Taxes & Transfers)	IPSAS 23 addresses recognition and measurement of revenue from taxes, recognition of revenue from transfers, which include grants from other governments and international organisations, gifts and donations and how conditions and restrictions on the use of transferred resources are to be reflected in the financial statements.
IPSAS 25 - Employee Benefits	Public Sector interpretation of IAS 19 (see above).
IPSAS 26 - Impairment of Cash Generating Assets	The objective of IPSAS 26 is to prescribe the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. This standard also specifies when an entity shall reverse an impairment loss and prescribes disclosures.
IPSAS 27 - Agriculture	Public Sector interpretation of IAS 41 (see above).
IPSAS 28 - Financial Instruments: Presentation	Public Sector interpretation of IAS 32 (see above).
IPSAS 29 - Financial Instruments: Recognition & Measurement	Public Sector interpretation of IAS 39 (see above).
IPSAS 30 - Financial Instruments: Disclosures	Public Sector interpretation of IFRS 7 (see above).
IPSAS 31 - Intangible Assets	Public Sector interpretation of IAS 38 (see above).
IPSAS 32 - Service Concession Arrangements: Grantor	The objective of IPSAS 32 is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

KEY DEFINITIONS

Accrual
The concept that income and expenditure is recognised as it is earned or incurred, not as cash is received or paid.

Actuarial Gain or Loss
The change in actuarial deficits or surpluses that arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or because the actuarial assumptions have changed.

Amortisation
The writing down of an asset over a period of time in order to charge the revenue account for the usage of the asset.

Assets
Items of worth which are measurable in monetary terms. Current assets are ones that change in value on a day to day basis whereas fixed assets are assets which yield benefit to the Authority for a period of more than one year.

Budget
A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process for setting the precept.

Capital Expenditure
Spending on the acquisition of assets or spending which adds to and not merely maintains the value of an existing asset.

Capital Financing Requirement
This measures the underlying need to borrow for capital purposes.

Capital Receipt
Proceeds from the disposal of land or other capital assets which may be used to reduce debt or to finance capital expenditure, but cannot be used to support revenue expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA)
The accounting body that provides accounting guidance to the public sector. The guidance provided by CIPFA is defined as proper accounting practice and has statutory backing.

Contingent Liability
A possible liability at the balance sheet date which will only be confirmed following the outcome of uncertain future events.

Corporate and Democratic Core
The costs associated with corporate policy making and member based activities, together with costs relating to corporate management, public accountability and treasury management.

Creditor
Amounts owed by the Authority for works done and goods or services received for which actual payments had not been made by the end of the financial year.

Current Service Cost (Pensions)
This measures the increase in the present value of pensions liabilities generated in the financial year by employees. It is an estimate of the true economic cost of employing people in the financial year, earning service that will eventually entitle them to the receipt of a lump sum and pension when they retire.

Debtor
Amounts due to the Authority for works done and goods or services supplied for which actual payments had not been received by the end of the financial year.

Defined Benefit Pension Scheme
Retirement benefits are defined independently of the contributions payable and benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful life of a fixed asset arising from age, wear and tear, deterioration or obsolescence.

Earmarked Reserves
Amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years

Equality Act 2010
The new Equality Act came into force on 1 October 2010. It seeks to harmonise and build on previous anti-discrimination. The Act covers exactly the same groups of individuals that were protected by the previous legislation but offers greater clarity as to each defined group. These "protected characteristics" relate to: Age; Disability; Gender Reassignment; Marriage and Civil Partnership; Pregnancy and Maternity; Race; Religion and Belief; Sex and Sexual Orientation.

Expected Rate of Return on Pensions Assets
This is a measure of the average rate of return expected on the investment assets held by the scheme for the year. It is not intended to reflect the actual realised return on the scheme, but a longer-term measure, based on the value of assets at the start of the year and an expected return factor.

Finance Lease
A lease that transfers all the risks and rewards of ownership of a fixed asset to the lessee. Assets held in this way by the Authority appear on the Authority's balance sheet and are accounted for as property, plant and equipment.

Financial Instrument
This is any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial assets such as loans receivable and liabilities such as borrowings.

General Fund Balance
The General Fund Balance is the description given in the Code to those reserves held by an Authority that are not earmarked for specific purposes and is more commonly described as General Reserves.

Government Grants
Assistance by Government and inter-governmental agencies and similar bodies in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Gross Book Value
The value of an asset before deducting depreciation and impairment.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Intangible Fixed Assets
These are fixed assets such as software licences that do not have physical substance, but are identifiable and controlled through legal or custody rights.

Integrated Risk Management Plan
"Integrated Risk Management" is the development of a balanced approach by the Fire and Rescue Service to reducing risk within the community. This is achieved by combining the prevention, protection and emergency response, on a risk-assessed basis in order to improve the safety of the community and also create a safer working environment for firefighters. Additionally Fire and Rescue Services must take measures to help the community to recover quickly in the aftermath of an emergency and to minimise the impact to both people and the local economy.

Interest Costs (Pensions)
The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

International Financial Reporting Standards (IFRS)
These are a set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. They are issued by the International Accounting Standards Board with the aim to make international comparisons as easy as possible.

Liabilities
Amounts due to individuals or organisations which will have to be paid at some point in the future. Current liabilities are usually payable within one year of the balance sheet date.

Minimum Revenue Provision

The statutory minimum amount that must be set aside from revenue each year to repay debt. A prudent level is set by the Authority

Net Book Value
The amount at which fixed assets are included in the balance sheet, that is their historical or current value less the cumulative amounts provided for depreciation.

Operating Leases
A lease where substantially all the risks and rewards of ownership of a fixed asset remain with the lessor.

Outturn
Actual income and expenditure for the financial year.

Past Service Cost (Pensions)
These costs represent the increase in liabilities arising from decisions taken in the current year to improve retirement benefits, but whose financial effect is derived from years of service earned in earlier years.

Precept
An amount of money levied by one authority (the precepting authority) which is collected by another authority (the collecting authority) as part of the council tax. The Authority is a precepting authority and the four South Yorkshire District Councils are the collecting authorities.

Provisions
Sums set aside to cover a liability that is likely to be incurred, but the amounts or date on which the cost will arise is uncertain.

Prudential Code
Local authorities are required to comply with the Prudential Code for Capital Finance in Local Authorities, published by CIPFA, in order to ensure that their capital investment plans are prudent, affordable and sustainable.

Public Works Loans Board
A Government controlled agency that provides a source of borrowing for public authorities.

Reserves
A reserve is an amount set aside for a specific future purpose in one financial year and carried forward to meet expenditure in future years.

Revenue Expenditure
Expenditure on day to day running costs incurred by the Authority in the provision of services

Section 41 Members
In accordance with Section 41 of the Local Government Act 1985, the Fire and Rescue Authority is recommended to nominate from its membership, one member from each of the Constituent District Council to answer questions on behalf of the Authority, put by other Members of the Constituent Councils in the course of council proceedings, relating to the discharge of the Authority’s functions.

Treasury Management
The management of the Authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.