



AGENDA ITEM: 8

NORTH WALES FIRE AND RESCUE AUTHORITY

15 June 2009

STATEMENT OF ACCOUNTS 2008-2009

Report by Ken Finch, Treasurer to the Authority

Purpose of Report

- 1.** To seek Members' approval of the North Wales Fire & Rescue Service Statement of Accounts 2008-2009 in accordance with the provision of the Accounts and Audit (Wales) Regulations 2005.

Statement of Accounts

- 2.** The draft Statement of Accounts is attached and has been made available to KPMG who will examine the accounts and formally issue a report in due course.

Recommendation

- 3.** The Authority is recommended to approve the draft Statement of Accounts for the financial year ended 31 March 2009.

NORTH WALES FIRE AUTHORITY

STATEMENT OF ACCOUNTS 2008-2009

C O N T E N T S

	<u>PAGE NO.</u>
Explanatory Foreword by the Treasurer	1-4
Statement of Responsibilities for the Statement of Accounts	5
Statement on the System of Internal Control	6-9
Statement of Accounting Policies	10-13
Core Financial Statements	14 -17
Notes to the Core Financial Statements	18 - 33
Pension Fund Account with Notes	34

EXPLANATORY FOREWORD

1. Operational guidance for Fire and Rescue Services in Wales is detailed in the Fire and Rescue National Framework which has been produced by WAG. The National Framework seeks to expand the role of Fire and Rescue Services in Wales in relation to prevention, education and engaging with the communities they serve whilst ensuring that their reactive firefighting capability is not compromised.

The North Wales Fire and Rescue Service produces annual action plans for managing down risks with increasing emphasis on prevention and education. The Service is also actively engaged in working with the communities it serves, an example of which is the newly opened Rhyl Community Fire Station which provides meeting rooms for community groups. The Authority is also working in partnership with other emergency services, for example, the property portfolio is managed by a joint Facilities Management Department with North Wales Police and Fire Service Control is now located in a shared facility with the Police at St Asaph. The Authority is also engaged in a number of other projects which reflect the objectives of the National Framework for example the Young Firefighters' Association operated by off duty firefighters with branches across North Wales and the Phoenix project which has proved very successful with youngsters in the area.

The Authority's Statement of Accounts is a publication required by law; the prime purpose of which is to give clear information about the financial position and the financial performance of the North Wales Fire Authority for the financial year 2008-09. In line with the Statement of Recommended Practice (SORP) for 2008-09 the note to the accounts on 'Accounting for Pension costs', Financial Reporting Standard 17, has been expanded.

- 2(a). The statements and their purposes are as follows:-

- (i) **Statement of Accounting Policies**
This sets out the principles and policies upon which the Authority's accounts have been prepared.
- (ii) **Income and Expenditure Account**
This summarises the resources generated and consumed by the Authority in the year.
- (iii) **Statement of the Movement on the General Fund Balance**
A reconciliation showing how the balance of resources generated and consumed in the year links in with the contributions from the constituent authorities.
- (iv) **Statement of Total Recognised Gains and Losses**
This demonstrates how the movement in net worth in the balance sheet is identified to the Income and Expenditure Account deficit and to other unrealised gains and losses.
- (v) **Balance Sheet**
The Balance Sheet describes the financial position of the Authority.
- (vi) **Cash Flow Statement**
This consolidated statement summarises the inflows and outflows of cash arising from transactions with third-parties for revenue and capital purposes.
- (vii) **The Pension Fund Account**
From 1 April 2007 arrangements covering the Firefighters' Pension Schemes in Wales changed. The Authority is required to keep a

separate Income and Expenditure Account and Net Assets Statement for all these transactions.

(viii) **Statement of Responsibilities for the Statement of Accounts**

This sets out the responsibilities of the Treasurer and the Chairman of the Authority as regards the Statement of Accounts.

- 2(b). The Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the Pension Fund Account are supported by notes which provide additional information. The Statement of Accounts meets the requirements of the Code of Practice on Local Authority Accounting in Great Britain (2008) and the Best Value Accounting Code of Practice (2008), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Accounts and Audit (Wales) Regulations 2005 and the 2007 Amendments to the Regulations.

3. **SUMMARY OF FINANCIAL YEAR 2008-2009**

(i) **Revenue Expenditure 2008-2009**

The budget for the year was approved by Members of the Authority at £30,530,660. The actual expenditure was lower than budgeted and the Authority was underspent by £187,704. When setting the budget for 2009-10 Members were presented with an option to use the estimated underspend for 2008-09 of £138,000 to fund the Capital Programme which would produce on going savings for the revenue budget. The budget for 2008-09 was carefully managed to ensure the Authority produced the underspend necessary to meet the budget requirements for 2009-10. However, the final outturn shows an additional underspend of £49,704 which has also been used to fund the Capital Programme to mitigate future budget increases. The table below outlines the main areas of overspend and the underspends that have been used to offset them.

<i>Overspends</i>	<i>£'000</i>	<i>Underspends</i>	<i>£'000</i>
Premises Costs	3	Employee Costs	734
Transport Costs	110	Interest Payable	106
Insurance	168	Repayment of Debt (MRP)	73
IT and Communications	227	Emergency Planning Income	64
Third Party Payments	122	Additional Capital Fees	27
Investment Income (shortfall)	93		
Leasing Payments	93		
Total	816		1,004
Net Underspend			188

(ii) **Capital Expenditure 2008-2009**

During the year the Authority spent £5,651,188 on capital projects as follows:-

	£
Buildings	
Remodel Harlech	5,575
Wrexham New Build	17,799
Remodel Llandudno	14,013
Remodel Beaumaris	326,988
Remodel Llanberis	5,679
Remodel Deeside	9,700
Remodel Rhyl	1,269,297
Remodel Nefyn	4,259
Remodel Chirk	37,402
Llangefni County Safety Offices	13,919
Remodel Buckley	304,260
Minor Building Works	605,557
DDA and Equality Compliance	13,560
Vehicles and Equipment	
Water Tenders	1,201,059
Light Vehicles	339,820
Aerial Appliance	109,300
Other Vehicles and Upgrades	169,039
Operational Equipment	512,777
IT Equipment	210,449
Control Equipment & Firelink	480,736
TOTAL CAPITAL EXPENDITURE	5,651,188

Expenditure on the capital programme in 2008-2009 was less than forecasted due mainly to slippage on two major building projects namely Llangefni County Safety Offices and Wrexham new build. Delays were also encountered on the vehicle replacement programme in particular on Vehicle Upgrades. These schemes, approximate value £4m, will be rolled over to 2009-2010.

The Authority was awarded grant funding from WAG, £315k, which was used to upgrade and improve facilities at a number of properties.

Under the Prudential Code the Authority can finance the capital programme in accordance with whichever method of financing is most cost effective. In 2008-2009 the capital programme was financed mainly by loans from the Public Works Loan Board (£3,082,279), grants (£482,734), Capital Receipts (£301,938) and Revenue Financing (£187,704).

(iii) **Balance Sheet 2008-2009**

All buildings, vehicles and equipment that are owned by the Fire Authority are allocated an asset life and are depreciated over that expected life; this is shown in Note 11 to the Core Financial Statements. The increase in borrowing is dependent upon a number of factors; the amount of capital expenditure to be financed by borrowing and the loan debt repaid as part of the Minimum Revenue Provision. The Authority's loan debt at 31 March 2009 was £15.01m.

FRS17 was introduced to ensure that financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding. A full charge is made to the revenue account for the current cost of service and an entry in the Balance Sheet to reflect the Authority's pension liability. The estimated

pension liability for the North Wales Fire Authority at 31 March 2009 is £140.3m, a decrease of £10.32m. The decrease is due mainly to the changes in assumptions underlying the present value of the pension liabilities on the Firefighters' Pension Scheme; this is explained further under the Statement of Accounting Policies.

(iv) **Cash Flow**

The Authority is funded from contributions from six Constituent Local Authorities, the contributions are received on a monthly basis and are used to fund expenditure.

(v) **Provisions and Liabilities**

The Authority holds provisions to meet known future liabilities which have arisen due to past events. The balance at the beginning of the year was £0.61m and at the end of the year £0.46m. The Control provision has been utilised according to the purpose for which it was set up. Further details of the provisions held are included in a note to the core financial statements.

(vi) **Capital Financing Costs**

The charge made to the service revenue accounts to reflect the cost of fixed assets used in the provision of services was £1,064,745. This is a notional charge for depreciation and an adjustment is made to the year end balance so the contributions required to fund the service are not affected. The actual cost to the service for financing capital is £556,133 for loan interest and £896,170 Minimum Revenue Provision and Voluntary Revenue Provision.

4. **ADDITIONAL INFORMATION**

Additional information about these accounts is available from the Treasurer to the Authority at Bodlondeb, Conwy. Interested members of the public also have a statutory right to inspect the accounts before the audit is completed. Availability of the accounts for inspection is advertised in the local press and on both the websites for North Wales Fire & Rescue Authority (www.nwales-fireservice.org.uk) and Conwy County Borough Council (www.conwy.gov.uk).

K W FINCH CPFA IRRV
Treasurer to the Fire Authority

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
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets
- to approve the Statement of Accounts

CHAIRMAN'S CERTIFICATE STATEMENT OF ACCOUNTS 2008/2009

Un-audited accounts provisionally approved at the meeting of the North Wales Fire Authority on 15 June 2009 presided over by the Chairman of the Fire Authority.

SIGNED: _____ DATED: _____

Chairman, North Wales Fire Authority

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 SORP). The Statement of Accounts is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2009.

In preparing the Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority SORP.

The Treasurer has also:

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

TREASURER'S CERTIFICATE STATEMENT OF ACCOUNTS 2008/2009

A Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations (Wales) 2005 and the 2007 Amendments to the Regulations.

SIGNED: _____ DATED: _____

K W FINCH CPFA IRRV

Treasurer, North Wales Fire Authority

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

North Wales Fire Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, the Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

In consultation with its external auditors, KPMG, the Authority has decided to continue to publish a Statement of Internal Control this year.

The purpose of the System of Internal Control

A system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable assurance of effectiveness. The Authority's system of internal control is designed to:

- identify and prioritise actions to address the risks to the achievement of the Authority's policies, aims and objectives;
- to evaluate the likelihood of those risks being realised;
- evaluate the impact should those risks be realised; and
- manage them economically, efficiently and effectively.

A system of internal control has been in place within the Authority for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts and accords with good practice. However, the system is not static and improvements are made during the year.

The internal control environment

The Authority's internal control environment comprises the many systems, policies, procedures and operations in place to:

- establish and monitor the achievement of the Authority's key objectives;
- facilitate policy and decision making;
- ensure compliance with established policies, procedures, laws and regulations;
- identify, assess and manage the risks to the Authority's objectives including risk management;
- ensure the economical, effective and use of resources, and for securing continuous improvement in the way in which the Authority's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- provide appropriate financial management of the Authority and the reporting of financial management; and
- ensure adequate performance management of the Authority and the reporting of performance management.

Financial management

We have developed robust arrangements to ensure that our financial management is robust and fit for purpose. These arrangements include:

- a clear segregation of responsibilities between our management accounting function, undertaken at Headquarters, and our financial accounting arrangements, which are undertaken through our Service Level Agreement (SLA) by Conwy County Borough Council;

- The Authority annually reviews and approves the budget, which has been developed and informed by officers, in consultation with Heads of Departments;
- The Authority receives quarterly budget monitoring reports, and the Executive Group reviews the budget in detail every 6 weeks;
- We have developed a three year capital programme, enabling us to have a short, medium and long term approach to capital planning;
- We have adopted a three year budgetary forecast which is considered in our service planning process;
- The Authority reviews and approves the Treasury Management Policy, and our borrowing requirements annually;
- We have effective SLAs with Clwyd and Dyfed Pension Funds and Conwy County Borough Council for pension management and financial support services respectively, providing the Authority with specialist technical knowledge;
- We review our financial regulations and standing orders on a timely basis;
- The financial responsibilities for the Authority are undertaken by well trained and experienced personnel, and staff have clear supervisory and reporting lines;

Performance management

We are committed to continuously developing our performance management framework and have implemented important components of our framework. We realise this is an ever developing area and we are confident of continuing to make progress in this area. We have already established the following:

- We outline our strategic objectives and proposals to achieve these in our Risk Reduction Action Plan annually. We track our progress in these areas throughout the year, with reports being submitted to the Executive Group and Executive Panel;
- We continue to collect and monitor our suite of performance indicators, setting stretched targets against these each year. We prepare quarterly reports for the Executive Panel to monitor progress;
- We benchmark our performance annually against our 'family group' of Fire and Rescue Services, and publish this in our Improvement Plan;
- We have introduced departmental and county plans that allow our overall aims and objectives to be cascaded throughout the service. We monitor progress against these plans quarterly through planning and performance meetings.
- We have developed departmental objectives and targets that are monitored along with their financial implications on a quarterly basis;
- We have completed the third year of 'operational assurance' which was based around the direction of travel since the first self assessment. This has been peer reviewed by a team from the other two Welsh Fire and Rescue Services. We will take actions arising from this review forward, both within the service, and also collaboratively with the other two fire and rescue services;
- We are committed to introducing a Records Management System and the All Wales performance management system, Ffynnon, in order to make more effective and efficient use of our resources.

Corporate governance

The Authority is committed to maintaining the highest standards of conduct for its members and staff. We have put in place arrangements to maintain and monitor these standards, including:

- We have a scheme of delegation of decision making powers from the Authority to the Chief Fire Officer;
- Terms of reference have been introduced, are reviewed and approved for the Authority, Executive Panel and Standards Committee, which outline clearly their remit and decision making powers;
- We have reviewed and amended our corporate governance structure. The Authority is constituted from members from each of the six constituent authorities and is responsible for the strategic direction of the service. An Executive Panel has been established which

allows policies to be scrutinised at an earlier stage by a panel of fourteen members, drawn equably from each local authority.

- Specific policy can be considered through working groups which we constitute for a particular reason, for example, development of our Risk Reduction Plan;
- A Standards Committee, chaired by an independent member is responsible for investigating conduct issues concerning members of the Authority;
- A new senior management team is being developed. The Executive Group will consist of the Chief Fire Officer, the Deputy Chief Fire Officer, and three Assistant Chief Fire Officers. The group meets every six weeks, and there are standing items on the agenda, including performance, risk and financial management;
- A review of the Scrutiny arrangements and Member engagement has been undertaken by the Wales Audit Office and has reported on a regional and All Wales basis. We are taking forward the recommendations contained within the report by means of a separate scrutiny, audit and risk committee.

Risk management

In the past, we have recognised the need to develop a more integrated risk-based approach to strengthen our financial and service planning arrangements, which would consequently strengthen our overall internal control arrangements. We recognise we still have some way to go to strengthen the corporate risk management arrangements within the service, but have moved forward since 2008 by:

- We have published a corporate Risk Management policy;
- The Risk Management policy and plan has been endorsed by the Authority who will review progress annually;
- The Executive Group have developed a high level corporate risk register;
- Working in conjunction with Heads of Department, we have prepared a comprehensive corporate risk register and reviewed it;
- We annually prepare a Risk Reduction Plan which outlines proposals and updates our progress to deliver our services efficiently, effectively and economically;
- We make use of a wide range of data including demographic, economic, geographical and environmental data to inform our policy decision making process and resource allocation;
- Our services are delivered by highly skilled and experienced staff, and we are fully committed to supporting staff in their professional and personal development.

Annual review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the SIC is informed by the work of internal auditors and managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and is also informed by our external auditors and other reviews undertaken.

As an Authority, we are open to learning about how and where we can develop further, and as such have put in a number of arrangements to ensure that our internal control environment is robust, and to allow us to learn from the experience of others

- Our S151 Officer (Treasurer) and Clerk are external officials to the Authority. They both have statutory duties to ensure internal control procedures are efficient and effective and are being complied with to ensure a sound financial and legality standing for the Authority;
- Our internal auditors have undertaken a number of risk based reviews of our internal control procedures across a wide range of functions within the Authority. Each review contains an opinion on the effectiveness of those control procedures. The reports are reviewed by the Executive Group, and appropriate actions are taken to follow up recommendations raised. An annual report is also presented to the Authority.

- Our external auditors provide assurance annually on our financial statements. Their statutory remit has widened to cover our corporate governance and performance management arrangements also. We have received unqualified opinions from our auditors on all of these issues.
- Throughout 2008/09, the Authority has received and/or adopted:
 - 2007/08 Statement of Accounts;
 - Quarterly budget management reports;
 - Treasury Management policy;
 - Budget for 2009/10, supported by a three year budgetary forecast;
 - External audit plans and reports, including the Annual Audit Letter; and
 - 2009/10 Risk Reduction Plan action plan.

Significant internal control issues

We fully recognise that there are always improvements that can be made in any control environment, and we are committed to developing and strengthening our arrangements. In particular, we have identified the following as being priorities in 2009/10:

- Further develop and enhance the corporate risk register and further exercise some aspects of business continuity;
- Reviewing the arrangements that support how we undertake our partnership working;
- Further develop our performance management framework;
- We will address any issues that arise from the joint risk assessment based upon the National Framework for Fire & Rescue Authorities in Wales.

Trevor Roberts
Chairman of the North Wales Fire Authority
Dated:

Simon Smith
Chief Fire Officer of North Wales Fire & Rescue Service
Dated:

Colin Everett
Clerk to the North Wales Fire Authority
Dated:

Ken Finch
Treasurer to the North Wales Fire Authority
Dated:

STATEMENT OF ACCOUNTING POLICIES

1. **GENERAL**

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain 2008 (SORP), issued in June 2008 by CIPFA/LASAAC Joint Committee and also with guidance notes issued by CIPFA on the application of Accounting Standards (SSAPs) and Financial Reporting Standards (FRS).

2. **FIXED ASSETS**

The latest valuation of fixed assets was carried out by Gwynedd Council in 2004-2005. Office accommodation has been valued at existing use value and fire stations at depreciated replacement cost. To comply with FRS 15 the valuer estimated residual lives for all the Authority's buildings so that a charge for depreciation could be calculated. Other assets are recognised at historic cost which is a proxy for current cost on short life assets and depreciated over their useful lives.

In accordance with the requirements of FRS 11, the Authority reviews the value at which each category of asset is included in the Balance Sheet at the end of each reporting period. Where there is reason to believe that the value has changed materially in the period, the valuation is adjusted accordingly. Impairment is charged to the Service Income and Expenditure Account where it arises from the consumption of economic benefits and in line with Statute is reversed out in the Statement of Movement on the General Fund Balance to the Capital Adjustment Account.

3. **INTANGIBLE ASSETS**

The Authority has assets that under UK Generally Accepted Accounting Practice (GAAP) can be recognised as intangible assets (e.g. software licences).

Intangible assets are capitalised at cost and amortised on a systematic basis over their economic life. The useful economic lives of the Authority's intangible assets are reviewed at the end of each reporting period and revised if necessary.

4. **CHARGES TO REVENUE FOR FIXED ASSETS**

The Income and Expenditure Account is charged with a capital charge for depreciation for all fixed assets used in service provision.

The interest payable on outstanding debt, which has been used to fund capital expenditure, is included in the Income and Expenditure Account

5. **DEPRECIATION**

Assets, other than land and non-operational, are being depreciated over their useful lives.

Assets are being depreciated using the straight-line method over the following periods:-

Buildings	15-80 years
Infrastructure	5-20 years
Vehicles, Plant and Equipment	4-20 years
Intangible Assets	5-15 years

6. **BASIS FOR PROVISION FOR REDEMPTION OF DEBT**

The Authority has taken out long-term loans of variable duration to finance the purchase of fixed assets. Provision for redemption of debt is a calculation based on the opening adjusted capital financing requirement. The capital financing requirement is generally being shown as a movement on the General Fund Balance as an amount equivalent to 4% of its value. However, additional (voluntary) provision has been made for the redemption of debt to reflect the increase in short life assets that are now being financed through borrowing, instead of operational leases. The additional provision is based on the economic life of the asset and the movement on the General Fund Balance is calculated on that basis.

7. **RESERVES & PROVISIONS**

Provisions are made where an event has taken place that gives the authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

The financial regime under which the Authority operates does not strictly permit it to hold revenue reserves. Certain reserves are kept to manage the accounting process for tangible fixed assets and retirement benefits and do not represent useable resources for the Authority – these reserves are explained in the relevant policies below. No other reserves are held.

8. **STOCKS AND STORES**

The Authority takes account of stocks of uniforms, vehicle parts, fuel and other minor operational items. In accordance with the Code of Practice and SSAP 9, stocks are valued at the lower of actual cost or net realisable value.

9. **PENSION COSTS**

The Authority participates in two different pension schemes which meet the needs of different groups of employee. Both schemes provide members with defined benefits relating to pay and service. The schemes are as follows:-

(i) **Uniformed Firefighters**

This is an unfunded scheme meaning that there are no investment assets built up to meet pension liabilities. Cash has to be generated to meet actual pension payments as they fall due. The Welsh Assembly Government changed the funding mechanism for the scheme in 2007-2008 which has alleviated concerns about the possibility of large year on year fluctuations on local tax payers with the creation of a pension fund account.

(ii) **Local Government Services & Control Staff**

These employees are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Authority's account in respect of its employees are equal to the contributions paid to the funded pension scheme for

these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

These pension costs have been determined on the basis of stepped contribution rates that are set to meet 100% of the liabilities of the Fund in accordance with relevant Government regulations.

(iii) **FRS 17**

FRS 17 prescribes the disclosure of the long-term commitments entered into relating to pension costs. The accounts of the Authority have been adjusted in line with the SORP and that provides that the adjustments made to implement FRS 17 do not have any effect on the Contributions made by the Local Authorities.

In assessing liabilities for retirement benefits at 31 March 2008 for the 2007-2008 Statement of Accounts the actuary was required by the SORP to use a discount rate of 2.5% real (6.1% actual), a rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities was used. For the 2008-2009 Statement of Accounts the actuary has advised that a rate of 3.8% real (6.9% actual) is appropriate.

10. **ALLOCATION OF CENTRAL ADMINISTRATIVE CHARGES**

The major central administrative services such as Finance, Property Management and Legal and Administrative Support are bought in from other Local Authorities. These costs and the costs of central administration at the Fire Authority have been allocated to front line services in line with CIPFA's Statement on Accounting for Overheads and the Best Value Accounting Code of Practice.

11. **DEBTORS AND CREDITORS**

The Authority's accounts are presented on an accruals basis in accordance with the SORP and SSAP 2; that is to say that sums due to or from the Authority during the year are included in the revenue account whether or not the cash has actually been received or paid in the year. Any material capital expenditure accruals have been made at the year end and all capital expenditure, including accruals, have been financed.

12. **INVESTMENTS**

Conwy County Borough Council manages surplus funds on behalf of the Authority. Investments are made directly for the Authority, specifically in a high interest call account, and other surplus funds are invested on the money market as part of Conwy's treasury management activity. Interest transactions are shown separately within the Income and Expenditure Account. Investments are shown in the Balance Sheet at cost plus accrued interest. Further details are given in a note to the Core Financial Statements.

13. **LEASES**

The Authority holds various capital assets, principally vehicles and some items of equipment, under operating leases. Any leases held by the Authority were taken out before the introduction of Prudential Borrowing and the amounts outstanding are detailed on page 18, note 2. The current policy is to fund the purchase of assets through borrowing if this is proven to be the most cost effective method of funding. The capital accounting regulations require assets subject to operating leases to be held off-balance sheet as the ownership is not vested in the Authority. Assets obtained by way of finance lease are shown within the balance sheet as Fixed Assets.

Annual lease payments are charged to the service expenditure accounts.

14. **CAPITAL RECEIPTS**

The proceeds from disposed of assets are held as Usable Capital Receipts in the Usable Capital Receipts reserve until used to finance capital expenditure.

15. **VALUE ADDED TAX**

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

16. **GRANTS**

Revenue grants, and the expenditure funded by grant, are included as income and expenditure in the Income and Expenditure Account. Capital grants are credited to the Grants and Contributions Deferred Account and amortised over the life of the associated Fixed Assets.

17. **FINANCIAL INSTRUMENTS**

A Financial Instrument is defined as 'any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another'. FRS25, FRS26 and FRS29 cover the accounting treatment of Financial Instruments and are incorporated into the Statement of Accounts.

Financial liabilities (loans) and financial assets (investments) are initially measured at fair value and carried at their amortised cost. The annual interest paid and received in the Income and Expenditure account is based on the carrying amount of the loan or investment multiplied by the effective rate of interest for the instrument. For all of the loans and investments the Authority has the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

CORE FINANCIAL STATEMENTS**THE INCOME & EXPENDITURE ACCOUNT**

OBJECTIVE ANALYSIS	NOTES	2008/09	2007/08
		£'000	£'000
Community Fire Safety - Inspection & Certification		1,964	2,278
Community Fire Safety - Prevention & Education		3,685	4,283
Fire Fighting - Operational Responses		17,622	20,595
Fire Fighting - Communications & Mobilising		3,204	3,545
Fire Fighting - Securing Water Supplies		178	178
Corporate & Democratic Core Costs		133	140
Non Distributed Cost		112	40
GROSS EXPENDITURE		26,898	31,059
Income – Community Fire Safety		-114	-110
Income - Fire Fighting		-242	-263
TOTAL INCOME		-356	-373
NET COST OF SERVICE		26,542	30,686
Transfer to/(from) the Control Project Provision		0	2
(Surplus)/Deficit on Trading Undertaking		19	0
Increase/(Decrease) in Bad Debt Provision	Note 21	3	0
NET COST OF SERVICE		26,564	30,688
Interest Received		-107	-187
Interest Charges and Discounts		530	454
Pension Interest Cost	Note 24	10,780	9,716
Expected Return on Pension Assets	Note 24	-594	-550
Impairment	Note 9	1,281	273
Gain on Disposal of Fixed Assets		0	-3
NET OPERATING EXPENDITURE		38,454	40,391
INCOME FROM CONTRIBUTIONS	Note 8	-30,531	-29,582
DEFICIT/(SURPLUS) FOR YEAR		7,923	10,809

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

		<i>2008/09 £'000</i>	<i>2007/08 £'000</i>
DEFICIT ON THE INCOME AND EXPENDITURE ACCOUNT		7,923	10,809
Net additional amount required by statutory and non-statutory proper practices to be debited or credited to the General Fund Balance	Notes 9 and 10	-7,923	-10,809
SURPLUS FOR THE YEAR		0	0
GENERAL FUND BALANCE BROUGHT FORWARD		0	0
GENERAL FUND BALANCE CARRIED FORWARD		0	0

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		<i>2008/09 £'000</i>	<i>2007/08 £'000</i>
DEFICIT ON THE INCOME AND EXPENDITURE ACCOUNT		7,923	10,809
Actuarial (Gains) and Losses on Pension Fund Assets and Liabilities	Note 18	-17,102	-30,974
Revaluations of Fixed Assets	Note 18	-49	0
TOTAL RECOGNISED GAINS & LOSSES FOR THE YEAR		-9,228	-20,165

BALANCE SHEET

	NOTES	31 March 2009		31 March 2008
		£'000	£'000	£'000
FIXED ASSETS				
Intangible Fixed Assets	Note 11		28	37
Tangible Fixed Assets				
Operational Assets:	Note 11			
Land and Buildings		21,909		19,757
Vehicles, Plant and Equipment		8,290		5,608
Infrastructure		33	30,232	40
Non-Operational Assets				
Assets under Construction			64	1,666
Investments			0	3
TOTAL LONG TERM ASSETS			30,324	27,111
CURRENT ASSETS				
Stock	Note 20	336		340
Debtors	Note 21	2,603		881
Investments	Note 23	1,673		3,130
Payments in Advance		87		100
Cash in Hand		0	4,699	0
LESS CURRENT LIABILITIES				
Creditors	Note 22	2,766		2,365
Borrowing Repaid within one year	Note 16	4,448		0
Cash Overdrawn	Note 19	360		206
Receipts in Advance		366	7,940	270
NET CURRENT ASSETS			-3,241	1,610
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			27,083	28,721
Pension Liability	Note 24		140,300	150,621
Provision for Pension Liabilities	Note 17		265	265
Retained Provision	Note 17		200	200
Control Provision	Note 17		0	143
Long Term Borrowing	Note 16		10,858	11,654
Government Grants Deferred	Note 18		1,472	1,078
<u>TOTAL ASSETS LESS LIABILITIES</u>			-126,012	-135,240
FINANCED BY:				
Revaluation Reserve	Note 18		42	0
Capital Adjustment Account	Note 18		14,246	15,214
Usable Capital Receipts	Note 18		0	167
Pension Reserve			-140,300	-150,621
<u>TOTAL FINANCING</u>			-126,012	-135,240

CASH FLOW STATEMENT

	<i>2008/09</i> <i>£'000</i>	<i>2007/08</i> <i>£'000</i>
<u>REVENUE ACTIVITIES</u>		
EXPENDITURE		
Cash Paid to and on Behalf of Employees	22,822	22,744
Pensions Paid	278	257
Other Operating Costs	5,668	4,872
INCOME		
Contributions	-30,338	-29,456
Other Income	1,269	-50
REVENUE ACTIVITIES NET CASH (INFLOW)/OUTFLOW	-301	-1,633
<u>SERVICING OF FINANCE</u>		
EXPENDITURE		
Interest Paid	379	419
INCOME		
Interest Received	-144	-180
<u>CAPITAL & PROVISION ACTIVITIES</u>		
EXPENDITURE		
Purchase of Fixed Assets	5,651	3,906
Other Payments from Provisions	143	139
INCOME		
Capital Receipts	-171	-3
Capital Grants	-483	-812
NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING	5,074	1,836
MANAGEMENT OF LIQUID RESOURCES		
Increase/(decrease) in short –term deposits	-1,420	560
<u>FINANCING</u>		
EXPENDITURE		
Repayments of Amounts Borrowed	7,895	0
INCOME		
New Loans Raised	-11,395	-3,000
NET (INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS	154	-604

NOTES TO THE CORE FINANCIAL STATEMENTS

1. **TRADING OPERATION**

The Authority opened its first Community Fire Station in Rhyl in 2008-09. The facility provides meeting rooms for the local community and the objective is to break even on the income received from room hire and the operating costs. The summary below shows all associated income and expenditure for the year.

	£'000
Turnover	-27
Expenditure	46
Deficit/(Surplus)	19

2. **LEASE RENTALS**

The operating lease payments outstanding as at 31 March 2009 are £861,256 (31 March 2008, £1,274,448), with payment of operating leasing charges during the year of £572,292 (2007/08, £607,720). All operating leases are for vehicles and equipment. Finance lease payments during the year amounted to £3,746; the original purchase price of the vehicles was £359,048. The finance lease is in the secondary rental period, which lasts for the useful life of the vehicles.

LEASING OBLIGATIONS	£'000
Expires within 12 months	258
Expires between 2 and 5 years	588
Expires after 5 years	15
TOTAL	861

3. **PUBLICITY EXPENDITURE**

Under Section 5 of the Local Government Act 1986, the Authority is required to disclose the expenditure on publicity and advertising directed at the public at large or particular sections of the public. In 2008-2009 this expenditure amounted to £56,000.

PUBLICITY EXPENDITURE	2008/09 £'000	2007/08 £'000
Recruitment	27	23
Fire Safety Advertising	29	36
TOTAL	56	59

4. **MEMBERS ALLOWANCES AND EXPENSES**

During 2008-2009 the sum of £59,025 (£61,011 in 2007-2008) was paid to Members in the form of Members Allowances and travel expenses.

5. **OFFICERS' EMOLUMENTS**

The number of employees whose remuneration was £60,000 or more in bands of £10,000 was:-

REMUNERATION BAND	2008/09 NUMBER OF EMPLOYEES	2007/08 NUMBER OF EMPLOYEES
£100,000 – £109,999	1	1
£90,000 - £99,999	0	0
£80,000 - £89,999	1	1
£70,000 - £79,999	2	2
£60,000 - £69,999	5	4

6. **TRANSACTIONS WITH RELATED PARTIES**

The Authority has a number of links with the constituent authorities:

- Each Member of the Authority is also a Member of one of the constituent authorities
- The Treasurer to the Authority is the Corporate Director - Resources of Conwy County Borough Council
- The Monitoring Officer for 2008-2009 is the Chief Executive of Flintshire County Council

North Wales Police have some joint arrangements with the Authority which include a joint Estates Management Department, a shared control room and partnership working on a number of projects.

During the year transactions with related parties arose as shown below.

	£'000
Conwy CBC – Treasurer and Financial Services	95
Flintshire CC – Monitoring Officer	18
Flintshire CC – Superannuation Service	27
Carmarthenshire CC – Superannuation Service	20
Welsh Local Government Association	20
Police and Other Fire Authorities	167

Members and senior officers of the Authority were asked to declare any third party transactions during the year. Apart from member's allowances and expenses no other transactions were identified.

7. **AUDIT FEES 2008/09**

The total fee paid to the Wales Audit Office for external audit services was £54,387 (2007/08, £52,631). Fees payable with regard to external audit services carried out in accordance with Section 16 of the Public Audit Wales Act 2004 were £43,975 (2007/08 £42,570). Fees payable in respect of statutory inspection under Section 10 of the Local Government Act 1999 were £10,412 (2007/08 £10,061).

8. **CONTRIBUTIONS**

In 2008-2009 contributions totalling £30,530,661 were applied to fund revenue expenditure from the following Local Authorities:-

AUTHORITY	2008/09 £'000	2007/08 £'000
Anglesey County Council	3,114	3,019
Gwynedd Council	5,345	5,171
Conwy County Borough Council	5,029	4,886
Denbighshire County Council	4,342	4,207
Flintshire County Council	6,782	6,581
Wrexham County Borough Council	5,919	5,718
TOTAL CONTRIBUTIONS	30,531	29,582

9. **MOVEMENT ON THE GENERAL FUND BALANCE**

The deficit achieved on the Income and Expenditure Account represents the amount by which expenditure is greater than income. The adjustments to the General Fund Balance are amounts that have either not been included in the Income and Expenditure Account but are required by statute to be included or have been included but are required by statute to be excluded when determining the Movement on the General Fund Balance. Currently Fire Authorities in Wales are prevented from holding reserves so there will be no surplus or deficit for the year as there is a requirement to balance income received with expenditure for the year.

The table below details the reconciling Items to the movement on the General Fund balance.

	2008/09 £'000	2007/08 £'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance		
Provision for Depreciation Adjustment	-1,065	-964
Government Grants Deferred Adjustment	89	47
Pension Adjustment due to FRS17	-10,015	-13,412
Impairment	-1,281	-273
Gain on disposal of Fixed Assets	0	3
	-12,272	-14,599
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance		
Employer's contributions payable to Clwyd Pension Fund and Firefighters Pensions Scheme and Pension Payments attributable to the Fire Authority	3,265	3,085
Capital Expenditure charged to revenue	188	0
Statutory Provision for Repayment of Debt	215	199
Voluntary Provision for Repayment of Debt	681	506
	4,349	3,790
TOTAL	-7,923	-10,809

MINIMUM REVENUE PROVISION (MRP) AND DEPRECIATION

The Authority is required by statute to set aside MRP for the redemption of debt; the Authority can also set aside voluntary provision (VRP) for the early repayment of debt.

For 2008-2009, the amount for MRP and VRP is £896,170 and this has been shown as an adjustment on the Movement in the General Fund Balance as it is an actual charge to the Authority. In accordance with the Best Value Accounting Code of Practice a depreciation charge has been made to the Service Expenditure headings for the use of the Authority's fixed assets. The depreciation charge is shown as an adjustment to the General Fund Balance as the actual charge to the Authority for the repayment of debt is the MRP.

GOVERNMENT GRANTS DEFERRED ADJUSTMENT

Grants received towards the purchase of fixed assets are credited to the Service Income headings in line with the depreciation charge for the asset. An adjustment for the £89,019 (2007-08 £46,677) deferred grant is made on the Movement on the General Fund Balance and the credit is applied to the Capital Adjustment Account.

IMPAIRMENT

The impairment charge is in line with the changes in capital accounting for 2007-2008. The charge has arisen from expenditure incurred on Fixed Assets that has not led to a commensurate increase in value. Previously the 'No Added Value' amount would have been charged to the Fixed Asset Restatement Account on the Balance Sheet but under the new guidance where there is no revaluation credit against the asset in the Revaluation Reserve the charge must be reflected in the Income and Expenditure Account.

10. **PENSIONS**

(i) **Local Government Services & Control Staff**

In 2008-2009 the Authority paid an Employer's Pension contribution of £829,396 (2007-2008, £639,422) representing 21% (2007-2008, 19.5%) of employees' pensionable pay into the Clwyd Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31 March 2007. Under current Pensions Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

During 2007-2008 added years benefits and early retirement costs due to redundancies of £67,870 (2006-2007, £37,489) were paid to employees which represents 1.75% (2007-2008, 1.24%) of employees' pensionable pay.

Further information on the Clwyd Pension Fund can be found in the Pension Funds Annual Report and Accounts which is available on request from the County Treasurer at Flintshire County Council, County Hall, Mold, CH7 6NA or on the website www.flintshire.gov.uk.

(ii) **Firefighters**

The Firefighters' pension scheme is an unfunded scheme with defined benefits. In 2008-2009 the Authority paid an Employer's Pension contribution of £2,087,872 (2007-08, £2,128,804). Pensions paid from revenue amounted to £270,790 (2007-2008, £249,105).

(iii) **Movements on the Pension Fund**

In accordance with FRS17 the current cost of pensionable service is allocated to gross expenditure in the Income and Expenditure Account (I & E). Actual pension payments on behalf of employees in current service are removed from the I & E, an adjustment is then applied below the line so there is no effect on the overall expenditure of the Authority. Actuarial valuations have been carried out

on the Firefighters' scheme by the Government Actuary's Department, and the Local Government Pension Scheme by Mercers. The table below analyses the transactions that have been made in the I & E and Statement of Movement in the General Fund Balance during the year.

MOVEMENTS on PENSION RESERVE	2008/09 £'000	2007/08 As restated £'000
Income & Expenditure Account		
Net Cost of Service		
Current Service Cost		
– Firefighters	-3,210	-4,980
– Local Government Pension Scheme	-630	-498
Past Service Cost		
– Firefighters	0	0
– Local Government Pension Scheme	0	0
Net Operating Expenditure		
Interest Cost		
– Firefighters	-9,860	-9,020
– Local Government Pension Scheme	-920	-696
Expected Return on Pension Assets		
– Local Government Pension Scheme	594	550
Difference between Actuarial Estimate and Actual Contributions		
– Firefighters	4,011	1,232
Net Change to I&E Account	-10,015	-13,412
Statement of Movement on General Fund Balance		
Reversal of net Changes for FRS17	10,015	13,412
Actual Amount Charged		
Employers contributions		
– Local Government Pension Scheme	906	677
– Pensions Paid Firefighters	271	249
– Ill Health Charge (revenue)	0	30
– Firefighters Pension Fund	2,088	2,129
MOVEMENT ON PENSION RESERVE	-6,750	-10,327

Further information on pensions is contained in Note 18 and Note 24.

11. **FIXED ASSETS**

Assets are valued as outlined in Note 2 and Note 3 of Accounting Policies. Details of the value of assets held at 31 March 2009 are shown below, together with details of movement in the year:-

	<i>Land and Buildings</i> £'000	<i>Vehicles and Equipment</i> £'000	<i>Infra - structure</i> £'000	<i>Non-Operational Assets</i> £'000	<i>In-Tangible Assets</i> £'000	<i>Total</i> £'000
Gross Book Value at 1 April 2008	20,984	10,228	260	1,666	65	33,203
Revaluations and Restatements	42	0	0	0	0	42
VALUE AT 1 APRIL 2008	21,026	10,228	260	1,666	65	33,245
Additions	2,564	3,023	0	64	0	5,651
Commissioned Expenditure	1,110	556	0	-1,666	0	0
Disposals	0	-321	0	0	0	-321
Written-Off to Capital Adjustment Account	-1,281	0	0	0	0	-1,281
GROSS BOOK VALUE AT 31 MARCH 2009	23,419	13,486	260	64	65	37,294
Accumulated Depreciation at 1 April 2008	-1,227	-4,620	-220	0	-28	-6,095
Depreciation for Year	-283	-765	-7	0	-9	-1,064
Disposals	0	189	0	0	0	189
Accumulated Depreciation at 31 March 2009	-1,510	-5,196	-227	0	-37	-6,970
NET BOOK VALUE AT 31 MARCH 2009	21,909	8,290	33	64	28	30,324
NET BOOK VALUE AT 31 MARCH 2008	19,757	5,608	40	1,666	37	27,108

13. **CAPITAL EXPENDITURE AND FINANCING**

The capital expenditure incurred during the year and the impact upon the Capital financing Requirement is detailed below:-

	2008/09 £'000	2007/08 £'000
Opening Capital Financing Requirement	10,813	8,740
Capital Investment in Year		
• Intangible Assets	0	0
• Fixed Assets	5,651	3,905
Sources of Finance		
• Grants & Contributions	-483	-812
• Revenue and Other Provisions	-1,385	-1,020
Closing Capital Financing Requirement	14,596	10,813
Change in Capital Financing Requirement	3,783	2,073
Explanation of change:		
Increase in underlying need to borrow	3,783	2,073

14. **CAPITAL COMMITMENTS 2009-2010 Onwards**

Major capital commitments entered into at 31 March 2009 were £253,000 and are detailed in the table below.

Scheme	Contracted Future Cost £'000
Various Properties	228
Water Tenders, Vehicles and Equipment	25
TOTAL	253

15. **INFORMATION ON ASSETS HELD**

Fixed assets owned by the Authority include the following:-

	Number at 31 March 2009	Number at 31 March 2008
<u>LAND AND BUILDINGS</u>		
Fire Stations	44	44
Brigade Headquarters	0	0
Divisional Headquarters	0	0
County Safety Offices	5	5
Control Rooms	1	2
Training Establishments	2	2
Vehicle Workshops	1	1
Stores	1	1
<u>VEHICLES AND EQUIPMENT</u>		
Operational Vehicles	79	60
Ancillary Vehicles	88	80

16. **EXTERNAL BORROWING**

The loans outstanding have been raised through the Public Works Loan Board (PWLB). The following table gives an analysis of the loans by maturity.

Source of Loan	Interest Rate Payable 2008/09 %	Total Outstanding at 31 March 2009		Total Outstanding at 31 March 2008	
		£'000		£'000	
Public Works Loans Board	1.8 – 4.8		15,014		11,513
<u>ANALYSIS OF LOANS BY MATURITY</u>					
Within 1 Year			4,396		0
Between 1 and 2 years		5,914		0	
Between 2 and 5 years		2,500		1,414	
Between 5 and 10 years		0		500	
Over 10 years		2,204		9,599	
			15,014		11,513
Interest Owed			124		141
Discounts			168		0
BALANCE SHEET TOTAL			15,306		11,654

Under FRS25, FRS26 and FRS29, accounting for Financial Instruments, it is now a requirement that any interest outstanding on loans and any discounts should be recognised on the Balance Sheet as part of the loan the breakdown is included in the above table. The fair value of the loan portfolio is now disclosed in a note to the accounts. The Authority also includes an assessment of the management of the risks arising from financial instruments as a note to the accounts.

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date. The fair value of PWLB loans as at 31 March 2009 was £15,798,511 (31 March 2008, £12,255,093).

As the Authority has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it 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.

17. **PROVISIONS**

At 31 March 2009 the Authority held a number of provisions. The provisions held and the movement on the provisions is as follows.

Pension Provision

A recent ruling on the level of past commutation payments has meant that the Authority will in the future be liable to pay backdated payments of £132,229 relating to the financial year 2006-07. Part of the Provision has been set aside to meet those liabilities. The remainder of the Provision, £132,708, has been set aside for any lump sum payments in to the Pension Fund for Ill Health retirements and a provision has been recognised for expected lump sum payments based on ill-health retirements during the past 5 years. The balance on the provision at 31 March 2009 is £264,937.

Control Provision

The Control Provision was set up to cover the committed costs of the project to co-locate the three emergency services controls and assist with the re-location costs. The transfer took place in 2008-09 and the balance on the provision, £143,176, has been utilised.

Equal Pay Provision

A provision has been recognised to offset the financial consequences of retained firefighters becoming entitled to the same conditions of service as whole-time firefighters. In 2008-09 none of the £200,000 provision was utilised but, depending upon the final outcome of an Employment Tribunal, it is envisaged that there will be some expenditure in 2009-10.

18. **DETAILS OF MOVEMENTS ON RESERVES**

	<i>Revenue Reserves</i>	<i>CAPITAL RESERVES</i>					<i>Total</i>
	<i>Pension Reserve</i>	<i>Government Grants Deferred</i>	<i>Usable Capital Receipts</i>	<i>Capital Adjustment Account</i>	<i>Financial Instruments Adjustment Account</i>	<i>Revaluation Reserve</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	
Balance at 1 April 2008	-150,621	1,078	167	15,214	0	0	16,459
Net (Deficit)/Surplus for Year – Appropriations to Revenue/Balance Sheet	-10,046	-89	135	0	0	0	46
Pension Fund revenue Contributions	3,265	0	0	0	0	0	0
Financing of Fixed Assets	0	483	-302	1,475	0	0	1,656
Revaluation of Assets	0	0	0	0	0	42	42
Disposals	0	0	0	-97	0	0	-97
Capital Spend 2008-2009 - No Added Value - Impairment	0	0	0	-1,281	0	0	-1,281
Depreciation	0	0	0	-1,065	0	0	-1,065
Actuarial Gain	17,102	0	0	0	0	0	0
BALANCE AT 31 MARCH 2009	-140,300	1,472	0	14,246	0	42	15,760

Pension Reserve

The actuarial gains and losses identified as movements on the Pensions Reserve in 2008-09 can be analysed into the following categories.

CATEGORY	2008/09		2007/08		2006/07		2005/06		2004/05	
	£'000	Asset/ Liability %	£'000	Asset/ Liability %	£'000	Asset/ Liability %	£'000	Asset/ Liability %	£'000	Asset/ Liability %
Difference between expected and actual return on Assets	(2,728)	37.2	(627)	7.4	(4)	0.1	1,026	14.70	156	3.02
Difference between actuarial assumptions about liabilities and actual experience	4,931	0.6	5,589	3.7	570	0.8	3,950	(2.19)	709	(0.47)
Changes in the demographic and financial assumptions used to estimate liabilities	14,868	10.59	26,012	17.26	10,916	6.4	(24,528)	13.62	(34,468)	22.86
Totals	17,071		30,974		11,482		(19,552)		(33,603)	

Revaluation Reserve

The Revaluation Reserve has been included in the Balance Sheet with a zero opening balance as at 1 April 2007. In 2007-2008 there were no revaluation gains for the Authority. In 2008-2009 there were revaluation gains of £42,000.

Financial Instruments Adjustment Account (FIAA)

Financial Assets are required to be carried at Fair Value and the FIAA provides a balancing mechanism for possible gains and losses. The Authority had no Financial Assets that required adjusting to Fair Value.

Capital Adjustment Account

The Capital Adjustment Account (CAA) contains a number of entries concerning capital accounting. The entries for the year include the excess of depreciation over revenue provisions for potential debt redemption, part of the financing of the 2008-2009 capital programme and impairment charges.

Government Grants Deferred

The balance on this account represents the value of the capital grants which have been applied to finance the acquisition or enhancement of fixed assets held in the asset register, which are subject to depreciation. The balance on this account will be released to revenue in line with depreciation.

19. **CASH OVERDRAWN**

The actual cash in hand represented the cash shown in the Balance Sheet, together with transactions not effected within the cleared bank balance at 31 March 2009. The following table summarises the position:-

	31 March 2009 £'000	31 March 2008 £'000
Cash Per Balance Sheet	-360	-206
Uncleared Bank Transactions	400	278
Cash in Transit	-1	0
BANK TOTAL	39	72

20. **STOCKS**

An analysis of the stocks held at 31 March 2008 and 31 March 2009 is shown below:-

	31 March 2009 £'000	31 March 2008 £'000
Main Stores (HQ)	320	328
Transport Stock	16	12
TOTAL	336	340

21. **DEBTORS**

	31 March 2009 £'000	31 March 2008 £'000
Government Departments and Other Agencies	2,172	676
Other Local Authorities	158	100
Sundry Debtors	290	119
GROSS DEBTORS	2,620	895
Bad Debt Provision	-17	-14
NET DEBTORS	2,603	881

Bad Debt Provision

The Authority maintains a Bad Debt Provision which adequately covers debts which may be required to be written off. An analysis of the year end debtors has resulted in an increase in the provision of £3,000.

22. **CREDITORS**

	31 March 2009 £'000	31 March 2008 £'000
Government Departments and Agencies	462	611
Other Local Authorities	301	317
Sundry Creditors	2,003	1,245
Balances Held on behalf of Constituent Authorities	0	192
TOTAL	2,766	2,365

23. **INVESTMENTS**

The investments below are specified investments under the Treasury Management Code of Practice which is supported by the Local Government Act 2003 and consist of the following institutions:-

	31 March 2009 £'000	31 March 2008 £'000
Short Term		
Bank of Scotland	1,640	910
Anglo Irish	10	2,160
Total	1,650	3,070
Interest Due	23	60
BALANCE SHEET TOTAL	1,673	3,130

FRS25, FRS26 and FRS29 accounting for Financial Instruments require that any interest outstanding at 31 March should be recognised on the Balance Sheet as part of the investment.

24. **ASSESSMENT OF PENSION LIABILITIES FOR FRS17 DISCLOSURES**

In accordance with the requirements of Financial Reporting Standard No 17 - Retirement Benefits (FRS 17) the Authority has to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in Note 10 the Authority participates in two schemes, the Firefighters' Pension Scheme for full time Firefighters which is unfunded, and the Local Government Pension Scheme (Clwyd Pension Fund) for other employees which is administered by Flintshire County Council. In addition, the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

Under the 2008 SORP the Authority has adopted the amendment to FRS17 and as a result quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid market price. The scheme administrator has determined that the change in value is immaterial.

The Authority's assets and liabilities as at 31 March 2009 and 31 March 2008 were as follows:

	31 March	
	2009 £'000	2008 £'000
Estimated liabilities in the Firefighters' Pension Scheme	135,040	144,340
Share of liabilities in Clwyd Pension Fund	12,515	14,797
Total liabilities	147,555	159,137
Share of assets in Clwyd Pension Fund	7,255	8,516
Net Pensions Deficit	140,300	150,621

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The Firefighters' Scheme has been valued by the Government Actuary's Department and the

Clwyd Pension Fund liabilities have been valued by Mercer, an independent firm of actuaries. The main assumptions used in the calculations are:

	<i>Firefighters' Scheme</i>		<i>Clwyd Pension Fund</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Rate of Inflation	3.0	3.7	3.3	3.6
Rate of Increase in Salaries	4.5	5.2	4.6	4.9
Rate of Increase in Pensions	3.0	3.7	3.3	3.6
Rate of Discounting Scheme Liabilities	6.9	6.9	7.1	6.1
Life Expectancy at 65	Males	Females		
Current Pensioners	23.4	26.6		
Future Pensioners	25.6	28.6		

Assets in the Clwyd Pension Fund are valued at fair value, principally bid value for investments, and consist of:

	<i>31 March</i>	<i>31 March</i>	<i>Expected Return On Asset</i>
	<i>%</i>	<i>£'000</i>	<i>%</i>
2009			
Equity Investments	51.9	3,765	7.5
Bonds	12.5	907	6.0
Other Assets	35.6	2,583	7.5
Total		7,255	
2008			
Equity Investments	56.5	4,812	7.5
Bonds	11.6	988	5.4
Other Assets	31.9	2,716	6.4
Total		8,516	

The movement in the net pension deficit for the year can be analysed as follows based on the present value of the scheme liabilities:

Liabilities	<i>2008/09</i>	<i>2008/09</i>	<i>2007/08</i>	<i>2007/08</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
	<i>Clwyd</i>	<i>Firefighters'</i>	<i>Clwyd</i>	<i>Firefighters'</i>
Balance as at 1 April	-14,797	-144,340	-12,614	-166,510
Current Service Cost	-630	-3,210	-498	-4,980
Past Service Cost	0	0	0	2,710
Interest	-920	-9,860	-696	-9,020
Curtailments	0	0	-137	0
Actuarial Loss/Gain	3,799	16,000	-852	29,820
Employers Contributions	0	2,359	0	2,408
Actuarial Assessment	33	4,011	0	1,232
Net Pension Liabilities at Year End	-12,515	-135,040	-14,797	-144,340

A reconciliation of the fair value of the scheme Assets, this only relates to the Clwyd Pension Fund:

Assets	2008/09 £'000	2007/08 £'000
Balance 1 April	8,508	7,856
Return on Pension Assets	602	550
Actuarial Gain/Loss	-2,697	-627
Contributions	842	737
Net Pension Assets at Year End	7,255	8,516

25. **CASH FLOW - RECONCILIATION TO INCOME & EXPENDITURE ACCOUNT**

	2008/09 £'000	2007/08 £'000
Revenue Activities Net Cash Inflow	-301	-1,633
<u>NON-CASH MOVEMENTS ON I & E ACCOUNT</u>		
Decrease/(Increase) in Stock	4	14
Decrease/(Increase) in Debtors	-1,685	-270
Decrease/(Increase) in Payments in Advance	13	18
(Decrease)/Increase in Creditors	383	1,178
(Decrease)/Increase in Receipts in Advance	96	-61
Depreciation Charge	1,065	964
Deferred Charges	-89	-47
FRS17 Pension Adjustment	6,750	10,327
Impairment Charge	1,281	273
<u>ITEMS CLASSIFIED SEPARATELY ON CASHFLOW STATEMENT</u>		
Interest Paid	547	419
Interest Received	-144	-180
Contribution to/(from) Various Provisions	0	-190
Contribution to Bad Debt Provision	3	0
Capital Receipt	0	-3
DEFICIT (SURPLUS) ON I & E ACCOUNT	7,923	10,809

26. **RECONCILIATION OF MOVEMENT IN CASH AND CASH EQUIVALENTS**

	31 March 2009 £'000	31 March 2008 £'000
Cash in Bank (Overdrawn)	391	229
Cash in Transit	-1	0
Cash Held in Imprest Accounts	-30	-23
TOTAL	360	206
DECREASE IN CASH AND CASH EQUIVALENTS	154	

27. **RECONCILIATION OF MOVEMENT IN CASH TO THE MOVEMENT IN NET DEBT**

	<i>Balance 31 March 2008 £'000</i>	<i>Net Cash Flow £'000</i>	<i>Balance 31 March 2009 £'000</i>
Cash Balances	-206	-154	-360
Short Term Investments	3,070	-1,420	1,650
Debt Due within one Year	0	-4,395	-4,395
Debt Due after one Year	-11,513	895	-10,618
	-8,649	-5,074	-13,723

THE PENSION FUND ACCOUNT

<i>Fund Account</i>	<i>2008/09 £000</i>	<i>2007/08 £000</i>
INCOME		
Contributions Receivable:		
Employer normal contributions	-2,088	-2,129
Employer Ill Health Charge	0	-155
Members	-1,130	-1,153
Transfers In	0	0
TOTAL	-3,218	-3,437
EXPENDITURE		
Benefits Payable:		
Pension Payments	4,226	3,946
Commutation of Pensions and Lump Sum benefits	3,163	607
Payments to and on Behalf of Leavers:		
Transfers out	0	0
TOTAL	7,389	4,553
NET AMOUNT (PAYABLE)/RECEIVABLE BEFORE TOP UP GRANT	4,171	1,116
Top Up grant receivable from WAG	-4,171	-1,116
NET AMOUNT (PAYABLE)/RECEIVABLE FOR THE YEAR	0	0

<i>Net Assets Statement</i>	<i>2008/09 £000</i>	<i>2007/08 £000</i>
Net Current Assets and Liabilities:		
Top Up payable to/(from) WAG	-1,829	610
Amount owed from the General Fund	1,829	-610
Net Assets at year end	0	0

Notes to the Pension Fund Account

The Fund was established 1 April 2007 and covers both the 1992 and 2007 Firefighters' Pension Schemes and is administered by the Authority. Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by WAG and subject to triennial revaluation by the Government Actuary's Department. The scheme is an unfunded scheme with no investment assets and any difference between benefits payable and contributions receivable is met by Top Up Grant from WAG.

Contribution Rates

Under the Firefighters' Pension Regulations the contribution rates for the 2007 scheme were 19.5% of pensionable pay (11% employers and 8.5% employees) and for the 1992 scheme were 32.3% of pensionable pay (21.3% employers and 11% employees).