

BUCKINGHAMSHIRE & MILTON KEYNES COMBINED FIRE AUTHORITY

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

| | Page |
|---|------|
| Statement of Responsibility for the Statement of Accounts | 2 |
| Audit Opinion | 3 |
| Statement of Accounting Policies | 5 |
| Statement of Internal Control | 10 |
| Explanatory Forward and Financial Commentary | 13 |
| Summary Revenue Account | 15 |
| Balance Sheet | 20 |
| Statement of Total Movements in Reserves | 29 |
| Cash Flow Statement | 30 |
| Glossary of Terms | 32 |

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 safeguard its assets;
- to approve the Statement of Accounts.

The Responsibilities of the Treasurer

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), 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 2004.

In preparing this statement of accounts, the Treasurer has:

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

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.

Certificate of the Treasurer

I hereby certify that this Statement of Accounts for the year ended 31 March 2004 has been prepared in accordance with the Accounts and Audit Regulations 2003 and that it fairly represents the financial position of the Authority as at 31 March 2004.

J Yates CPFA
Interim Treasurer

Date: 29th July 2005

Approval of the Statement of Accounts

I confirm that this Statement of Accounts has been approved by the Finance and General Purposes Committee at its meeting held on the 29th July 2005.

D Rowlands
Chairman

Date: 29th July 2005

Independent Auditor's Report to Buckinghamshire and Milton Keynes Fire Authority

I have audited the statement of accounts on pages 13 to 31 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 5 to 9.

This report is made solely to Buckinghamshire and Milton Keynes Fire Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective responsibilities of the Treasurer and Auditor

As described on page 2 the Treasurer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2003. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly the financial position of the Authority and its income and expenditure for the year.

I review whether the statement on internal control on pages 10 to 12 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In my opinion the statement of accounts presents fairly the financial position of Buckinghamshire and Milton Keynes Fire Authority as at 31 March 2004 and its income and expenditure for the year then ended.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

A P Burns
District Auditor
Audit Commission
Unit 5
Isis Business Centre
Horspath Road
Cowley
Oxford
OX4 2RD

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES AND ACCOUNTING POLICIES

The accounts have been prepared in accordance with the latest Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of Financial Reporting Standards.

2. BALANCE SHEET

The Balance Sheet comprises the balances of all services and funds of the Authority. The Balance Sheet reflects the value of the Authority's assets at 31 March 2004.

3. FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to the service revenue account and expenditure below a de-minimus level of £6,000.

The freehold and leasehold properties which comprise the authority's property portfolio have been valued as at 31 March 2004 by external independent valuers - Bruton Knowles - on the undermentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institute of Chartered Surveyors (RICS). Some information, however, has been obtained from existing records or site plans without, in the majority of cases, a detailed site survey.

Major items of plant and machinery and furniture and equipment are included in the valuation of the buildings.

Properties regarded by the authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no evidence of market value of suitably comparable properties, or where the asset is of a specialised nature, the depreciated replacement cost.

Properties regarded by the authority as non-operational have been valued on the basis of open market value.

Fixed assets are revalued each year. All changes in Asset Values are recorded in the Fixed asset Restatement Reserve.

Vehicles are valued at net book value based on historic cost. Charges made to the Revenue Account are made in accordance with the Code of Practice on Local Authority Accounting Statement of Recommended Practice.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and forms part of the Capital Financing Reserve, and has not been used, is included in the balance sheet as usable capital receipts.

4. DEPRECIATION

Under accounting standard FRS15 all assets are required to be depreciated over their remaining useful life.

All assets are depreciated on a straight line basis over their remaining useful life, charging an equal amount to every year. The useful lives of fixed assets vary according to the category type.

- Building lives are calculated at each revaluation, and updated as necessary
- Land is not depreciated
- Vehicles and Operational Equipment lives are determined at the time of purchase, and vary according to type
- Equipment is depreciated over 3 to 5 years
- Assets Under Construction are not depreciated

5. CHARGES TO REVENUE FOR USE OF FIXED ASSETS

All services are charged for their share of the fixed assets they use. The amount charged is calculated as being depreciation plus a notional interest charge. The notional interest charge is a prescribed percentage of the Net Book Value. In 2003/04 this was 3.5% for assets carried at current value.

6. TREATMENT OF CAPITAL RECEIPTS

Income from the disposal of fixed assets is accounted for on an accruals basis. Income that is not reserved for the repayment of external loans and has not been used is included in the balance sheet as usable capital receipts.

FRS3 (Financial Reporting Standard) requires profits or losses arising from the sale of capital assets to be brought into the revenue account. It is not possible for the Combined Fire Authority to comply with this requirement, as the legislation governing the application of capital receipts by local authorities does not empower the Authority to credit them to the Revenue Account.

Note 11 to the Balance Sheet on page 26 sets out how the Authority applied the proceeds from the sale of assets together with other capital related income.

7. IMPAIRMENT

The value of each fixed asset is reviewed at the end of each financial year, in order to ascertain whether an impairment of an asset has occurred, for the relevant accounting entries to be made. During 2003/4, houses at Gerrards Cross and Beaconsfield were sold. To reflect a consumption of economic benefit due to the houses not being maintained at a minimal acceptable level, an impairment of £427,712 has been recognised.

8. DISCONTINUED OPERATIONS

Any income or expenditure directly related to discontinued operations is to be shown on the face of the revenue account, along with liabilities to be disclosed in the balance sheet. There are no entries to record.

9. BASIS OF PROVISION FOR REDEMPTION OF DEBT

Loans raised by the Authority are repaid from the Capital Financing Reserve, which receives a statutory annual revenue contribution for that purpose. Interest payable on these loans is charged to the Asset Management Revenue Account.

10. INTEREST ON BALANCES

The interest earned on the day-to-day management of the Authority's surplus cash balances is credited directly to the Revenue Account.

11. BASIS OF VALUATION OF STOCKS

Stocks are valued at the lower of cost or net realisable value.

12. BASIS ON WHICH DEBTORS AND CREDITORS AT THE YEAR END ARE INCLUDED IN THE ACCOUNTS

All transactions are generally recorded on a system of income and converted payments. Sums due to the Authority are brought into account at the time they are due; amounts which have not been received at the year end appear in the balance sheet as debtors. Relevant items paid during the first weeks of the following year and significant items outstanding at the year end are converted to expenditure and included in the Balance Sheet as creditors.

This treatment complies with the accruals concept set out in FRS 18.

13. RETIREMENT BENEFITS

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a responsibility to make the payments which needs to be disclosed at the time that employees earn their future entitlement.

The Combined Authority participates in two different pension schemes, which meet the needs of employees in particular services. All the schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Uniformed Fire-fighters

This scheme is unfunded and the charge to the accounts represents the net cost of pensions and other benefits after allowing for contributions made by employees for the year. Under the guidance of Best Value Accounting Code of Practice, the cost of the uniformed Fire Fighters pension scheme is now allocated to services. In order for comparisons to be made with prior years, the 2002/3 figures have been amended to reflect the requirements.

Local Government Pension Scheme

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pensions costs that are charged to the Authority's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for employees.

FRS17 has been fully adopted in the 2003/4 accounts and opening balances have been restated where appropriate for 2002/2003. FRS17 is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future.

Details of which are disclosed in note 14 to the Balance Sheet.

14. DEFINED BENEFIT SCHEMES

As stated in 13 above, the defined benefit schemes the authority participates in, are the Local Government Pension Scheme and the Fire Fighters Pension scheme. The Fire Fighters pension Scheme is unfunded and therefore has no assets.

The net liability of both schemes is shown in the balance sheet. The figures for 2002/3 have been restated to enable comparisons to be made.

15. PROVISIONS AND RESERVES

Provisions represent liabilities that will be incurred in the future, where the amount or date of payment is uncertain. All provisions are reviewed and adjusted each year.

Reserves are amounts of money set aside contingency purposes. The Authority received approval from the two constituent councils, to retain the under spends from 2002/3 and 2003/4, in order to assist with the creation of reserves in readiness for the Authority becoming a precepting Authority on 1st April 2004. The reserves created represent 2.46% of the base budget.

Section 25 of the Local Government Act 2003 requires the Treasurer to report to the Full Authority on the robustness of estimates and adequacy of reserves allowed for in the budget proposals. The Authority will consider this each February as part of the budget setting process.

The Fire Authority has a number of provisions and reserves, details of which appear in notes 8 through to 12 to the Balance Sheet.

The Statement of Total Movement in Reserves is on page 29 and shows the annual movement of revenue reserves, capital reserves and pension fund reserves.

16. RELATED PARTY TRANSACTIONS

All Fire Authority Councillors and senior officers of the Authority have been asked to declare any transactions with the Fire Authority by themselves, their close family, or any organisation that they are involved with. The disclosure in note 6 to the revenue account is based on those responses received by the Treasurer.

17. CONTINGENT LIABILITIES

The Authority is required to disclose any potential obligation, which may require payment or a transfer of economic benefit. At the time of closure one such existed.

Retained Fire Fighters' part time status

Employment Tribunal test cases have been heard regarding whether or not retained fire fighters are employed under the same type of contract as wholetime fire fighters for the purpose of the Part-time Workers Regulations. Whilst the first case was dismissed by the Tribunal and the Court of Appeal, the Fire Brigades Union are to seek a House of Lords ruling on this matter. If the case is eventually upheld, it may mean the payment of the retained members in line with wholetime fire fighters' salaries and other terms and conditions.

The ruling could also have a further impact on whether the retained fire fighters should be included in the Fire Fighters' Pension Scheme. This may also allow a backdated inclusion in the Scheme.

The financial effects of these liabilities cannot be quantified.

18. GOVERNMENT GRANTS

Government grants received are matched with the expenditure to which they relate. The grant is credited to the revenue account for the period to which they are payable.

19. TREATMENT OF OVERHEADS

All support service costs are allocated to their users on an appropriate basis in line with Best Value Accounting Code of Practice.

20. LEASES

The Authority in 2003/4 have entered into a finance lease with Opus Housing Association in respect of the sale and lease back of the Gerrards Cross houses. The liability of the finance lease has been treated as a long term liability and is detailed in note 7 on page 24.

Operational leases are accounted for in accordance with SSAP 21. They are not capitalised, and rents payable are charged to Revenue.

21. CONTINGENT ASSETS

Under the contract with Opus Housing Association following the sale of Beaconsfield and Gerrards Cross Houses, the Authority have overage rights relating to both sites. If the housing association develops either site, the association shall pay 25% of the market value of the relevant residential units or as the case may be, the enhanced value of the relevant property to the Authority.

If the Association have not developed the site within five years of the agreement date (9th February, 2004), the Authority can invoke an option notice, which permits the Authority to purchase the development site free from incumbrances at the original sale price plus RPI.

22. DEFERRED PURCHASE AGREEMENT

In 2001, the Authority entered into a development agreement, whereby a new headquarters site, workshops and fire station would be provided in exchange of the old Cambridge Street Site.

In December 2003, the Authority received transfer of title of the land at the New Headquarters site at Stocklake, valued at £500,000. This land value is recognised in the fixed assets valuation. The completion of the headquarters development was achieved on 18th April 2005.

Although the development is at no cost to the Authority, as the time scales have overlapped 3 financial years, the development agreement is considered to be a deferred purchase agreement.

STATEMENT OF INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Buckinghamshire & Milton Keynes Fire Authority (The 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 in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Buckinghamshire & Milton Keynes Fire Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the authority's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Buckinghamshire & Milton Keynes Fire Authority for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts and except for the details of significant internal control issues at section 5, accords with proper practice.

3. THE INTERNAL CONTROL ENVIRONMENT

The specific guidance to support the Authority's governance includes:

a) Strategic Plan

The plan outlines the context in which the Authority operates and sets out a summary of the Authority's strategic objectives and priorities for improvement together with its arrangements for addressing the Authority's improvement priorities. The plan also incorporated the Best Value Performance Plan where details of the Authority's performance against other benchmark Authorities was published.

b) Integrated Risk Management Plan (IRMP)

The IRMP is a detailed risk assessment of operational risk and safety critical issues in the community and proposed solutions to managing them. The IRMP for future years will be extended to include other possible strategic risks facing the Authority. These strategic risks will include:-

- Political and Legal Risk – possible failure to deliver either local or central government policy or possible breaches of legislation.
- Economic and Financial Risk – possible risks associated with the Authority's financial position i.e. loss of government grant or service overspends.
- Technological Risk – the capacity of the Authority to deal with technological change and the possible failure of IT systems
- Citizen Risk – the failure to meet the changing needs and expectations of its citizens.
- Reputational Risk – events impacting on the Authorities reputation.
- Contractual Risk – failure of contracts.

c) Strategic Policy for Risk Management

The Authority has produced this policy and is planning to develop its existing risk management systems and to maintain robust systems for identifying and evaluating all significant risks that may face the Authority.

d) Policy Led Budget Process

The Authority's Capital Programme and Revenue Budget. are agreed by Members of the Authority to incorporate the policy priorities identified by the Authority. In doing so the Authority will be continuing with its policy of seeking value.

The Authority's budget and capital programme is regularly monitored by the Authority's Head of Finance. A consolidated report is submitted regularly to the Authority's Financial & General Purposes Committee showing the anticipated outturn.

The Authority is currently developing an integrated management system which will reinforce the management accountability at all levels within the organisation. In the longer term this new system will produce a more integrated control incorporating financial and performance management.

e) Financial Regulations and Standing Orders for Contracts

The Authority's standards and procedures for maintaining the management of its affairs are contained within its Standing Orders and Financial Regulations. The Treasurer ensures compliance with sound financial administration standards with the requirements in the Prudential Code for Capital Financing and the Authority's Treasury Strategy Policy.

f) Other Specific Corporate Policies

The Authority has an Anti Fraud and Corruption Policy together with a Hearing Peoples Concerns Policy.

g) Human Resources Strategy and Disciplinary Framework

This outlines the Authority's policy on recruiting, retaining and developing staff and ensuring compliance with employment legislation. Improvements are planned with the introduction of the Individual Personal Development System (IPDS) for all staff.

4) REVIEW OF EFFECTIVENESS

Buckinghamshire & Milton Keynes Fire 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 system of internal control is informed by the work of the internal auditors and also by comments made by external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

In 2003/04, the first year of this requirement, there was no formalized process for this but the Treasurer, the Monitoring Officer and the Commander Governance conducted a review that took into account the continuous exposure to the control environment during the year. The review is also informed by the work of the internal auditors and by comments made by the external auditors.

The overall situation is generally viewed as adequate. There have been a number of weaknesses identified, which will be the subject of further action during 2004/05 to ensure continuous improvement in the Internal Control Environment. The weaknesses are identified in the following section, with proposed actions.

5) SIGNIFICANT INTERNAL CONTROL ISSUES AND FUTURE ACTION

Although significant progress has been made in a number of areas, there are some where systems are not fully embedded in the organization and where action is needed to continue the improvements.

Medium Term Plan and Budget

A review of the Authority's budgeting process will be undertaken during the 2004/05 financial year to assess the effectiveness of the service prioritisation and resource planning and allocation. Business Planning will be developed and feed into the Medium Term Planning and Budget preparations.

Action ; Head of Finance and Commander Governance

Risk Management

- To build on the work already commenced and develop the IRMP to include other strategic risks.
- To produce a Risk register and to allocate the management of identified risks to senior members of the Authority to monitor and manage.
- Further training for Members and Managers to ensure that awareness and management of risk is an integral part of the management and planning activity.
- Within the context of the Comprehensive Performance Assessment undertake a self-assessment against peer group benchmarks.

Action : Commander Governance

Governance Issues

- Review the effectiveness and comprehensive nature of financial monitoring and financial management skills and implement identified improvements. Review the Financial Regulations and procedures.

Action: Treasurer, Head of Finance.

- To review Terms of Reference for the Committees of the Authority to incorporate the new arrangements for the Authority since it became a precepting Authority.

Action : Monitoring Officer, Commander Governance

- To devise a code of conduct for Members and Officers.

Action: Monitoring Officer, Commander Governance

- Obtain sign off from the Chief Officers, Senior Managers and Members of the Authority with respect to compliance with statute and the Authority's procedural requirements.

Action : Monitoring Officer, Commander Governance

- Review reporting to the Authority to inform Members of compliance with the requirements of the internal control environment.

Action: Monitoring Officer, Commander Governance

Signed _____ Dated _____
Damian Smith
Chief Fire Officer

Signed _____ Dated _____
Jackie Yates
Treasurer

Signed _____ Dated _____
Mark Jones
Monitoring Officer

Signed _____ Dated _____
David Rowlands
Chairman

EXPLANATORY FOREWORD AND FINANCIAL COMMENTARY

1. INTRODUCTION

The Buckinghamshire and Milton Keynes Combined Fire Authority, was constituted on 1 April 1997, under the Buckinghamshire Fire Services (Combination Scheme) Order 1996.

For the purposes of preparing these Accounts the Combined Fire Authority (CFA) has to be treated as a Local Authority. Therefore the Authority's accounts for the period ended 31 March 2004 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in Great Britain"

The Authority's accounts for 2003/2004 are set out on pages 15 to 31 and consist of: -

- Combined Fire Authority Revenue Account, which shows details of the income and expenditure of the Fire Authority.
- Balance Sheet, setting out the financial position of the Fire Authority on 31 March 2004;
- Cash Flow Statement summarising the overall movement of all the Authority's cash during the year:
- Statement of Total Movement in Reserves

These accounts are supported by the Statement of Accounting Policies and various notes to the accounts. In addition a glossary of terms is provided, on page 32, to provide explanations of the terminology used.

This foreword and commentary provides a brief outline of the events affecting the Authority in 2003/2004 and the Authority's financial position generally.

2. REVENUE BUDGET

The Budget

At its meeting on 20 December 2002, the Fire Authority approved a Revenue Budget for 2003/2004 amounting to £20,879,000, which was £9,121 above the Formula Spending Share made by central government.

Final Accounts

The Combined Fire Authority achieved an under spend of £429,098 in 2003/2004 which will be retained and used to create a non-earmarked reserve.

A summarised statement of the actual income and expenditure for 2003/2004 is set out on page 14 and compared to the original budget for the year. Further details are provided on pages 15 to 19.

Summarised statement of income and expenditure for 2003/2004

| Service | Budget £000 | Actual £000 | Variation £000 | % |
|--|------------------------|------------------------|---------------------------|--------------|
| Central Services | 2,245.9 | 1,563.0 | (682.9) | (30.4) |
| Community Fire Safety | 1,116.7 | 1,217.5 | 100.8 | 9.0 |
| Fire Fighting and Rescue Operations | 17,152.0 | 17,101.0 | (51.0) | (0.3) |
| Other Operating Income and Expenditure | 364.4 | 568.4 | 204.0 | 55.9 |
| Total Net Expenditure | 20,879.0 | 20,449.9 | (429.1) | (2.0) |
| Sources of Finance | | | | |
| Contributions from Constituent Authorities Buckinghamshire County Council | 15,344.0 | 15,028.6 | (315.4) | (2.0) |
| Milton Keynes Council | 5,535.0 | 5,421.3 | (113.7) | (2.0) |
| Total Contributions | 20,879.0 | 20,449.9 | (429.1) | (2.0) |

The contributions from the constituent authorities are pro rata to their respective council tax bases.

3. CAPITAL EXPENDITURE

During 2003/2004 the Authority made capital payments totalling £1,199,766. Capital expenditure relates to the provision of assets, which will be of long term benefit to the Fire Authority.

This is the final year of the current system of controls over local authority capital finance, which was introduced by the Government in 1990/91. The Government limits the amount of borrowing the Authority undertakes by the issue of credit approvals. From 1 April 2004 the Local Government Act 2003 requires local authorities to have regard to CIPFA's Prudential Code.

The Authority's capital expenditure in 2003/04 was financed by the use of the basic credit approval (£585,000) and capital receipts generated from the disposal of assets (£614,766). Full details of capital expenditure and its financing are contained on page 22.

Further Information

Further information about the accounts is available from the Treasurer, County Offices, Walton Street, Aylesbury, HP20 1UD. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

SUMMARY REVENUE ACCOUNT

| 2002/03 | | Notes | 2003/04 | 2003/04 | 2003/04 |
|-------------------------|--|-------|---------------------|------------------|-----------------|
| Net Expenditure £000 | | | Expenditure £000 | Income £000 | Net £000 |
| | Service Expenditure | | | | |
| 2,772.1 | Central Services | 1a | 3,208.5 | (68.0) | 3,140.5 |
| 982.3 | Community Fire Safety | 1b | 1,352.4 | (134.9) | 1,217.5 |
| 16,263.8 | Fire Fighting and Rescue Operations | 1c | 18,253.5 | (1,152.5) | 17,101.0 |
| 347.4 | Other Operating Income and Expenditure | 1d | 1,576.7 | (1,008.3) | 568.4 |
| 20,365.6 | Total Service Expenditure | | 24,391.3 | (2,363.7) | 22,027.4 |
| 12.3 | Other Revenue Transactions | 3 | | | 1.0 |
| 20,377.9 | Net Cost of Services | | | | 22,028.4 |
| 4,220.0 | Pensions Interest Cost & Expected Return On Assets | | | | 5,036.0 |
| (1,367.1) | Asset Management Revenue Account | 4 | | | (919.0) |
| (95.4) | Interest on Balances | | | | (149.0) |
| - | Revenue Contributions to Capital | | | | - |
| 23,135.4 | Net Operating Expenditure | | | | 25,996.4 |
| (3,810.0) | Movement on Pensions Reserve | | | | (4,562.0) |
| (673.1) | Provision for Repayment of External Debt | | | | (984.5) |
| - | Transfer to Non Earmarked Reserves | | | | 429.1 |
| 18,652.3 | Total Net Expenditure | | | | 20,879.0 |

Financed from:

| | | |
|-----------------|--------------------------------|-----------------|
| 13,757.3 | Buckinghamshire County Council | 15,344.0 |
| 4,895.0 | Milton Keynes Council | 5,535.0 |
| 18,652.3 | | 20,879.0 |

NOTES TO THE REVENUE ACCOUNT

1. Further Analysis of Service Expenditure Headings

The following tables provide further information on the net expenditure within each of the Service Headings in the main revenue account.

a) Central Services

| 2002/2003 Net Exp £000 | Central Services | 2003/2004 Net Exp £000 |
|------------------------------|-----------------------------|------------------------------|
| 902.7 | Corporate & Democratic Core | 1,169.4 |
| 1,869.4 | Non Distributed Costs | 1,971.1 |
| 2,772.1 | | 3,140.5 |

b) Community Fire Safety

| 2002/2003 Net Exp £000 | Community Fire Safety | 2003/2004 Net Exp £000 |
|------------------------------|--------------------------------------|------------------------------|
| 767.6 | Statutory Inspection & Certification | 975.3 |
| 214.7 | Prevention and Education | 242.2 |
| 982.3 | | 1,217.5 |

c) Fire Fighting and Rescue Operations

| 2002/2003 Net Exp £000 | Fire Fighting & Rescue Operations | 2003/2004 Net Exp £000 |
|------------------------------|-----------------------------------|------------------------------|
| 15,345.8 | Operational Responses | 15,988.5 |
| 895.2 | Communications and Mobilising | 1,071.1 |
| 22.8 | Securing Water Supplies | 41.4 |
| 16,263.8 | | 17,101.0 |

d) Other Operating Income and Expenditure

| 2002/2003 Net Exp £000 | Other Operating Income & Expenditure | 2003/2004 Net Exp £000 |
|------------------------------|---|------------------------------|
| (4.5) | Doctors On Call | (23.4) |
| 237.9 | Business Unit/Service Income Directorate | 373.5 |
| 55.2 | Catering | 61.4 |
| (30.5) | Industrial Commercial Training Unit | (14.2) |
| 89.3 | Recovery Depot/Workshops | 171.1 |
| 347.4 | | 568.4 |

2. Agency services

The Combined Fire Authority no longer carries out any agency services.

3. Other Revenue Transactions

This is the charge to revenue for the increase in the bad debt provision.

4. Asset Management Revenue Account

| 2002/2003 Actual £000 | | 2003/2004 Actual £000 |
|-----------------------------|---------------------------------------|-----------------------------|
| (2,196.9) | Capital charges made to Services | (1,711.9) |
| 84.6 | Interest paid on external debt | 141.9 |
| 745.2 | Provision for depreciation | 646.7 |
| - | Charging Impairment to revenue | (427.7) |
| - | Reducing value of asset by impairment | 427.7 |
| - | Finance costs of lease | 4.3 |
| (1,367.1) | | (919.0) |

5. Revenue contribution to capital programme

In 2003/2004, the Authority did not finance any capital expenditure from revenue.

6. Officers' Remuneration

The number of employees, who were paid a remuneration of £50,000 or more, are shown below in bands of £10,000. The remuneration amounts include retirement payments received but exclude employee pension contributions.

| 2002/2003 Total | Remuneration Band | 2003/2004 | |
|--------------------|-------------------|-----------|-------------|
| | £ | Total | Retirements |
| 4 | 50,000 – 59,999 | 4 | 1 |
| 5 | 60,000 – 69,999 | 1 | 0 |
| 0 | 70,000 – 79,999 | 4 | 3 |
| 2 | 80,000 – 89,999 | 0 | 0 |
| 0 | 90,000 – 99,999 | 2 | 1 |
| 0 | 140,000 – 149,999 | 1 | 1 |
| 0 | 180,000 – 189,999 | 1 | 1 |

7. Related Party Transactions

All senior officers of the Authority and Fire Authority Members, who are also Members of Buckinghamshire County Council and Milton Keynes Council, have been asked to declare any transactions with the Authority or any organisation that they are involved in.

Based on the declarations received by the Treasurer, none of the Fire Authority Members or senior officers or close relatives has undertaken any material transactions with the Fire Authority during 2003/2004.

Based upon funding given, Buckinghamshire County Council and Milton Keynes Council are regarded as related parties. The level of funding from the two constituent authorities is detailed within the summary revenue account on page 15.

8. Provision for doubtful debts

The provision for doubtful debts was £30,959 as at 1 April 2003. This provision has been reassessed and increased to £31,989 at 31 March 2004.

9. Fire Fighters' pension costs

Under accounting standard FRS12, an earmarked reserve has been set up to account for retirements that had been built into the approved budget but whilst entitled to retire, the employees did not do so.

10. Leases

The operating leases held by the Fire Authority apply to lease vehicles and radio communications equipment. The lease rentals paid during the year amounted to £520,540 (£446,667 in 2002/3).

The estimated undischarged obligations under the operational lease agreements at 31 March 2004 amounted to £1,794,665 (£1,191,141 as at 31 March 2003)

The finance lease held by the Authority is for the sale and leaseback of the Gerrards Cross houses. The Authority in accordance with the SORP have included the finance lease as a long term liability. The finance lease is detailed in note 7 to the balance sheet.

11. Minimum Revenue Provision (MRP)

The Authority is required to set aside a minimum amount from revenue for the repayment of debt. The minimum amount is statutorily calculated, and was £89,871 for 2003/04 (£72,158 for 2002/03)

The amount charged to services as depreciation is treated as part of the MRP, with the difference between the depreciation and the MRP being credited to the revenue account and transferred to the capital financing reserve.

12. Section 137(3) of the Local Government Act 1972 and Section 5 of the Local Government Act 1986

Section 137 empowers the Authority, subject to various conditions and limits, to incur expenditure that is in the interests of the residents of Buckinghamshire. Currently no expenditure is incurred under section 137(3).

Section 5 requires expenditure on certain types of publicity to be disclosed. This is detailed below.

| 2002/2003 | | 2003/2004 |
|------------------|-------------------------|------------------|
| £000 | | £000 |
| - | Other publicity | 1 |
| 22 | Recruitment advertising | 16 |
| 22 | | 17 |

13. Government Grants and Reimbursements

Details of Government grants and reimbursements are shown below:

| 2002/2003 | | 2003/2004 |
|------------------|---|------------------|
| £000 | | £000 |
| 0 | Government Grants | 97 |
| | Reimbursements | |
| 55 | ODPM and Other Brigades (Seconded Officers and Cross Border Charges) | 109 |
| 55 | Total Reimbursements | 109 |
| 55 | Total Government grants and reimbursements | 206 |

13. Members Allowances

The Fire Authority made no payments in respect of members' allowances for 2003/4, as they were paid by the Constituent Authorities. This will be the responsibility of the Fire Authority effective from 1st April 2004.

14. Audit Fees

Fees paid during the year to the Audit Commission, the Authority's external auditor, for work on external audit and inspection are set out below:

| 2002/03 | | 2003/04 |
|----------------|-------------------------------------|----------------|
| £000 | | £000 |
| 40 | External Audit Services | 57 |
| | Verification of Modernisation Study | 21 |
| 40 | | 78 |

BALANCE SHEET

| 31.03.2003 £000 | | Notes | 31.03.2004 | |
|--------------------|---|-------|----------------|-----------------|
| | | | £000 | £000 |
| 29,604 | Fixed Assets | | | |
| | Operational Assets | 1 | | 31,081 |
| | Current Assets | | | |
| 124 | Stocks and Work in progress | 2 | 107 | |
| 1,001 | Debtors | 3 | 1,005 | |
| 2,427 | Temporary Investments | 4 | 6,558 | |
| 113 | Cash at bank | | - | |
| 3 | Cash in hand | | 5 | |
| 3,668 | | | 7,675 | |
| | Current Liabilities | | | |
| (1,777) | Creditors | 5 | (2,178) | |
| - | Bank Overdraft | | (49) | |
| (1,777) | | | (2,227) | |
| 1,891 | Net Current Assets | | | 5,448 |
| 31,495 | Total Assets less Current Liabilities | | | 36,529 |
| | Long Term Liabilities | | | |
| (2,440) | Long Term Borrowing | 6 | (3,025) | |
| - | Finance Lease | 7 | (2,343) | |
| (1,336) | Provisions | 8 | - | |
| (83,620) | Liability related to defined benefit pension scheme | | (87,139) | |
| (87,396) | | | | (92,507) |
| (55,901) | Total Assets less Liabilities | | | (55,978) |
| | Financed By | | | |
| 30,790 | Fixed Asset Reinstatement Reserve | 9 | | 29,766 |
| (3,443) | Capital Financing Reserve | 10 | | (3,813) |
| 372 | Usable Capital Receipts Reserve | 11 | | 3,102 |
| - | Non Earmarked Reserve | 12 | | 513 |
| | Earmarked Reserve – Time Served Retirements | | | 1,593 |
| (83,620) | Pensions Reserve | 12 | | (87,139) |
| (55,901) | Total Net Worth | | | (55,978) |

NOTES TO THE BALANCE SHEET

1. Net Fixed Assets

(a) Movement of Fixed Assets

| | Land & Buildings £000 | Vehicles, Plant & Equipment £000 | Surplus Assets £000 | Assets Under Construction £000 | Total £000 |
|--|-----------------------------|---|---------------------------|--------------------------------------|---------------|
| Gross Book Value at 31/3/2003 | 28,030 | 6,064 | 0 | 113 | 34,207 |
| Additions | 3,280 | 188 | 0 | 108 | 3,576 |
| Disposals | (5,054) | (9) | 0 | 0 | (5,063) |
| Reclassifications | 113 | 0 | 0 | (113) | 0 |
| Revaluations | 3,057 | 0 | 0 | 0 | 3,057 |
| Impairments | (428) | 0 | 0 | 0 | (428) |
| Gross Book Value at 31/3/2004 | 28,998 | 6,243 | 0 | 108 | 35,349 |
| Depreciation b/f | - | (3,622) | 0 | 0 | (3,622) |
| Depreciation for the year | (320) | (326) | 0 | 0 | (646) |
| Net book value at 31 March 2004 | 28,678 | 2,295 | 0 | 108 | 31,081 |

All valuations are related to values current at 1 April 2003.

Operational buildings of a specialised nature, for which there is no market and therefore no evidence of value, have been valued at depreciated replacement cost, where the value has been based on the cost of replacing the existing building with a simple substitute building which may not be similar to the one actually on site. The valuation of operational properties of a non-specialised nature was based on open market value for existing use, having regard to evidence of transactions on similar premises.

Expenditure on assets under construction is reclassified to the relevant fixed assets, once the asset becomes operational.

The properties were valued by Bruton Knowles (RICS), the Fire Authority's property consultants.

From 2001/2002, under accounting standard FRS15, all building assets are required to be depreciated. Balances brought forward have not been restated.

The issue of impairment has been considered in accordance with FRS 11 and £427,712 has been reflected in the accounts to reflect a consumption of economic benefit on the Beaconsfield and Gerrards Cross houses.

(b) Capital Account -Expenditure 2003/2004

| | Land & Buildings £000 | Plant & Vehicles £000 | Total £000 |
|---|--------------------------------------|--------------------------------------|-----------------------|
| Protective Clothing | - | 110 | 110 |
| Haddenham Training Centre | 343 | - | 343 |
| Waddesdon Refurbishment | 9 | - | 9 |
| HR & Finance IT Systems | | 47 | 47 |
| Beaconsfield FS Modification | 123 | - | 123 |
| Gerrards Cross Housing | 36 | - | 36 |
| Refurbishment Beaconsfield & Gerrards Cross | 60 | - | 60 |
| New Marlow Fire Station | 400 | - | 400 |
| Minor Works | 72 | - | 72 |
| Total spend 2003/4 | 1,043 | 157 | 1,200 |
| Capital accruals Adjustment | (5) | 31 | 26 |
| Total Capital Expenditure | 1,038 | 188 | 1,226 |

(c) Capital Account-Financing

| | £000 |
|-----------------------------|--------------|
| Source of Funding | |
| Use of Credit Approvals | 585 |
| Capital Receipts | 615 |
| Capital accruals adjustment | 26 |
| | 1,226 |

(d) Statement of Physical Assets Held

| | |
|---------------|----|
| Fire Stations | 20 |
| H Q Buildings | 1 |
| Houses | 2 |
| Vehicles | 42 |

(e) Commitments under Capital Contracts

The following significant amounts are outstanding on capital contracts which have been entered into by the authority as at 31 March 2004:-

| | £000 |
|---------------------|---------------------|
| Fire Appliances | 110 |
| Marlow Fire Station | <u>1,800</u> |
| | <u>1,910</u> |

2. Stocks and Work in Progress

| 31.03.2003 £000 | | 31.03.2004 £000 |
|----------------------------|-----------|----------------------------|
| 91 | Stores | 76 |
| 33 | Workshops | 31 |
| 124 | | 107 |

3. Debtors

| 31.03.2003 £000 | | 31.03.2004 £000 |
|----------------------------|--|----------------------------|
| | Amounts falling due within one year | |
| 34 | Government Departments | - |
| 90 | Other Local Authorities | 280 |
| 791 | Sundry Debtors | 669 |
| 117 | Payments in advance | 88 |
| 1,032 | | 1,037 |
| (31) | Provision for doubtful debts | (32) |
| 1,001 | | 1,005 |

4. Temporary Investments

The Treasury Management function is performed by Buckinghamshire County Council on behalf of the Authority and surplus cash is invested on a short term basis in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities.

| 31.03.2003 £000 | | 31.03.2004 £000 |
|----------------------------|-----------------------|----------------------------|
| 2,427 | Temporary Investments | 6,558 |

5. Creditors

| 31.03.2003 £000 | | 31.03.2004 £000 |
|--------------------|-------------------------------|--------------------|
| 553 | Government Departments | 397 |
| 204 | Other Local Authorities | 764 |
| 896 | Other sundry creditors | 878 |
| 11 | Receipts in advance | - |
| 113 | Capital Expenditure Creditors | 139 |
| 1,777 | | 2,178 |

6. Long Term Borrowing

The Authority undertakes long term borrowing, principally as a means of financing expenditure on fixed assets. The total loans outstanding are analysed as follows: -

Long term external borrowing by category of lender

| Source of loan | Range of interest rates applicable (at 31 March 2004) (%) | Total outstanding at | |
|-------------------------|---|----------------------|--------------------|
| | | 31.03.2003 £000 | 31.03.2004 £000 |
| Public Works Loan Board | 4.5% To 5.5% | 2,440 | 3,025 |
| | | 2,440 | 3,025 |

Long term external borrowing by maturity

| | 31.03.2003 £000 | 31.03.2004 £000 |
|---------------------------|--------------------|--------------------|
| Maturing in 5 – 6 years | | 335 |
| Maturing in 6 – 10 years | 635 | 602 |
| Maturing in 10 – 15 years | 1,185 | 1,468 |
| Maturing in 15 – 20 years | 620 | 620 |
| | 2,440 | 3,025 |

7. Finance Lease

| 31.03.2003 £000 | | 31.03.2004 £000 |
|--------------------|---------------------|--------------------|
| - | Finance Lease | 2,350 |
| - | Principal repayment | (7) |
| - | | 2,343 |

The Authority entered into a sale and leaseback agreement with Opus Housing Association in respect of the Gerrards Cross Housing. The initial cost of the lease is matched by an increase in the value of fixed assets. The liability of the finance lease will be reduced each year by the principal sum repaid each year. In 2003/4 only 6 weeks of repayments are reflected as the lease commenced in February 2004.

8. Provisions

| 31.03.2003 £000 | | 31.03.2004 £000 |
|--------------------|--|--------------------|
|--------------------|--|--------------------|

| | | |
|--------------|----------------------------------|----------------|
| 1,336 | Time Served Retirements | 1,593 |
| | Transferred to Earmarked reserve | (1,593) |
| 1,336 | | Nil |

The Uniformed fire-fighters' pension scheme benefits are payable immediately if the fire-fighter is qualified by age (50 years) and service (25 years) or permanently disabled by ill health of by a qualifying injury sustained on duty. If the fire-fighter has achieved 26.5 years and retires on ill health grounds not due to service, he will receive the maximum pension had he achieved 30 year service. Where officers meet these criteria, but they choose not to retire this represents an obligation for the Authority, and hence meets the criteria for setting up a provision under FRS12. Therefore the Authority has created a provision to put aside monies for such officers. With the adoption of FRS17 in 2003/4 this provision is now held as an earmarked reserve.

9. Fixed Asset Restatement Reserve

| 31.03.2003 £000 | | 31.03.2004 £000 |
|----------------------------|---------------------------------------|----------------------------|
| 24,855 | Opening balance at 1 April | 30,790 |
| 5,935 | Movement on Reserve during year | (1,024) |
| - | Movement on Stock Restatement Reserve | - |
| 30,790 | | 29,766 |

The system of capital accounting requires the establishment of the fixed assets restatement reserve. The Movement represents the sale of property and vehicles, and the revaluation of property and vehicles during the year. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with deficits or surpluses arising on future revaluations. See Statement of Total Movements in Reserves on page 29.

10. Capital Financing Reserve

| 31.03.2003 £000 | | 31.03.2004 £000 |
|----------------------------|--|----------------------------|
| (2,832) | Opening balance at 1 April | (3,443) |
| 62 | Capital Receipts used for financing in 2003/2004 | 615 |
| - | Contributions from Revenue Account | - |
| (673) | Depreciation net of MRP | (985) |
| (3,443) | | (3,813) |

The capital financing reserve contains the amounts, which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

11. Usable Capital Receipts Reserve

| 31.03.2003 £000 | | 31.03.2004 £000 |
|----------------------------|--|----------------------------|
| | | |

| | | |
|------------|---|--------------|
| 17 | Opening balance at 1 April | 372 |
| 417 | Capital Receipts in year | 3,345 |
| 434 | | 3,717 |
| | Less: | |
| (62) | Capital Receipts used for financing Capital Expenditure See note 1 (c) page 17 | (615) |
| 372 | | 3,102 |

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

12. Revenue Reserves

| 31.03.2003 £000 | | 31.03.2004 £000 |
|--------------------|---|--------------------|
| - | Non-Earmarked Reserves | 513 |
| - | Earmarked Reserve – Time Served Retirements | 1,593 |
| (83,620) | Pensions Reserve | (87,139) |
| (83,620) | | (85,033) |

During 2003/4, the two constituent authorities gave permission for the Fire Authority to retain the under spend from the 2002/3 and 2003/4 financial years. This was to assist in the creation of reserves in readiness for the Authority becoming a precepting Authority on the 1st April 2004.

The reserves are non- earmarked and are to cover unforeseen eventualities and liabilities.

With the adoption of FRS17 in 2003/4 the provision for time served retirements is now an earmarked reserve.

The movement in year amounts to (£1,420,000).

13. Provision for Credit Liabilities (memorandum account)

| 31.03.2003 £000 | | 31.03.2004 £000 |
|--------------------|---|--------------------|
| 121 | Balance brought forward | 193 |
| 72 | Amount set aside for Minimum Revenue Provision Reserved Capital Receipts | 90 |
| 193 | | 283 |
| - | Amounts applied to repay loans | - |
| 193 | Balance carried forward | 283 |

In accordance with statutory requirements, the Authority is required to set aside sums as a provision to repay external loans. The Authority do not keep an account within the accounting records as there is no need to do so but maintain a memorandum account.

14. Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Buckinghamshire County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Fire Fighter Pension Scheme for uniformed fire fighters – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

In 2003/4, pensions costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to Buckinghamshire County Council pension scheme (based on a formal actuarial valuation for 31 March 2001) and the pensions payable in the year to retired officers. The next actuarial valuation is currently being undertaken and any revision to the employers' contribution rates will become effective from 1 April 2005.

Both the uniformed fire fighters scheme and the County Council Fund liabilities have been assessed by Punter Southall & Co, an independent firm of actuaries for both schemes.

The main assumptions used in their calculations are:

| 01.04.03 % pa | | 31.03.04 % pa |
|--------------------------------|--|--------------------------------|
| 2.5 | Inflation Rate | 2.9 |
| 6.1 | Discount Rate (pre retirement) | 6.4 |
| 6.1 | Discount Rate (post retirement) | 6.4 |
| 4.3 | Expected Rate of Salary Increases | 4.7 |
| 2.5 | Rate of Pension Increases in Payment | 2.9 |
| 2.5 | Rate of Pension Increases in Deferment | 2.5 |

The Fire fighter's Pension scheme has no assets to cover its liabilities. Assets in the Buckinghamshire County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

| 01.04.03 | | | 31.03.04 | |
|------------------------------------|---|--------------|------------------------------------|---|
| Market Value £000 | Expected Rate Of return % pa | | Market Value £000 | Expected Rate Of return % pa |
| 1,680 | 8.5 | Equities | 2,251 | 7.5 |
| 37 | 7.0 | Property | 58 | 7.0 |
| 295 | 4.5 | Gilts | 283 | 4.5 |
| 115 | 5.5 | Other Bonds | 407 | 5.5 |
| 174 | 4.0 | Cash | 207 | 4.0 |
| 2,300 | | Total | 3,206 | |

The movement in the net pension liability for the year to 31 March 2004 is as follows:

| | Fire fighters' | County | Total |
|--|-----------------------|---------------|--------------|
| | | | |

| | Scheme £000 | Fund £000 | £000 |
|--|------------------------|----------------------|-----------------|
| Net Pensions asset/(liability) at 1 April 2003 | (81,200) | (2,420) | (83,620) |
| Movements in the year: | | | |
| Current Service Cost | (1,779) | (256) | (2,035) |
| Past Service Cost | 0 | (53) | (53) |
| Contributions | 2,322 | 346 | 2,668 |
| Interest on Pension Scheme Liabilities | (4,924) | (295) | (5,219) |
| Expected Return on Pension Scheme Assets | 0 | 183 | 183 |
| Actuarial Gain /(loss) | 549 | 388 | 937 |
| Net Pensions Liability at 31 March 2004 | (85,032) | (2,107) | (87,139) |

15. Post Balance Sheet Events

Post balance sheet events occur between the balance sheet date and the date the accounts are signed by the Treasurer. Events which have a material affect on the accounts must be disclosed in a note to the accounts.

With effect from 1st April 2004 the Fire Authority will become a precepting Authority. This means that the Authority will be funded by the council tax payer rather than the two Constituent Authorities.

Following the retirement of the previous Chief Fire Officer, a new Chief was appointed on the 25th October 2004. The new Chief Fire Officer is Damian Smith.

STATEMENT OF TOTAL MOVEMENTS IN RESERVES IN 2003/2004

| Capital Reserves | |
|-------------------------|--|
| Fixed Asset | |

| £000 | | | |
|-----------------|--|----------|-----------------|
| | Revenue activities | | |
| | Expenditure | | |
| 15,097 | Cash paid to and on behalf of employees | 17,205 | |
| 5,279 | Other operating costs | 4,705 | |
| 20,376 | | | 21,910 |
| | Income | | |
| (18,736) | Contributions from Constituent Authorities | (20,879) | |
| (55) | Other government grants and reimbursements | (206) | |
| (1,914) | Cash received for goods and services | (1,965) | |
| | Constituent monies retained from previous year | (84) | |
| (20,705) | | | (23,134) |
| (329) | Revenue activities net cash (inflow) – note 1 | | (1,224) |
| | Servicing of Finance | | |
| | Expenditure | | |
| 83 | Interest | 132 | |
| | Income | | |
| (95) | Interest received | (149) | |
| (12) | | | (17) |
| | Capital activities | | |
| | Expenditure | | |
| 656 | Purchase of fixed assets | 1,200 | |
| | Income | | |
| (417) | Sale of fixed assets | (3,345) | |
| 239 | | | (2,145) |
| (102) | Net cash (inflow)/outflow before financing | | (3,386) |
| | Financing | | |
| (515) | Loan taken out | | (585) |
| | Liquid Resources | | (3,971) |
| 262 | Investments | | 4,131 |
| (355) | ((Increase)/decrease in cash –note 2) | | 160 |

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of revenue cash

| 31.03.2003 £000 | | £000 | 31.03.2004 £000 |
|--------------------|---|-------|--------------------|
| 95 | Interest on balances | 149 | |
| (1,350) | Other transactions | (965) | |
| (1,255) | | | (816) |
| 187 | Increase /(Decrease) in debtors | 4 | |
| 770 | (Increase)/Decrease in creditors | (394) | |
| (31) | (Decrease)/Increase in stocks | (17) | |
| 926 | | | (407) |
| (329) | Revenue activities net cash flow | | (1,223) |

2. Movements in cash

| | As at 31.03.2003 £000 | As at 31.03.2004 £000 | Movement £000 |
|------------------------|-----------------------------|-----------------------------|------------------|
| Cash in hand | 3 | 5 | 2 |
| Cash overdrawn/at bank | 113 | (49) | (162) |
| | 116 | (44) | (160) |

3. Movement in other net current assets

| | As at 31.03.2003 £000 | As at 31.03.2004 £000 | Movement for cash flow £000 |
|-------------------|-----------------------------|-----------------------------|-----------------------------------|
| Debtors | 1,001 | 1,005 | 4 |
| Creditors | (1,777) | (2,171) | (394) |
| Stocks and Stores | 124 | 107 | (17) |
| | (652) | (999) | (407) |

GLOSSARY OF TERMS

AGENCY

The provision of services by an authority on behalf of another body which is legally responsible for providing the services. The authority providing the services in the first instance is reimbursed by the responsible body.

BUDGET

A statement for the Authority's expected level of service and spending over a set period, usually one year.

CAPITAL CHARGES

Services are charged for the use of assets. The charge is based on the capital value of the asset plus a charge for depreciation where appropriate. Capital charges are credited to the Asset Management Revenue Account and depreciation is used to write down the value of the asset.

CAPITAL FINANCING

The financing of capital spending from the revenue budget usually spread over several years. The financing methods available to the Fire Authority include: -

- a. Borrowing: The interest payable on such loans is charged to the Asset Management Revenue Account.
- b. Capital Receipts: See below

CAPITAL FINANCING RESERVE

This reserve contains the amount of capital expenditure financed from revenue and capital receipts.

CAPITAL RECEIPTS

Proceeds from the sale of capital assets. They may be used to finance new capital expenditure or to repay existing loan debt. Receipts available to finance capital expenditure in future years are held in a Usable Capital Receipts Reserve.

CREDITORS

Amounts owed by the Authority at the Balance Sheet date for goods received or work done.

DEBTORS

Amounts due to the Authority but unpaid at the Balance Sheet date.

DEFERRED CHARGES

An item in the Balance Sheet where there is no tangible asset.

DEPRECIATION

The loss of value of assets due to wear and tear, age or obsolescence

FIXED ASSET RESTATEMENT RESERVE

Fixed Assets are recorded on the balance sheet at their value and not historic cost. This reserve records the increase in value that has resulted and is written down by depreciation and disposals and is increased by revaluations.

LOANS OUTSTANDING

Loans raised to finance capital spending which have to be repaid.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount of the authority's outstanding debt which must be repaid by the revenue accounts in the year.

OUTTURN

The actual level of spending and income in a particular year.

PROVISIONS

These form part of the Authority's revenue reserves and are sums set aside for a specific purpose, the nature of which is known but the exact amount and date when due is not. Expenditure and income are attributed directly to those provisions and funds.

PUBLIC WORKS LOAN BOARD (P.W.L.B.)

A government body from which a local authority may raise long term loans.

REVENUE EXPENDITURE

Revenue expenditure is spending on the day to day running expenses of the Authority. It includes expenses such as salary and wages, heating, lighting, rent, rates, stationery and capital financing.