

BUCKINGHAMSHIRE  
&  
MILTON KEYNES  
FIRE AUTHORITY

STATEMENT OF ACCOUNTS  
2010/11





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## Introduction

### Welcome to our Statement of Accounts

This document sets out the financial activities of the Buckinghamshire & Milton Keynes Fire Authority (BMKFA) for the year ended 31st March 2011. It shows the financial detail of the services we have provided together with explanatory notes, the resources consumed and the financial position at the end of the year compared with the previous year.

In 2010/11 the Authority was in the third and final year of the government's three year spending review (CSR07) and faces significant financial pressures. During the year the Government has produced a review for the next four years which indicates an overall reduction in central grant of some 25%.

Buckinghamshire Fire and Rescue Service (BFRS) is a relatively small fire authority with limited resources both financially and in terms of numbers of personnel, but is constantly seeking to improve its services to the public, its performance and the value for money it delivers to the tax payers.

The economic pressures facing the country and the difficult financial decisions taken are reflected in the pressures and decisions that are being made by the Authority. As explained in the Explanatory Foreword, you will see from the adjustments made in the capital programme during 2010/11 and the provisions made by transferring to specific reserves that we are planning for the future to ensure that our financial resources match our operational requirements. The Authority fully recognises that there is every likelihood that financial constraints will become tighter in the future and we are already planning for that eventuality. We are proactively working with our partners and the community to reduce the risks facing our communities.

The Audit Commission reported in 2010 in its value for money conclusion that Buckinghamshire Fire and Rescue Service had "satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources".

Further details about the Authority and of the progress made in achieving our aims and targets are set out in the Annual Report which is available on our website.

[www.bucksfire.gov.uk/publications/documentsavailablefordownload](http://www.bucksfire.gov.uk/publications/documentsavailablefordownload)

.....  
David Rowlands

Chairman of Buckinghamshire & Milton Keynes Fire Authority

.....  
David Skinner BA CPFA

Director of Finance and Treasurer, Buckinghamshire and Milton Keynes Fire Authority.

## Explanatory Foreword

In compiling these accounts we have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2010/11: Based on International Financial Reporting Standards.

The accounts are drawn up in accordance with the accounting policies set out in detail beginning on page 18.

The responsibility for the proper administration of the Authority's financial affairs is vested in the statutory officer (referred to as the Section 112 Officer). This is the Director of Finance and Treasurer who is required by law to confirm that the Authority's system of internal controls can be relied upon to produce an accurate statement of accounts.

The main statements included in the accounts are listed below together with an explanation of their purpose. The Statement of Accounts 2010/11 is significantly different from the 2009/10 accounts in that the 2010/11 statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) requirements. This has resulted in restating the 2009/10 balances to comply with the change in accounting policy as can be seen in Appendix 1 pages 78 to 85.

The move to an IFRS-based code from a UK GAAP-based SORP has resulted in a number of significant changes in accounting practice. The key changes affecting this Authority are:

- Grants and contributions for capital purposes will be recognised as income immediately rather than being deferred and released to revenue to match depreciation.
- The main financial statements have changed together with additional reporting requirements. The Income and Expenditure Account is replaced by the Comprehensive Income and Expenditure Statement, the Statement of Movement on the General Fund is replaced with the Movement in Reserves Statement and the Cash Flow Statement has been revamped. Details of these statements are shown below.
- Assets owned by the authority which are of a significant value have been split into their major components and re-valued separately with individual estimations of remaining useful lives. This better reflects the assets true value and condition and allows the authority to provide more accurate net book values.
- Property Leases are classified and accounted for as separate leases of land and buildings. Other 'arrangements' have to be assessed as to whether they contain the substance of a finance lease.
- There is a new classification of non current assets held for sale.
- All employee benefits are accounted for as they are earned by the employee. This requires accrual of items such as holiday pay at the end of the financial year.

## Movement in Reserves Statement

This is a new statement required under IFRS and shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Movement in Reserves Statement is set out on pages 28 and 29.

## The Comprehensive Income and Expenditure Statement

This statement shows the economic cost in the year of providing services in accordance with accepted accounting practices rather than the amount funded from taxation. The Comprehensive Income and Expenditure Statement is set out on page 30.

## The Balance Sheet

This shows the financial position of the Authority on the 31st March 2011. It shows all our assets and liabilities together with all the balances and reserves that are held by the Authority at that date. The Balance Sheet is on page 31 and supporting notes are from page 42.

## The Cash Flow Statement

This statement summarises the total cash movements during the year for capital and revenue purposes. This is on page 32 with supporting notes on pages 70 and 71.

## **Service expenditure 2010/11**

The budget for 2010/11 was set at a full Authority meeting in February 2010. It was agreed, based on an increase in Council Tax of 2.5%. The levy for a council tax band D property to cover the services we provide was set at £59.13 multiplied by the estimated number of council tax band D properties of 293,990.

This, together with surpluses and deficits on previous years' council tax raised a total of £17.6m or 55% of the total budget. The remaining 45% of our total expenditure was funded through Central Government Grant and National Non-Domestic Rates (NNDR) redistribution of £11.4m. We also raise income through the recovery of costs from other agencies including grants for specific responsibilities such as Urban Search and Rescue Operations, this amounted to £3.3m or 10% of our total costs. This authority's council tax for a band D property is still one of the lowest for fire authorities in the Country.

The budget proposed for 2010/11 was a financial estimation based upon the Integrated Risk Management Plan (IRMP) for service delivery consulted upon in 2008/09. This plan sets out our priorities and identified the resources required in order to deliver the plan. At that time, there was an economic downturn mainly resulting from the banking crisis and with a General Election due, there were a number of uncertainties regarding the future of Central Government support in the form of Grant Funding and the ability to raise additional Council Tax in future years.

Starting in 2009/10 and throughout 2010/11, a complete service review was undertaken and restructuring took place including the recruitment of an almost entirely new senior management team. The authority has taken a "forward looking" approach and hope to set the scene in order to deliver an overall better quality service whilst still remaining competitive against other similar authorities. A new

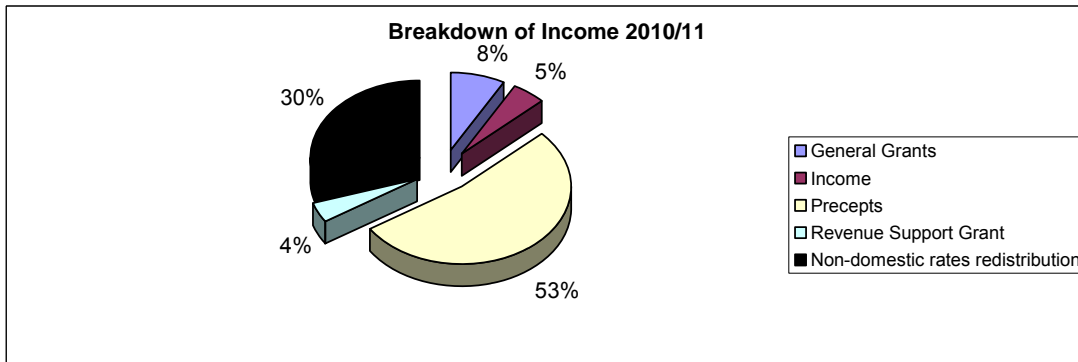
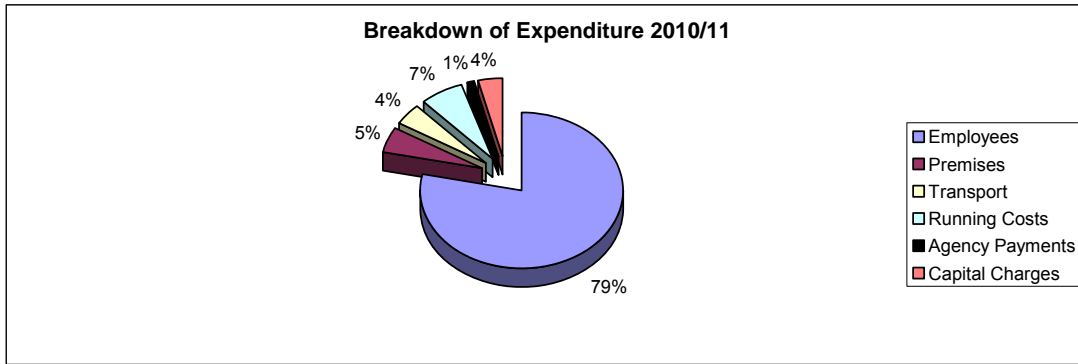
corporate vision has been set and an Integrated Risk Management Plan drafted which ties in financially to our Medium Term Financial Plan for 2011/12.

Specific items taken into account in setting the budget for 2010/11 included inflation, the increasing revenue effects of the capital programme, an amount was also set aside to contingency equivalent to a 1% pay award. There were also sums set aside for major projects such as the ongoing Regional Control Centre project and planning costs for covering the Olympic Games in 2012. A prudent approach was also taken bearing in mind the need to continue achieving year – on – year cashable savings whilst ensuring we had sufficient reserves to cover for changes in legislation or unforeseeable events.

### Income and Expenditure 2010/11

The following table shows revenue expenditure and income against the budget for 2010/11 as a whole:

2009/10			2010/11	
Actual £000s	Budget £000s		Actual £000s	Budget £000s
23,705	23,968	Employees	24,214	24,378
1,304	1,261	Premises	1,642	1,654
1,305	1,391	Transport	1,360	1,445
3,046	3,303	Running Costs	2,131	2,534
		Agency Payments	371	355
995	774	Capital Charges	1,201	930
<b>30,355</b>	<b>30,697</b>	<b>Expenditure</b>	<b>30,919</b>	<b>31,296</b>
-1,134	-1,149	General Grants	-1,864	-1,054
0	0	Capital Grants Received	-839	0
-1,454	-1,328	Other Income	-1,681	-1,407
<b>27,767</b>	<b>28,220</b>	<b>Net Expenditure</b>	<b>26,535</b>	<b>28,835</b>
-16,868	-16,825	Precepts	-17,614	-17,384
-2,137	-2,137	Revenue Support Grant	-1,452	-1,451
-9,258	-9,258	Non-domestic rates redistribution	-10,000	-10,000
0	0	Contribution to / from Reserves	1,826	0
<b>-30,851</b>	<b>-30,697</b>	<b>Income</b>	<b>-27,240</b>	<b>-28,835</b>
<b>-496</b>	<b>0</b>	<b>TOTAL under(-)/overspend</b>	<b>-705</b>	<b>0</b>



Gross expenditure in 2010/11 was £30.9 million and gross income in 2010/11 was £31.6 million. There was a net surplus in year of £0.7 million.

The surplus has enabled the Authority to place more money into earmarked reserves than previously anticipated. During the year, the newly elected Government announced it's intentions for the funding of Local Government for the future. The Authority has reacted to this by planning for increased savings and efficiencies in our "Moving Forward Agenda". These efficiencies will result from better working practices not only for Service Delivery but also within our support teams.

Improvement projects during the year include:-

- **Staff Restructure** - putting the right people in the right jobs at the right time.
- **Improved management and reporting practices** - so that we can ensure financial and performance information is delivered to the right audience in a timely fashion thus allowing those charged with Governance to make better informed decisions.
- **Better use of Technology** – rationalisation of systems and taking advantage of more up to date programmes and packages available. This includes a new e-ordering system going live during the year and the procurement of software to improve our performance reporting together with a more integrated use of the SAP Human Resources and Payroll modules. Moving forward, we are undertaking a feasibility study for a new asset management system to include all assets including inventories for equipment, this is most important for us to be able to keep tabs on large areas of spend for the authority.
- **Financial Management & Control** – improvements have been made in budget monitoring and management, with the use of new technology we

hope to build on this further in the future so we can plan better and react quickly should our expenditure forecasts start to go off – plan.

The surplus for the year 2010/11 was due to a number of factors as follows:-

There were a number of vacancies in year throughout the organisation, from within the senior management team all the way through to firefighter and support staff vacancies. Firefighters employee numbers under the Retained Duty System (RDS) also reduced over the course of the year, resulting in further savings.

There was also no pay award during 2010/11 and so the amount set aside to cover a 1% increase in pay in the contingency budget was not used. In addition, the ill health budget provision was not required at all.

The announcement by the in-coming Coalition Government that the Audit Commission would be abolished and that Comprehensive Area Assessment (CAA) would be scrapped with immediate effect meant that work required for “Use of Resources” would no longer need to be done in the year so the Audit Commission revised its fee levels down resulting in a saving.

Surplus council tax was collected from constituent Billing Authorities for prior year adjustments.

Revenue contributions to the capital programme which had been brought forward from 2009/10 helped reduce capital charges incurred in year.

Measures were taken to revise the capital programme downwards and borrowing was therefore minimised in 2010/11 thus reducing the budgeted borrowing costs.

The change from UK GAAP reporting to the new IFRS means that there are amounts included in the revenue account for 2010/11 for grants which were treated differently in previous years. There is £840k for a capital grant which was used for capital financing in the year. There were also a number of amounts for grant received in previous years, until now, these have been held in the balance sheet as receipts in advance. To correct this, these have been taken into the revenue account and then transferred to an earmarked reserve.

### **Community Safety**

Our prevention activity has become more inclusive and wider ranging. Work is ongoing to carry on the proactive prevention and protection agenda to help address the risks facing the community to proactively reduce risks by engineering solutions to the design and build of premises and residences and the planning and design of community infrastructure and work with partner bodies through Local Strategic Partnerships to ensure a joined up service that targets the most vulnerable groups within society. This work has been assisted by the receipt of both Local Area Agreement and Local Public Service Agreement grant to deliver specific areas of work in Home Safety Checks and continue localised planning so fire stations can concentrate on their priority neighbourhoods. Each fire station is now able to identify which areas present the highest risk. Coupled with this are new ways of identifying the highest risk individuals. This is achieved primarily through the multi-agency house safety check scheme. We are doubling our efforts to promote the service as it is now active in all areas. The emphasis on holistic risk reduction and community wellbeing is also reflected in our contributions to the local area agreements. We are

contributing to cross-cutting themes and specific targets in a number of blocks.

Our schemes and assistance to other agencies extend to children and young people, older people, those suffering ill health, the economy, and road safety. Our partnership working activity has been reviewed, and is being consolidated in existing areas. The IRMP accommodates the member vision for community safety as well as addressing government imperatives. Flexibility and responsiveness in our approach is required to maintain the recent progress.

## **Operations**

During 2010/11, significant work has been undertaken as part of the Moving Forward programme to restructure the service. The delivery and integration of Prevention, Protection and Response activity now sits under management teams for Milton Keynes and Buckinghamshire to take account of authority boundaries and, in the case of Buckinghamshire, district boundaries. The Moving Forward programme has also led to a reduction in the number of operational senior officer posts (in total 8 Station Managers to Area Manager). The successful introduction of new working rota for these roles has resulted in a small increase in the operational cover provided by these officers, despite the reduction in numbers.

Operational activity has, again, continued to provide a high quality of service which is reflected in the very high public satisfaction levels achieved and recorded in the "After the Incident" surveys and the number of compliments received is higher than the number of complaints. Steady progress has continued to be made with RDS (on call) appliance availability although the recruitment and retention of these staff in some areas continues to provide challenges. A number of lessons learnt and implemented from the experience the previous year meant that last winter's severe weather caused little disruption to service.

The Urban Search and Rescue capability that Buckinghamshire Fire and rescue service provides as part of the national resilience (New Dimension) programme was audited in February with a very favourable outcome. There have been no changes to the number and disposition of fire stations and appliances, or the manner in which they are staffed during 2010/11. Public consultation is now commencing on a range of options that will need to lead to changes in these from 2012 onwards in order to meet the significant reduction in revenue funding that the Authority is facing in the medium term.

## **Equality and Diversity**

The Authority is in the third year of the implementation stage of our three year Single Equality Scheme and has migrated over to the National equality framework for the Fire and Rescue Service and had devised a corporate action plan to attain 'achievement level' by June 2011.

In the area of community cohesion the Authority has adopted our Community Cohesion Strategy following extensive consultation with staff and external partners. Corporate guidance on community engagement has been produced and both these pieces of work are feeding into the 2011/12 Operational Neighbourhood Planning process to promote and embed Equality and Diversity and Community Cohesion activity at operational / station level. We have also coordinated, facilitated and run a number of community events promoting Equality and Diversity, Community cohesion and Community Safety (home safety, road safety, youth engagement, home safety checks etc.) in collaboration with our partners across the brigade area.

## Treatment of the Underspend

Item	£'000
Revenue outturn before contributions to reserves	-3,098
Contribution (repayment) to invest to Save Reserve	59
Contribution to New Dimensions Reserve	853
Contribution to Asset Management Reserve	180
Contribution to Redundancy & Early Retirement Reserve	180
Contribution to New Burdens Reserve	84
Contribution to Vehicle Reserve	17
Contribution to Funding Pressures Reserve	1,000
Transfer to Capital Receipts Reserve	20
<b>Net charge to the General Fund Balance (General Reserve)</b>	<b>-705</b>

The contribution to the Invest to Save reserve is the repayment of monies taken out for the enhancement and purchase of a new mobilising system. The money is being repaid over a four year period.

The Authority did not suffer any loss through the banking demises of 2008/09 yet the very low interest rates which have applied over the financial year have reduced income earned from balances significantly. The Authority continues to monitor the market and take advice, and is aware of its responsibilities to ensure the security of the reserves whilst still maximising the yield that can be obtained.

The Comprehensive Income and Expenditure Statement shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months.

However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

A reconciliation from Council Tax funded expenditure to the deficit for the year on the Income and Expenditure Account is shown in the table below:

		<b>£000s</b>
<b>Council Tax Net Expenditure (Surplus)</b>		<b>-705</b>
Employees	IAS 19 Pension Charges	-2,664
Transfers to / from reserves		-2,393
Appropriation from reserve to repay debt		568
Capital Charges	Depreciation	1,253
	Impairment	-169
	MRP	-354
	Employee Absence Account	29
Income	Pension Grant	-1,061
	Capital Grant	-840
	Precept	-196
	Profit on Sale of Assets	-7
<b>Surplus for the year on the Income and Expenditure Account</b>		<b>-6,539</b>

Further details and supporting explanatory notes on the Income and Expenditure Account are on pages 33 to 41.

The General Fund Balance compares the Authority's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The employer's contribution to the Fire Fighters Pension fund is set nationally based on actuarial valuations from the Government Actuary's Department. Any surplus is paid back to the Department of Communities and Local Government (DCLG) or if a deficit then it is recovered via grant from the DCLG.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

The following table summarises some of the main activities carried out during the year:

<b>2009/10</b>	<b>Response</b>	<b>2010/11</b>
16,962	Calls to the Control Room	16,989
7,310	Incidents Attended	7,459
2,787 (of which 1,093 deliberate)	Fires attended	2,747 ( of which 983 deliberate)
506	Road Accidents attended	544
3,811 (of which 3,035 false alarms)	Other incidents attended	4,217 ( of which 3,399 false alarms)
34 from fires 402 from RTC's	Lives saved	40 from fires 292 from RTC's
12	Major incidents (10+ Pumps)	11
<b>2009/10</b>	<b>Community Safety</b>	<b>2010/11</b>
8,382	Home Fire Risk Checks	6,383
5,129	Smoke Alarms fitted for vulnerable people	8,596
100	Fire investigations	60
490 (23,403 children)	School Safety Courses	242 (22,996 children)
276 visits (4,912 children)	Other Youth initiatives (i.e. Firesetters and Youth diversion courses)	341 visits (10,470)
18,559 (423 schools)	Visits to the Milton Keynes Safety Centre	18,855 (391 schools)

There has been a small variance in the Community Fire Safety work as we have realigned our resources to reflect changing priorities and risks.

Community Fire Safety work undertaken by operational response crews has been directly apportioned to Prevention and Education to take account of Home Fire Risk checks and other Community Fire Safety work carried out and it is this work that has seen a small decrease in the numbers of Home Fire Risk Checks performed by crews as the number of vacancies on fire stations increased in 2010/11; the figures for Home Fire Risk Checks in 2009/10 are for referrals, those for 2010/11 are for completions. The number of Smoke Alarms fitted show a wide change from 2009/10 with a greater number of multiple installations.

Fire Investigations show a considerable reduction as resources are concentrated on key investigations.

Other Youth initiatives have shown an increase with resources concentrated on larger groupings of children.

## The Capital Account Summary

Capital expenditure is not shown in the Income and Expenditure Account but is budgeted for and reported separately.

The approved capital expenditure budget for 2010/11 was £3.81 million. A total of £2.36 million was spent on capital schemes and equipment as follows:

<b>Land &amp; Buildings £000s</b>	<b>Plant, Vehicles and Equipment £000s</b>	<b>Intangibles £000s</b>	<b>Total £000s</b>
1,067	1,207	83	2,357

Further detail of the expenditure is shown in Note 11 on pages 42 to 46.

The complete remodelling of Broughton Station was completed during the year with the cumulative spend to date being just over £1m. Additional work on updating Wycombe Station with new boilers and Fire Safety measures were made during the year. Work to Drill yards at Stokenchurch, Winslow and Buckingham were undertaken to address past wear and tear exacerbated by frost damage. Additional work on heating at Buckingham and Beaconsfield windows and general refurbishment were completed during the year.

The new Turntable Ladder was delivered towards the end of the financial year and two Fire Appliances were due for delivery in late summer 2011, although two stage payments have been made during the 2010/11 financial year.

Fire Appliance Equipment and Operational Equipment have been purchased during the year together with £100k of PPE uniforms being the third tranche of the replacement programme.

ICT capital budgets were spent on implementing new systems, replacing PCs and other office equipment and upgrading elements of the ICT infrastructure.

£100k has been spent on smoke alarms which are fitted in domestic properties by a mixture of operational firefighting crews and support staff together with the purchase of portable Domestic Sprinkler systems for vulnerable people. Works on Hazard Alley - the Milton Keynes Safety Centre, where new training scenarios have been added during the year, have cost £25k.

The Authority received £840k of capital grant from central government to help fund the capital programme. The Authority's loans are borrowed from the Public Works Loan Board. During 2010/11 the Authority took out a two further loans totalling £1.75 million during the year, repaid two loans early to benefit from a change in interest charge, and as a result the Authority's total borrowing for capital purposes stands at £8.265 million.

## Reserves and balances

The Treasurer confirmed to members at the Combined Fire Authority on the 11th February 2011 that reserves are adequate. There is a mixture of earmarked and general reserves. The revenue reserves are as follows at 31st March 2011:

31-Mar-10 £000s		31-Mar-11 £000s
-3,011	General Fund Balance	-3,716
-150	Earmarked Control Room Reserve	-150
-568	Earmarked (Debt Repayment) Reserves	0
-372	Earmarked Invest to Save Reserve	-431
-400	Earmarked Moving Forward Agenda Reserve (formally Transformation Reserve)	-570
-170	Earmarked Transitional Grant Reserve	0
0	Earmarked New Dimensions Reserve	-853
0	Earmarked Asset Management Reserve	-180
0	Earmarked Redundancy & Early Retirement Reserve	-180
0	Earmarked New Burdens Reserve	-84
0	Earmarked Vehicle Reserve	-17
0	Earmarked Funding Pressures Reserve	-1,000
-4,671		-7,181

A further reserve, Usable Capital Receipts Reserve in the sum of £20k was also created in 2010/11.

Further information on these and other reserves is set out in note 23 on pages 51 to 54.

### **Contingent liability**

In line with the International Accounting Standard IAS37 the following items have been identified :-

The Authority is aware of a potential claim against it from a representative body regarding the use of development rates of pay. The issue has been formally raised for the attention of management and it is being considered to see whether there is a case to answer and if so what value the claim could be. At this stage no value can be attributed or a time scale specified.

As a result of an incident in 2010/11 there are potential areas of litigation with associated costs that may arise. At present it is not possible to place an estimate on potential costs.

There are a number of Employment Tribunals in progress but at this time it is not possible to quantify any possible impact.

### **Pension Fund Liability**

The accounting treatment for pensions follows International Accounting Standard (IAS19), the purpose of which is to ensure that organisations' accounts reflect the net position of their employees' pension funds and account for the liability to pay accumulated employee benefits in the future. In 2010/11, the Authority's share of the three Pension Fund's net liabilities reduced by £45.9m to £148.1m (for 2009/10 the net liability was £199.94m as per restated accounts as identified in Note 31 re Prior Period Adjustments), this is due to changes in RPI/CPI (see note 27 to the accounts page 57 and also for the Local Government Pension Scheme (LGPS), the new figures are based on the latest triennial valuation as at 31 March 2010.

Effectively, the Pension Fund is in deficit by £148.1m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over the remaining working life of employees as assessed by the scheme's actuary, mean that the financial position of the Authority remains healthy.

In accordance with IAS 19 an estimate of future benefits earned by members in respect of Injury benefits ; all costs, including actuarial gains or loss, are normally treated as a charge to Surplus or Deficit on the Provision of Services because IAS 19 presumes the measurement of long-term benefits, such as injury awards, is not subject to the same degree of uncertainty as pension payments.

### **Treasury Management**

Buckinghamshire County Council (BCC) currently provides the day to day operation of the Authority's Treasury Management function under a Service Level Agreement. This includes the management of the Authority's cash flows, its banking, money market and capital market transactions. Our treasury management policy mirrors that of the County Council's to ensure the effective control of the risks associated with such activities and through economies of scale gaining optimum performance but by the same token minimalising exposure to the risks involved in such activities.

Since the banking crisis, interest received on balances has reduced significantly. This is because the authority follows the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Policy which orders the importance of investments under Security, Liquidity and finally Yield. As and when the economy improves, the Authority may reconsider it's Treasury Management Policy.

The Authority has outstanding PWLB Loans at 31 March, 2011 of £8.265m. Earlier this year, the Authority repaid two PWLB Loans totalling £602k from reserves.

## **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 Director of Finance and Treasurer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

### **The Responsibilities of the Director of Finance and Treasurer**

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

In preparing this Statement of Accounts, the Director of Finance and Treasurer has:

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

The Director of Finance and Treasurer has also:

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

### **Certificate of the Director of Finance and Treasurer**

I hereby certify that this Statement of Accounts presents a true and fair view of the financial position of the Authority as at 31st March 2011 and its income and expenditure for the financial year 2010/11.

.....  
David Skinner BA CPFA

Director of Finance and Treasurer, Buckinghamshire & Milton Keynes Fire Authority

Date:

### **Approval of the Statement of Accounts**

I hereby confirm that this Statement of Accounts has been approved by the Combined Fire Authority at its meeting of the Audit Committee held on 21st September 2011

.....  
Adrian Busby

Chairman, Buckinghamshire & Milton Keynes Fire Authority's Audit Committee

Date:

# **Independent auditor's report to Members of Buckinghamshire and Milton Keynes Fire Authority**

## **Opinion on the Authority and Pension Fund accounting statements**

I have audited the accounting statements and the fire-fighters' pension fund accounting statements of Buckinghamshire and Milton Keynes Fire Authority for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement] and the related notes. The fire-fighters' pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of 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 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

## **Respective responsibilities of the Director of Finance and Treasurer and auditor**

As explained more fully in the Statement of the Treasurer's Responsibilities, the Director of Finance and Treasurer is responsible for the preparation of the Authority's Statement of Accounts, including the fire-fighters' pension fund accounting statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority and the Pension Fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Opinion on accounting statements**

In my opinion the accounting statements:

- give a true and fair view of the state of Buckinghamshire and Milton Keynes Fire Authority's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the financial transactions of the fire-fighters' pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

## **Opinion on other matters**

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

## **Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities**

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Basis of conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **Conclusion**

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Buckinghamshire and Milton Keynes Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

## **Certificate**

I certify that I have completed the audit of the accounts, including the fire-fighters' pension fund accounting statements, of Buckinghamshire and Milton Keynes Fire Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Phil Sharman  
*District Auditor*  
Officer of the Audit Commission

Audit Commission, ISIS Business Centre, Cowley, Oxford OX4 2RG

27th September 2011

## **Statement of Accounting Policies**

### **Basis of preparation**

The Financial Statements have been prepared in accordance with the CIPFA Code of Practice (COP) on Local Authority Accounting in the United Kingdom 2010/11: Based on International Financial Reporting Standards (IFRS). The accounting convention adopted is fair value.

The accounts are also prepared on the principle of Total Cost as defined in the Best Value Accounting Code of Practice (BVACOP). Total cost of a service includes all costs which relate to the provision of the service (directly or bought in) including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. Net total cost is total cost less income other than grants.

The fundamental accounting principles followed are:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

### **Critical Judgements in applying the Accounting Policies.**

The accounts are prepared on the assumption that the Authority will continue its operations for the foreseeable future. This means in particular that, despite the high degree of uncertainty resulting from reducing levels of funding over the next four years, the Income and Expenditure Account and Balance Sheet assume no intention to curtail significantly the scale of the operation. At this stage there is no indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce the level of service provision.

### **Primacy of Legislative Requirements**

The Authority derives its powers from statute and its financial and accounting framework is closely controlled by primary and secondary legislation. Where legislative requirements and accounting principles conflict, legislative requirements take precedence. The requirement of the Code of Practice used to dictate the format and methodology to follow in preparing this Statement of Accounts shows the position of accounting concepts in the Income and Expenditure Account and shows the effect of the legislative requirements in the Movement in Reserves Statement.

### **Accounts Authorisation Process**

The accounts are authorised in compliance with statutory deadlines and the accounts are formally adopted by the Authority by the end of September.

### **Accounting for the collection of Council Tax**

Since 2009, the collection of Council Tax is treated as an agency agreement.

The figures are provided on an annual basis by our five billing authorities: Aylesbury Vale District Council, Chiltern District Council, Milton Keynes Council, South Buckinghamshire District Council and Wycombe District Council. Each of the billing authorities Collection Funds are apportioned as per the guidance notes in the Code of Practise.

### **Accruals of expenditure and income**

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

- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

### **Cash and Cash Equivalents**

Cash includes cash in hand, cash at bank and bank overdrafts repayable on demand which form part of the Authority's cash management. Cash equivalents are short-term highly liquid investments that are readily converted to known amounts of cash and subject to insignificant risk of changes in value, which is assumed if the instrument's maturity is 90 days or less. Cash equivalents include cash on deposit which is held for short term cash commitments rather than for investment purposes.

The inclusion of cash equivalents is a change of accounting policy, as required, as part of the transition to accounting under IFRS

### **Charges to Revenue for non current assets**

Service revenue accounts and support services are debited with the following amounts to record the real cost of holding non current assets during the year:

- Depreciation attributable to the assets used by the relevant service. Depreciation is not charged in the year of acquisition but is charged in the year of disposal. Depreciation is charged on the balance brought forward as at 1<sup>st</sup> April.
- Impairment losses attributable to the clear consumption of economic benefits on assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, impairment losses and amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is referred to as the Minimum Revenue Provision (MRP) and since 2008/09 the Authority uses the Asset Life (Equal Instalment) Method, prior to that the annual provision was equal to the underlying borrowing measured by the Capital Financing Requirement. Depreciation, impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

### **Contingent Assets**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

Contingent assets are assessed continuously to ensure that developments are appropriately reflected in the accounts. Contingent assets are disclosed as a note to the accounts but are not recognised in the financial statements until it has become virtually certain that the economic benefits or service potential will arise and the assets' value can be measured reliably. The revenue is then recognised in the financial statements of the period in which the change in certainty occurs.

## **Contingent Liabilities**

A contingent liability is:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Authority.
- A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are assessed continuously to ensure that developments are appropriately reflected in the accounts. Contingent liabilities are disclosed as a note to the accounts but are not recognised in the financial statements until it has become probable that an outflow of future economic benefits or service potential will be required. A provision is then recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

## **Employment Benefits**

### **Benefits Payable During Employment**

A liability is recognised in the Balance Sheet when an employee has provided service in exchange for employee benefits to be paid in the future e.g. where an employee has not taken all their leave allowance for the financial year by the 31<sup>st</sup> March and is still entitled to take that leave in the next financial year. The Authority's leave year is the 1<sup>st</sup> January to the 31<sup>st</sup> December.

An expense is recognised in the Comprehensive Income and Expenditure Statement when the Authority consumes the economic benefit arising from the employee's service.

The inclusion of benefits payable during employment is a change of accounting policy, as required, as part of the transition to accounting under IFRS.

### **Post Employment 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 need to be disclosed at the time that employees earn their future entitlement.

The Combined Fire Authority participates in three 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 Firefighters*

1992 Pension Scheme (Old Scheme) and the 2006 New Firefighters' Pension Scheme.

The funding arrangements for the firefighters' pension scheme in England changed by statute with effect from 1 April 2006 and are contained within the Firefighter's Pension Scheme (*Amendment*) (*England*) Order 2006 (SI 2006/1810). Before 1 April 2006 the 1992 Scheme did not have a percentage of pensionable pay type of employer's contribution: rather each fire authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the schemes remain

unfunded but will no longer be on a pay-as-you-go basis as far as the individual fire authority is concerned.

Authorities no longer meet the pension outgoing directly: instead they pay an employer's pension contribution based on a percentage of pay into the Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation.

Subject to scrutiny and approval by the Secretary of State and Parliament, under the new arrangements the Pension Fund will be balanced to nil at the end of the year by either paying over to the DCLG the amount by which the amounts receivable by the Fund for the year exceed the amounts payable, or by receiving cash in the form of a pension top-up grant from the DCLG equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable.

The New Scheme offers defined retirement benefits to all whole time and retained firefighters joining the service after 1 April 2006.

All whole time firefighters who were part of the pension scheme prior to the 1 April 2006 were given the option to transfer to the new scheme on preferential terms up to 31 March 2007. Any new employees must join the new scheme.

- *Local Government Pension Scheme*

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme.

- *Employee Pension Schemes*

The pension costs that are charged to the Authority's accounts in respect of employees both for the Firefighters' Pension schemes and the LGPS are equal to the contributions paid to the funded pension scheme for employees.

IAS19 has been fully adopted in the accounts and 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.

Quoted securities held as assets in the defined benefit pension scheme are valued at bid price rather than mid-market value.

The net liability of all three schemes is shown in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees. Recognition of the present value of the injury obligation is included within the overall net liability per IAS19.

Statutory provisions limit the Authority to raising council tax to cover the amounts payable by the Authority to the pension fund in the year.

In the Movement in Reserves Statement there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at year-end.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing the authority's Pension Fund liabilities and has

been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48 since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

- *Discretionary Benefits:*

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements.

Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **Exceptional items and prior period adjustments**

#### Exceptional Items

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

#### Prior period adjustments

Material adjustments applicable to prior years arising from changes in accounting policies or the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and adjusting the opening balance of reserves (and other relevant Balance Sheet items) for the cumulative effect.

### **Financial Instruments**

#### Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. The amount presented in the Balance sheet is the outstanding principal repayable on borrowing plus accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement the amount payable in the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to Net Operating Expenditure of Continuing Operations in the Comprehensive Income and Expenditure Statement in the year of repurchase or early settlement.

#### Financial Assets

The Authority's loans and receivables are initially measured at fair value and carried at their amortised cost. The amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where financial assets are identified as impaired because of likelihood arising from a past event that payments due under the contract will not be made, the financial asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Gains and losses that arise upon de-recognition of the asset are credited or debited to the Comprehensive Income and Expenditure Statement.

### **Government grants and contributions**

Amounts are not recognised in the accounts until there is reasonable assurance that the Authority will comply with the conditions attached to them and the grants and contributions will be received.

Grants and contributions relating to revenue and capital expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement, except where the grant or contribution has a condition that the Authority has not satisfied at the balance sheet date.

Grants and contributions relating to capital expenditure are accounted for through Capital Grants Receipts in Advance, Capital Grants Unapplied and the Capital Adjustment Account, as appropriate, in accordance with the capital control regime.

Accounting for grants and contributions, relating to capital expenditure, through the Comprehensive Income and Expenditure Statement is a change of accounting policy, as required, as part of the transition to accounting under IFRS.

### **Intangible Assets**

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Authority (e.g. software licenses) is capitalised when it brings benefits to the Authority for more than one financial year.

Amortisation is calculated on the following bases:

<i>Class of asset</i>	<i>Lifespan</i>	<i>Amortisation method</i>
Intangible	1 to 10 years	The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits..

### **Inventories**

Stocks are included in the balance sheet at the lower of cost and net realisable value.

### **Investment Property**

Investment property is defined as one that is used solely to earn rentals or for capital appreciation or both. The Code requires investment property to be accounted for under the fair value model.

Investment properties are revalued on a yearly basis by a Royal Institute of Chartered Surveyors (RICS) practitioner under a Service Level Agreement with Buckinghamshire County Council.

Investment properties are not depreciated.

### **Leases**

#### Finance Leases

The Authority accounts for leases as finance leases when substantially all the risks and rewards incidental to ownership of an asset is transferred to the Authority. Title may or may not eventually be transferred.

*Recognition:* the Authority, as lessee, recognises finance leases as assets or liabilities at the amounts equal to the fair value of the property or, if lower, the present

value of the minimum lease payments. The discount rate used is the rate implicit in the lease, or if it is not practicable to determine, the Authority's incremental borrowing rate. Any initial direct costs of the Authority are added to the value of the asset.

Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the asset, recognised as a liability in the Balance Sheet at the start of the lease, matched with a non current asset. The liability is written down as the rent becomes payable.
- A finance charge is debited to Net Expenditure of Continuing Operations in the Comprehensive Income and Expenditure Statement as the rent becomes payable.

The Authority, as lessor, recognises assets held under a finance lease as receivable at an amount equal to the net investment in the lease. The lease payment receivable is treated as repayment of principal and finance income. The finance income is calculated so as to produce a constant periodic rate of return on the net investment. Approximation may be used to simplify the calculation.

*Measurement, impairment, disposal and depreciation:* assets held under finance leases are accounted for using the same accounting policies applied generally to Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

#### Operating Leases

*Recognition:* Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable. Income receivable from operating leases is recognised on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

*Depreciation:* Operating leases are depreciated in a consistent manner with the Authority's depreciation policy for Property, Plant and Equipment.

#### **Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Code of Practice on Local Authority Accounting 2010/11.

The total absorption costing principle is used, whereby the costs of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non operational properties.

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

#### **Property, Plant and Equipment**

Tangible assets are assets that have a physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

*Recognition:* all expenditure on the acquisition, creation or enhancement of tangible

fixed assets is capitalised, provided that it yields benefits to the Authority and the services it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charge to revenue as it is incurred.

*Measurement:* assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use, and capitalised on an accruals basis. Assets are then carried in the Balance Sheet at fair value. If there is no market based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the Authority estimates fair value using a depreciated replacement cost approach.

Land and property are revalued on a yearly basis by a Royal Institute of Chartered Surveyors (RICS) practitioner under a Service Level Agreement with Buckinghamshire County Council.

Increases in valuation are recognised in the Revaluation Reserve, unless the increase is reversing a previous impairment loss charged to Surplus / Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset.

Decreases in valuation are recognised on the Revaluation Reserve up to the credit balance existing in respect of the asset and thereafter in Surplus or Deficit on the Provision of Services.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise this is accounted for as follows:

- Where contributable to the clear consumption of economic benefits the loss is charged to the relevant service revenue account.
- Otherwise, it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

*Disposals:* when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet, less any receipts from disposal is written to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. The same de minimus level is used for Capital Receipts as for Capital Expenditure. Capital Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement).

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

*Depreciation:* is provided for on all property, plant and equipment with a determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

<i>Class of asset</i>	<i>Lifespan</i>	<i>Depreciation method</i>
Buildings	1 to 60 years	Straight line allocation over the life of the asset.
Plant & Equipment	1 to 20 years	Straight line allocation over the life of the asset.
Red Fleet Vehicles	1 to 12 years	Straight line allocation over the life of the asset.
White Fleet Vehicles	1 to 7 years	Straight line allocation over the life of the asset.

Land and Assets under Construction are not depreciated. From 01-Apr-2010, where an asset has major components with different estimated useful lives, these components will be accounted for separately and depreciated according to the life expectancy of the particular component.

In applying the principals of componentisation the de minimus value of a property has been set at £500,000 and individual components at £50,000, i.e. 10% of the overall asset below which any component will not be calculated separately. The components that have been identified as relevant to the authority are weatherproofing (to include windows, roofs, bay doors and doors), mechanical and electrical and finally yards and drill towers (i.e. external elements). Where the life expectancy of any component would exceed the life expectancy of the main structure then the life expectancy of the component will be limited to that of the main structure.

The Authority's de-minimus level for capital is £6K.

### **Provisions**

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 and corresponding provisions are set up in the Balance Sheet so that when payments are eventually made, they can be charged against those provisions. Estimated settlements are reviewed at the end of each financial year and the provisions adjusted accordingly.

### **Reserves**

The Authority sets aside specific amounts as usable reserves for future policy purposes or to cover contingencies. When expenditure to be financed from a usable reserve has been incurred, it is charged to the appropriate service revenue account in that year and an amount from the usable reserve is appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain statutory reserves are kept to manage accounting processes for property, plant and equipment and for retirement benefits. These are called unusable reserves, because they do not represent usable resources for the Authority.

### **Use of estimates and judgements.**

The following are the key assumptions concerning the future, and other key sources of estimation and uncertainty at the end of the financial year, which may have a

significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Judgement and estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including how likely it is that expenditure will be required by the Authority. This can be complex, especially where there is a wide range of outcomes.

Estimates are made as to the amount of time spent by firefighters in carrying out Community Safety activities based on technical officer advice as to work volumes and activities and this estimate is used to determine how much of the direct costs of firefighters is apportioned to Community Fire Safety in the Comprehensive Income and Expenditure Statement.

The cost of support services and service management has been fully charged to service expenditure headings. In line with CIPFA guidance, the cost of corporate management is not charged to service expenditure headings. Corporate management relates to those activities and costs incurred in the general running of the Authority. It includes a proportion of the senior officer management team and such items as the cost of external audit. Costs are apportioned based on a range of criteria including accommodation space occupied, IT services employed and technical officer assessments of volumes and activities.

Democratic representation and management includes all Members' allowances and costs, officer time in support of Members and certain subscriptions to local authority associations. Where support services are recharged a number of methods are used depending on the nature of the costs.

Where other estimates and judgements are utilised reference is made appropriately within the notes to the accounts.

- Buildings are apportioned based on the floor space occupied by the service
- Central departments such as Finance and Accountancy Services, Property, Procurement and Transport are all apportioned based on the recipient service's controllable budget
- Human Resources, Equality and Diversity, Performance Planning and Publicity are apportioned based on Staff FTE numbers as at the end of the year.
- ICT support costs are apportioned based on the number of workstations within each service.

The apportionment bases were reviewed for completeness and accuracy in April 2011.

#### **VAT**

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

## Movement in Reserves Statement

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

Usable Reserves	Earmarked Reserves														Total Usable Reserves £000s
	Note 23a Usable Capital Receipts Reserve £000s	Note 23b General Fund Balance £000s	Note 23c Fire Control Reserve £000s	Note 23d Debt Repayment Reserve £000s	Note 23e Invest to Save Reserve £000s	Note 23f Moving Forward Reserve £000s	Note 23g Transitional Grant Reserve £000s	Note 23h New Dimensions Reserve £000s	Note 23i Asset Managem't Reserve £000s	Note 23j Redundancy and Early Retirement Reserve £000s	Note 23k New Burdens Reserve £000s	Note 23l Vehicle Reserve £000s	Note 23m Funding Pressures Reserve £000s		
<b>Balance as at 1 April 2009</b>	0	-2,515	-50	-785	-329	-400	0	0	0	0	0	0	0	0	-4,079
Surplus (-) or deficit on provision of services (accounting basis)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Comprehensive Income &amp; Expenditure</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net increase / decrease before transfers to earmarked reserves</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to / from earmarked reserves	0	-496	-100	217	-43	0	-170	0	0	0	0	0	0	0	-592
<b>Increase / decrease in year</b>	0	-496	-100	217	-43	0	-170	0	0	0	0	0	0	0	-592
<b>Balance at 31 March 2010</b>	0	-3,011	-150	-568	-372	-400	-170	0	0	0	0	0	0	0	-4,671
<b>Balance at 31 March 2010</b>	0	-3,011	-150	-568	-372	-400	-170	0	0	0	0	0	0	0	-4,671
Surplus (-) or deficit on provision of services (accounting basis)	0	-6,539	0	0	0	0	0	0	0	0	0	0	0	0	-6,539
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Comprehensive Income &amp; Expenditure</b>	0	-6,539	0	0	0	0	0	0	0	0	0	0	0	0	-6,539
Adjustments between accounting basis & funding basis under regulations	0	3,441	0	568	0	0	0	-189	0	0	0	0	0	0	3,820
<b>Net increase / decrease before transfers to earmarked reserves</b>	0	-3,098	0	568	0	0	0	-189	0	0	0	0	0	0	-2,719
Transfers to / from earmarked reserves	-20	2,393	0	0	-59	-170	170	-664	-180	-180	-84	-17	-1,000	189	
<b>Increase / decrease in year</b>	-20	-705	0	568	-59	-170	170	-853	-180	-180	-84	-17	-1,000	-2,530	
<b>Balance at 31 March 2011</b>	-20	-3,716	-150	0	-431	-570	0	-853	-180	-180	-84	-17	-1,000	-7,201	
Amounts held for revenue purposes		-3,716	-150	0	-431	-570	0	-853	-180	-180	-84	-17	-1,000	-7,181	
Amounts held for capital purposes	-20													-20	

Unusable Other Reserves	Note 24a	Note 24b	Note 24c	Note 24d	Note 24e	Note 24f	Total Other Reserves £000s
	Accum Absences Account £000s	Capital Adjustm't Account £000s	Collection Fund Adjustm't Account £000s	Pensions Reserve £000s Restated	Revaluation Reserve £000s	Financial Instruments Reserve	
<b>Balance at 1 April 2009</b>	<b>541</b>	<b>-24,213</b>	<b>-21</b>	<b>129,192</b>	<b>-224</b>	<b>0</b>	<b>105,275</b>
Surplus (-) or deficit on provision of services (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Income & Expenditure	0	-5	0	0	0	0	-5
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>0</b>	<b>-5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5</b>
Adjustments between accounting basis & funding basis under regulations	714	1,393	-19	63,576	86	0	65,750
<b>Net increase / decrease before transfers to earmarked reserves</b>	<b>714</b>	<b>1,388</b>	<b>-19</b>	<b>63,576</b>	<b>86</b>	<b>0</b>	<b>65,745</b>
Transfers to / from earmarked reserves	-541	-420	0	7,121	0	0	6,160
<b>Increase / decrease in year</b>	<b>173</b>	<b>968</b>	<b>-19</b>	<b>70,697</b>	<b>86</b>	<b>0</b>	<b>71,905</b>
<b>Balance at 31 March 2010</b>	<b>714</b>	<b>-23,245</b>	<b>-40</b>	<b>199,889</b>	<b>-138</b>	<b>0</b>	<b>177,180</b>
<b>Balance at 31 March 2010</b>	<b>714</b>	<b>-23,245</b>	<b>-40</b>	<b>199,889</b>	<b>-138</b>	<b>0</b>	<b>177,180</b>
Surplus (-) or deficit on provision of services (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Income & Expenditure	-714	0	0	0	0	49	-665
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>-714</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>-665</b>
Adjustments between accounting basis & funding basis under regulations	743	-174	-196	-48,010	-217	0	-47,854
<b>Net increase / decrease before transfers to earmarked reserves</b>	<b>29</b>	<b>-174</b>	<b>-196</b>	<b>-48,010</b>	<b>-217</b>	<b>49</b>	<b>-48,519</b>
Transfers to / from earmarked reserves	0	0	0	-3,722	0	0	-3,722
<b>Increase / decrease in year</b>	<b>29</b>	<b>-174</b>	<b>-196</b>	<b>-51,732</b>	<b>-217</b>	<b>49</b>	<b>-52,241</b>
<b>Balance at 31 March 2011</b>	<b>743</b>	<b>-23,419</b>	<b>-236</b>	<b>148,157</b>	<b>-355</b>	<b>49</b>	<b>124,939</b>
Amounts held for revenue purposes	743		-236	148,157		49	148,713
Amounts held for capital purposes		-23,419			-355		-23,774

Total Reserves		
Total Usable Reserves £000s	Total Other Reserves £000s	Total Authority Reserves £000s
-4,079	105,275	101,196
0	0	0
0	-5	-5
0	-5	-5
0	65,750	65,750
0	65,745	65,745
-592	6,160	5,568
-592	71,905	71,313
-4,671	177,180	172,509
-4,671	177,180	172,509
-6,458	0	-6,458
0	-665	-665
-6,458	-665	-7,123
3,739	-47,854	-44,115
-2,719	-48,519	-51,238
189	-3,722	-3,533
-2,530	-52,241	-54,771
-7,201	124,939	117,738
-7,181	148,713	141,532
-20	-23,774	-23,794

## Comprehensive Income and Expenditure Statement

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

2009/10 Restated			Income and Expenditure	2010/11			Notes to the Accounts
Expenditure £000s	Income £000s	Net £000s		Expenditure £000s	Income £000s	Net £000s	
3,484	-362	3,122	Community Fire Safety	3,943	-482	3,461	Note 1
27,996	-2,425	25,571	Fire Fighting and Rescue Operations	27,758	-2,345	25,413	Note 1
1,530	-119	1,411	Corporate & Democratic Core	1,295	-23	1,272	Note 1
16	0	16	Non Distributed Costs	12	0	12	
0	0	0	Pension Past Service Cost	0	-16,539	-16,539	Note 1
<b>33,026</b>	<b>-2,906</b>	<b>30,120</b>	<b>Surplus (-) or Deficit on Continuing Operations</b>	<b>33,008</b>	<b>-19,389</b>	<b>13,619</b>	
		0	Other Operating Expenditure				
0		0	Gains / losses on disposals of non current assets	0	-7	-7	Note 23b
0	-1,771	-1,771	Gain in relation to government grant payable to the Pension Fund on the Authority's behalf	0	-1,061	-1,061	Firefighters' Pension Fund Account
<b>0</b>	<b>-1,771</b>	<b>-1,771</b>	<b>Total Other Operating Expenditure</b>	<b>0</b>	<b>-1,068</b>	<b>-1,068</b>	
		0	Financing and Investment Income & Expenditure				
323	0	323	Interest payable and similar charges	332	0	332	Note 29 a
0	-32	-32	Interest and Investment Income	0	-38	-38	Note 29 a
8,916	-425	8,491	Pensions interest cost and expected return on pensions assets	11,427	-696	10,731	Note 28 a
<b>9,239</b>	<b>-457</b>	<b>8,782</b>	<b>Total Financing and Investment Income &amp; Expenditure</b>	<b>11,759</b>	<b>-734</b>	<b>11,025</b>	
			Taxation and Non-Specific Grant Income				
0	-16,868	-16,868	Precepts	0	-17,614	-17,614	Note 10
0	-2,837	-2,837	General Government Grants	0	-2,501	-2,501	Note 10
0	-9,258	-9,258	Non Domestic Rates redistribution	0	-10,000	-10,000	Note 10
0	-28,963	-28,963	Total Taxation and Non-Specific Grant Income	0	-30,115	-30,115	
<b>42,265</b>	<b>-34,097</b>	<b>8,168</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>44,767</b>	<b>-51,306</b>	<b>-6,539</b>	
		96	Surplus or Deficit on revaluation of fixed assets			-217	Note 11a
		0	Surplus or deficit on revaluation of available for sale financial assets			0	
		63,576	Actuarial gains / losses (-) on Pension Fund assets and liabilities			-48,010	Note 28b
		0	Any other gains and losses (-)			-5	
		<b>63,672</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>-48,232</b>	
		<b>71,840</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>-54,771</b>	

The table above shows a high level view of our expenditure on our Services. Detailed notes can be found on pages 33 to 41.

## Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

1-Apr-09 £000s Restated	31-Mar-10 £000s Restated	Balance Sheet	31-Mar-11 £000s	Notes
		<u>Property, Plant &amp; Equipment</u>		
27,839	26,531	Land & Buildings	27,783	Note 11a
3,547	4,782	Vehicles, Plant & Equipment	4,891	Note 11a
0	0	Donated Assets	924	Note 11a
211	495	Assets under construction	553	Note 11a
31,597	31,808	Total Property, Plant & Equipment	34,151	
119	127	Investment Property	104	Note 12
180	153	Intangible Assets	326	Note 13
<b>31,896</b>	<b>32,088</b>	<b>Long Term Assets</b>	<b>34,581</b>	
331	479	Short Term Investments	50	Note 14
186	291	Inventories	316	Note 15
887	768	Short Term Debtors	1,717	Note 16
7,225	7,394	Cash and Cash Equivalents	7,789	Note 17
<b>8,629</b>	<b>8,932</b>	<b>Current Assets</b>	<b>9,872</b>	
-335	-69	Short Term Borrowing	-81	Note 18
-3,219	-3,220	Short Term Creditors	-1,681	Note 18
-541	-714	Provision for Accumulated Absences	-743	Note 19
0	0	Provision for Part Time Workers	-250	Note 19
0	0	Provision - VR/Special Payments	-76	Note 19
<b>-4,095</b>	<b>-4,003</b>	<b>Current Liabilities</b>	<b>-2,831</b>	
-6,117	-7,117	Long Term Borrowing	-8,265	Note 20
		<u>Other Long Term liabilities</u>		
-209	-209	Capital Grants Received in Advance	0	Note 21
-2,108	-2,061	Finance Lease	-2,014	Note 22
0	0	Donated Assets Account	-924	Note 25
-129,192	-199,889	Liability related to the Defined Benefit Pension Scheme	-148,157	Note 28
0	-250	Provision for Part Time Workers	0	Note 19
-131,509	-202,409	Total Other Long Term Liabilities	-151,095	
<b>-137,626</b>	<b>-209,526</b>	<b>Long Term Liabilities</b>	<b>-159,360</b>	
<b>-101,196</b>	<b>-172,509</b>	<b>NET ASSETS</b>	<b>-117,738</b>	
		<b>Reserves</b>		
-4,079	-4,671	Usable Reserves	-7,201	Note 23
105,275	177,180	Other Reserves	124,939	Note 24
<b>101,196</b>	<b>172,509</b>	<b>TOTAL RESERVES</b>	<b>117,738</b>	

## Cash Flow Statement

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

2009/10 £000s	Cash Flow Statement	2010/11 £000s	Notes
-8,245	Net surplus or deficit on the provision of services.	6,458	1 & 23b
9,854	Adjust for non-cash movements.	-5,523	32a
0	Adjust for items that are investing or financing activities.	-872	32a
<b>1,609</b>	<b>Net Cash Flow from Operating Activities</b>	<b>63</b>	
4,058	Investing Activities	-1,401	32c
1,382	Financing Activities	1,733	32d
<b>7,049</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>395</b>	
345	Cash and Cash equivalents at the beginning of the reporting period	7,394	
<b>7,394</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>7,789</b>	32e

Notes on the Cash Flow commence on page 70.

## Notes to the Core Financial Statements

### 1. Service Information

In the Comprehensive Income and Expenditure Statement on page 30, services are analysed between the main operational Divisions of Service and the Corporate and Democratic Core. Service expenditure includes charges for statutory obligations under FRS17 and the apportionment of Central Services relevant to that Division.

The following tables provide further information on services.

#### a) Community Fire Safety

2009/10 Net Expenditure £000s	Community Fire Safety	2010/11 Net Expenditure £000s
1,279	Statutory Inspection & Certification	1,229
1,792	Prevention and Education	1,992
<b>3,071</b>	<b>Total</b>	<b>3,221</b>

There has been a small variance in the Community Fire Safety work as resources have been realigned to reflect changing priorities and risks.

Community Fire Safety work undertaken by operational response crews has been directly apportioned to Prevention and Education to take account of Home Fire Risk checks and other Community Fire Safety work carried out and it is this work that has seen a small decrease in the numbers of Home Safety Checks performed by crews as the number of vacancies on fire stations increased in 2010/11.

#### b) Fire Fighting and Rescue Operations

2009/10 Net Expenditure £000s	Fire Fighting and Rescue Operations	2010/11 Net Expenditure £000s
23,450	Operational Responses	20,218
1,391	Communications and Mobilising	1,055
169	Securing Water Supplies	180
<b>25,010</b>	<b>Total</b>	<b>21,453</b>

There has been a decrease in the number of operational response staff due to the number of vacancies of staff as well as a reduction in impairment charges charged this year which reflects a slight rise in land and property values compared to 2009/10.

#### c) Central Services

2009/10 Net Expenditure £000s	Central Services	2010/11 Net Expenditure £000s
1,309	Corporate & Democratic Core	1,211
16	Non Distributed Costs	12
<b>1,325</b>	<b>Total</b>	<b>1,223</b>

Corporate and Democratic Core expenditure is limited to expenditure allowed in the guidance for the costs attributable to the management and running of an organisation that has members and the costs associated with the Chief Fire Officer and Chief Executive.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

The amount has been recognised in the Comprehensive Income and Expenditure Statement as a Past Service Gain in Non-distributable costs within the Surplus or Deficit on Continuing Operations in accordance with guidance set down in UITF Abstract 48. This has the effect of reducing the authority's Pension Fund liabilities in total, by £16.047m. The breakdown across each Pension Fund can be found under Transactions relating to retirement benefits at page 56. There is no impact upon the General Fund.

d) Exceptional Item

There are no exceptional items to report for 2010/11.

e) Service Analysis

<b>Service Analysis</b>	<b>Community Fire Safety £000s</b>	<b>Fire Fighting and Rescue Operations £000s</b>	<b>Total £000s</b>
Fees, charges & other service income	-236	-641	-877
Government Grants	-246	-2,151	-2,397
<b>Total Income</b>	<b>-482</b>	<b>-2,792</b>	<b>-3,274</b>
Employee Expenses	3,014	20,513	23,526
Other Operating Expenses	689	3,733	4,422
<b>Total Operating Expenses</b>	<b>3,703</b>	<b>24,245</b>	<b>27,948</b>
<b>Cost of Services</b>	<b>3,221</b>	<b>21,453</b>	<b>24,674</b>

f) Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

<b>Reconciliation</b>	<b>Total £000s</b>
Cost of Services in Service Analysis	24,674
Add services not included in main analysis	1,223
Adjust for amounts not reported to management	-11,957
Remove amounts reported to management not included in CIES	0
<b>Net Cost of Services in Comprehensive Income &amp; Expenditure Statement</b>	<b>13,940</b>

g) Reconciliation to Subjective Analysis

<b>Service Analysis</b>	<b>Service Analysis £000s</b>	<b>Services not in Analysis £000s</b>	<b>Amounts not reported to management £000s</b>	<b>Amounts not included in the CIES £000s</b>	<b>Allocation of Recharges £000s</b>	<b>Net Cost of Services £000s</b>	<b>Corporate Amounts £000s</b>	<b>Total £000s</b>
Fees, charges & other service income	-877	-8	0	0	0	-885	0	-885
Gain in relation to government grant payable to Fire-Fighter's Pension Fund on the Authority's behalf	0	0	0	0	0	0	-1,061	-1,061
IAS19 Pension Adjustments	0	0	-13,070	0	0	-13,070	0	-13,070
Interest and investment income	0	0	0	0	0	0	-38	-38
Income from council tax	0	0	0	0	0	0	-17,614	-17,614
Government grants and contributions	-2,397	-15	0	0	0	-2,412	-12,501	-14,913
<b>Total Income</b>	<b>-3,274</b>	<b>-23</b>	<b>-13,070</b>	<b>0</b>	<b>0</b>	<b>-16,367</b>	<b>-31,214</b>	<b>-47,581</b>
Employee Expenses	23,526	686	0	0	0	24,212	0	24,212
Employee Absence Accrual	0	0	29	0	0	29	0	29
Other Operating Expenses	4,605	377	0	0	0	4982	0	4,982
Support Service Recharges	-183	183	0	0	0	0	0	0
Depreciation, amortisation and impairment	0	0	1,084	0	0	1,084	0	1,084
Interest Payments	0	0	0	0	0	0	332	332
Pensions Interest Cost and Return on Pension Fund Assets	0	0	0	0	0	0	10,410	10,410
Gain or loss on disposal of non current assets	0	0	0	0	0	0	-7	-7
<b>Total Operating Expenses</b>	<b>27,948</b>	<b>1,246</b>	<b>1,113</b>	<b>0</b>	<b>0</b>	<b>30,307</b>	<b>10,735</b>	<b>41,042</b>
<b>Surplus (-) or deficit on the provision of services</b>	<b>24,674</b>	<b>1,223</b>	<b>-11,957</b>	<b>0</b>	<b>0</b>	<b>13,940</b>	<b>-20,479</b>	<b>-6,539</b>

## 2. Officers' Remuneration

The number of employees, whose remuneration, excluding employer's pensions contributions, was £50,000 or more in bands of £5,000 is shown below. Whilst the number of employees has remained constant the new interpretation of car benefit as provided by H M Revenue and Customs has seen a further 9 employees exceed the £50,000 level. At the higher levels the figures reflect the move away from an interim management structure to a permanent one.

2009/10 Number of Employees	Remuneration Band	2010/11 Number of Employees
8	£50,000 to £54,999	17
10	£55,000 to £59,999	11
1	£60,000 to £64,999	4
2	£65,000 to £69,999	1
1	£70,000 to £74,999	2
3	£75,000 to £79,999	0
2	£85,000 to £89,999	1
0	£90,000 to £94,999	1
0	£95,000 to £99,999	1
0	£135,000 to £139,999	1
<b>27</b>	<b>Total</b>	<b>39</b>

Termination benefits may need to be disclosed where the nature and amount of an expense is material. There were no such termination benefits payable during 2010-11 (2009-10 Nil)

The following table sets out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year in 2010/11.

<b>Post Holder</b>	<b>Salary Including Fees And Allowances £s</b>	<b>Benefits in Kind e.g. Car Allowance £s</b>	<b>Total Remuneration Excluding Pension Contribution 2010/11 £s</b>	<b>Pension Contribution £s</b>	<b>Total Remuneration Including Pension Contributions 2010/11 £s</b>	<b>Notes</b>
Chief Fire Officer and Chief Executive	131,250	7,367	<b>138,617</b>	26,754	<b>165,371</b>	
Deputy Chief Fire Officer	87,366	6,920	<b>94,286</b>	18,727	<b>113,012</b>	From 17th May 2010
ACO Risk	89,696	7,864	<b>97,560</b>	19,212	<b>116,772</b>	Returned Secondment 4th May 2010
ACO Risk (Temp)	48,366	402	<b>48,768</b>	9,164	<b>57,932</b>	Covering Secondment 1st April - 16th May 2010 - left 11th Nov 2010
ACO Response	82,016	4,650	<b>86,666</b>	17,469	<b>104,135</b>	Started 3rd May 2010
ACO Response (Temp)	66,592	2,590	<b>69,182</b>	13,393	<b>82,575</b>	Acting up 1st April - 16th May 2010 left 28th Feb 2011
ACO Planning (Temp)	33,651	1,273	<b>34,924</b>	6,764	<b>41,688</b>	Acting up 1st April -16th May 2010 left 12th Sept 2010
HR Director	54,032	1,586	<b>55,618</b>	10,189	<b>65,807</b>	From 12th July 2010
Treasurer	22,686	518	<b>23,204</b>	4,130	<b>27,334</b>	Left 16th July 2010
Treasurer	69,160	3,866	<b>73,026</b>	13,046	<b>86,072</b>	Acting from 19th July 2010 - 31st March 2011

The following table sets out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year in 2009/10.

<b>Post Holder</b>	<b>Salary Including Fees And Allowances £s</b>	<b>Benefits in Kind e.g. Car Allowance £s</b>	<b>Total Remuneration Excluding Pension Contributions 2009/10 £s</b>	<b>Pension Contributions £s</b>	<b>Total Remuneration Including Pension Contributions 2009/10 £s</b>	<b>Notes</b>
Chief Fire Officer	25,025	218	<b>25,243</b>	5,357	<b>30,600</b>	Left - 1st April 2009 to 20th June 2009
Chief Fire Officer	0	0	<b>0</b>	0	<b>0</b>	July - 31st December 09 covered by secondment from Kent Fire Service
Chief Fire Officer and Chief Executive	31,250	101	<b>31,351</b>	6,678	<b>38,028</b>	Commenced 1st January 2010
ACO Risk	85,865	1,241	<b>87,106</b>	18,294	<b>105,400</b>	On Secondment to CLG
ACO Risk	85,428	603	<b>86,032</b>	18,294	<b>104,326</b>	Covering Secondment
ACO Planning	77,615	990	<b>78,606</b>	15,961	<b>94,567</b>	Temp Post Commencing 1st October 2009
ACO Response	76,835	855	<b>77,690</b>	16,089	<b>93,779</b>	Temp Post Commencing 1st October 2009
ACO Response	44,633	960	<b>45,594</b>	9,206	<b>54,799</b>	Left - 1st April 2009 to 30th September 2009
Treasurer	74,455	2,582	<b>77,037</b>	13,736	<b>90,773</b>	

### 3. Provision for doubtful debts

The provision for doubtful debts now stands at £36,523 at 31st March 2011. This is considered a prudent level to hold against debts that may not be recovered. All existing debts have been considered for recoverability and the provision is adequate to ensure any doubtful debts could be covered. No debts were written off in the year.

### 4. Leases and lease type arrangements

The operating leases held by the Authority apply to lease vehicles and radio communications equipment. The lease rentals paid during the year amounted to £566k (£501k in 2009/10). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

31-Mar-10		Years Operational Lease remaining	31-Mar-11	
Vehicles Plant and Equipment £000s	Land and Buildings £000s		Vehicles Plant and Equipment £000s	Land and Buildings £000s
159	115	0-1 years	195	114
324	458	2-5 years	217	384
0	975	6 years and onwards	0	874
<b>483</b>	<b>1,548</b>	<b>Total</b>	<b>412</b>	<b>1,372</b>

The finance lease held by the Authority is for the sale and leaseback of the Gerrards Cross houses with London Quadrant (previously Opus Housing). The Authority has included the finance lease as a long term liability. The finance lease is detailed in Note 22 on page 50.

### 5. Capital Financing Requirement

The table below shows the effect of capital expenditure on the Authority's capital financing requirement.

2009/10 £000s		2010/11 £000s
7,459	Opening Capital Financing Requirement	8,706
	<b>Capital Investment</b>	
2,532	Property Plant and Equipment	2,274
124	Intangible Assets	83
	<b>Sources of Finance</b>	
0	Capital Receipts	-37
-695	Government Grants and Contributions	-835
-714	Revenue Funding including MRP	-354
<b>8,706</b>	<b>Closing Capital Financing Requirement</b>	<b>9,837</b>
	Explanation of movements in year	
1,247	Increase in the underlying need to borrow (supported by Government financial assistance)	1,131
<b>1,247</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>1,131</b>

### 6. Members Allowances

Total allowances paid in 2010/11 to 28 Members amounted to £72K (2009/10 amounted to £71k to 21 Members). Although there was a reduction in the number of

Members in 2010/11 from 21 down to 17 this was combined with a change in individual members part way through the year which accounts for the variance in numbers actually receiving allowances in the year. Detailed information on individual allowances is available on the Authority website <http://bucksfire.gov.uk/BucksFire/How+we+make+decisions/Eulesandregulations.htm> and on request.

## 7. Audit Fees

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

31-Mar-10 £000s	Audit Fees	31-Mar-11 £000s
78	External Audit Services	75
<b>78</b>	<b>Total</b>	<b>75</b>

## 8. Revenue Grants

Section 31 grants received from the DCLG by the Authority are detailed below. The grants are not ring-fenced but are given for specific streams of work. The figures shown in the table below are the net figures after unapplied grant has been moved into earmarked reserves.

31-Mar-10 £000s	Revenue Grants Applied	31-Mar-11 £000s
-765	Urban Search and Rescue	-942
-181	New Burdens	-93
-1	Council Tax Efficiency Information	0
<b>- 947</b>	<b>Total</b>	<b>-1,035</b>

These grants are included in the Net Cost of Services in the Comprehensive Income and Expenditure Statement on page 30

## 9. Related Parties

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

### Central Government

Central Government is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support in 2010/11 to the Authority.

### Other Public Bodies

Buckinghamshire County Council provides Internal Audit Services, Treasury Management, SAP Systems Support, the Monitoring Officer and Legal Services for the Authority. Milton Keynes Council provides Clerking services for the Authority's committee meetings. These are undertaken on a commercial basis and will therefore not have a controlling influence on either body.

The Authority has entered into local public service agreements with all six councils within its geographic boundaries. The Authority is using these agreements to build capacity within its Community Fire Safety department so that it can contribute along with its partners to the shared vision of creating a safer Buckinghamshire and Milton Keynes.

#### Members of the Authority

Members have direct control over the Authority's financial and operational policies. However, any contracts entered into are in full compliance with the Authority's standing orders and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. All Members have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

#### Senior Officers of the Authority

Senior Officers have control over the day-to-day management of the Authority. All Senior Officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

#### Assisted organisations

The Authority does not provide any significant financial assistance to organisations that are outside of its normal contractual arrangements.

#### Companies and joint ventures

The Authority does not have any interests in companies outside of its normal contractual arrangements.

### **10. Funding**

The Authority's net revenue expenditure is funded by local authority precepts, general government grants and non domestic rates redistribution from the national pool.

<b>31-Mar-10 £000s</b>	<b>Funding</b>	<b>31-Mar-11 £000s</b>
-3,868	Aylesbury Vale District Council	-3,994
-2,554	Chiltern District Council	-2,630
-4,652	Milton Keynes Council	-4,969
-1,860	South Buckinghamshire District Council	-1,909
-3,934	Wycombe District Council	-4,112
<b>-16,868</b>	<b>Total Precepts</b>	<b>-17,614</b>
-2,137	Revenue Support Grant	-1,451
0	Capital Grants	-1,050
<b>-2,137</b>	<b>Total General Government Grants</b>	<b>-2,501</b>
-9,258	Non Domestic Rates redistribution	-10,000
<b>-9,258</b>	<b>Total Non Domestic Rates redistribution</b>	<b>-10,000</b>
<b>-28,263</b>	<b>Total Funding</b>	<b>-30,115</b>

In 2010/11 there were 293,990 Band D properties and in 2009/10 there were 291,649 Band D properties.

## 11. Non current asset

### a) Movement of Property, Plant and Equipment

	Land and Buildings £000s	Leased Land & Buildings* £000s	Total Land & Buildings £000s	Vehicles, Plant and Equipment £000s	Assets Under Construction £000s	Total £000s
<b>Gross Book Value as at 1-April -2010</b>	<b>27,258</b>	<b>2,357</b>	<b>29,615</b>	<b>6,360</b>	<b>495</b>	<b>36,470</b>
Additions	1,092	0	1,092	834	354	<b>2,280</b>
Donated Assets **	0	0	0	924	0	<b>924</b>
Disposals and write offs	0	0	0	-44	0	<b>-44</b>
Reclassifications	167	0	167	0	-296	<b>-129</b>
Revaluation increase / decrease(-) recognised in Revaluation Reserve	258	0	258	2	0	<b>260</b>
Revaluation increase /decrease(-) recognised in surplus/deficit on provision of service	291	0	291	0	0	<b>291</b>
<b>Gross Book Value as at 31-Mar-2011</b>	<b>29,066</b>	<b>2,357</b>	<b>31,423</b>	<b>8,076</b>	<b>553</b>	<b>40,052</b>
<b>Accumulated depreciation and Impairment as at 1-April-2010</b>	<b>-2,795</b>	<b>-289</b>	<b>-3,084</b>	<b>-1,578</b>	<b>0</b>	<b>-4,662</b>
Depreciation for the year	-462	-47	-509	-692	0	<b>-1,201</b>
Depreciation on disposal	0	0	0	9	0	<b>9</b>
Depreciation written out to Revaluation Reserve	20	0	20	0	0	<b>20</b>
Depreciation written out to surplus / deficit(-) on provision of service	428	0	428	17	0	<b>445</b>
Impairments losses / reversals(-) recognised in the Revaluation Reserve	51	0	51	0	0	<b>51</b>
Impairment losses / reversals(-) recognised in surplus/deficit on provision	-546	0	-546	-17	0	<b>-563</b>
<b>Depreciation c/f</b>	<b>-3,304</b>	<b>-336</b>	<b>-3,640</b>	<b>-2,261</b>	<b>0</b>	<b>-5,901</b>
<b>Net Book Value as at 31-Mar-2011</b>	<b>25,762</b>	<b>2,021</b>	<b>27,783</b>	<b>5,815</b>	<b>553</b>	<b>34,151</b>

\* Finance Lease item as detailed in note 22

\*\* The Government transferred ownership of the New Dimension Assets that had previously been provided to fire and rescue authorities on the 1<sup>st</sup> April 2010. The net book value of the asset transferred to the Authority was £924K and as these were transferred at nil cost, they are shown as donated assets with the 'fair value' added to property plant and equipment on the balance sheet and a contra entry being included as the Donated Assets Account (note 25) within long term liabilities. This does not prejudice the negotiations with the Department for Communities and Local Government over final transfer but does affect the borrowing position of the Authority.

Comparative figures for 2009/10.

	Land and Buildings £000s	Leased Land & Buildings* £000s	Total Land & Buildings £000s	Vehicles, Plant and Equipment £000s	Assets Under Construction £000s	Total £000s
<b>Gross Book Value as at 1-April-2009</b>	26,588	2,357	28,945	4,579	211	33,735
Additions	590	0	590	1,758	306	2,654
Disposals and write offs	0	0	0	0	0	0
Reclassifications	-105	0	-105	0	-22	-127
Revaluations	185	0	185	23	0	208
<b>Gross Book Value as at 31-Mar-2010</b>	27,258	2,357	29,615	6,360	495	36,470
<b>Accumulated Depreciation and Impairment 1-April 2009</b>	-745	-242	-987	-1,032	0	-2,019
Depreciation for the year	-520	-47	-567	-546	0	-1,113
Depreciation on disposal	0	0	0	0	0	0
Impairments	-1,530	0	-1,530	0	0	-1,530
<b>Accumulated Depreciation and Impairment 31-March 2010</b>	-2,795	-289	-3,084	-1,578	0	-4,662
<b>Net Book Value as at 31-Mar-2010</b>	24,463	2,068	26,531	4,782	495	31,808

b) Basis of Valuation

Property Revaluations are undertaken on an annual basis, upward valuations are charged to a Revaluation Reserve, decreases in value called impairments are charged to the Revaluation Reserve up to the value held therein against the specific asset and any residue charged to the Income and Expenditure Account as a loss. The revaluations are as a result of a general increase in property and land values and also taking account of sale proceeds to gain a market value for vehicles disposed of in year. Impairments are due to a decrease in value following the annual valuation by our valuer as set out below.

Reclassifications are where Assets which were previously Assets under Construction (AUC) are now completed and are reclassified under their appropriate asset heading.

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.

The properties were valued by Ken Oldknow (BSc MRICS) of Buckinghamshire County Council Property Department with whom the Fire Authority has a Service Level Agreement. All valuations have been carried out in accordance with current Practice Statements and Guidance Notes contained within the Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors. The sources of information and assumptions made in producing the various valuations are set out in the valuation certificates and reports

c) Valuation Information

The following statement shows the progress of the Authority's programme for the revaluation of assets.

<b>Year of Valuation</b>	<b>Land and Buildings £000s</b>	<b>Vehicles £000s</b>	<b>Equipment £000s</b>	<b>AuC £000s</b>	<b>Total £000s</b>
<b>2010-11</b>	25,522	0	0	0	<b>25,522</b>
<b>Valued at Historic Cost</b>	3,185	3,582	1,309	553	<b>8,629</b>
<b>Total</b>	<b>27,707</b>	<b>3,582</b>	<b>1,309</b>	<b>553</b>	<b>34,151</b>

d) Depreciation Lives

The Authority policy of depreciating assets is over their useful lives as table below:

<b>Asset Class</b>	<b>Useful Life</b>
Red Fleet Vehicles	1 to 12 years
White Fleet Vehicles	1 to 7 years
Plant & Equipment	1 to 20 years
Buildings	1 to 60 years
Intangibles	1 to 10 years

e) Capital Account Expenditure

<b>Capital Account Expenditure</b>	<b>Land and Buildings £000s</b>	<b>Plant, Vehicles &amp; Equipment £000s</b>	<b>Intangible Assets £000s</b>	<b>Total 2010/11 £000s</b>
Broughton	835	0	0	835
High Wycombe	92	0	0	92
Beaconsfield	24	0	0	24
Gerrards Cross	9	0	0	9
Drill Yard Works	30	0	0	30
Buckingham	37	0	0	37
Brigade Headquarters	13	0	0	13
Planned Maintenance Works	27	0	0	27
Fire Appliances & equipment	0	907	0	907
Smoke Alarms	0	100	0	100
PPE Uniforms	0	100	0	100
Operational equipment	0	36	0	36
Other Community Safety Initiatives	0	46	0	46
IT Equipment	0	18	0	18
Corporate Gazetteer	0	0	33	33
Asset Management	0	0	5	5
Vision	0	0	45	45
<b>Total</b>	<b>1,067</b>	<b>1,207</b>	<b>83</b>	<b>2,357</b>

f) Statement of Physical Assets Held

<b>Description of Asset</b>	<b>Numbers Held</b>
<u>Fire Stations</u>	
6 Wholetime Fire Stations	
4 Wholetime Day Crewed Fire Stations	20
10 Retained Fire Stations	
HQ Buildings and Vehicle Workshop	1
Houses	2
Investment Property	1
Red Fleet Vehicles	36
White Fleet Vehicles	25

We have independent verification of our Land & Buildings by Ken Oldknow (BSc MRICS) of Buckinghamshire County Council and our vehicles are verified by our Transport Manager.

g) Commitments under Capital Contracts

<b>Capital Contract</b>	<b>Contractor</b>	<b>Amount Outstanding as at 31-Mar-11 £000s</b>
Provision of two Fire Trucks	Emergency One	159
Personal Protective Equipment	Bristol Uniforms	33
<b>Total</b>		<b>192</b>

All commitments will be honoured during 2011/12. Two appliances were ordered during 2010/11 and payment made for the chassis and first engineering stage with delivery due to take place during the summer of 2011. Bristol Uniforms hold a specific reserve of PPE on behalf of the authority against emergency requirements, the authority will be liable for the outstanding amount should the contract be terminated without notice.

## 12. Investment Property

<b>2008/09 £000s</b>	<b>2009/10 £000s</b>	<b>Investment Property</b>	<b>2010/11 £000s</b>
<b>0</b>	<b>119</b>	<b>Balance B/F</b>	127
119	0	Transfer from Land and Buildings	0
8	8	Revaluation	0
0	0	Impairment	-23
<b>119</b>	<b>127</b>	<b>Balance C/F</b>	<b>104</b>

In accordance with the requirements of IFRS the Valuer, in valuing all land and buildings, deemed one of the properties to be an Investment property and accordingly that building has been reclassified and restated from the 1<sup>st</sup> April 2009.

## 13. Movement of Intangible Fixed Assets

Intangible Assets are recognised as non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. These represent the purchase of computer software and licences and other software systems and are amortised to the Income and Expenditure Account on the basis of the cost and estimated useful life.

<b>Movement of Intangible Assets</b>	<b>£000s</b>
<b>Gross Book Value as at 31-Mar-2010</b>	<b>202</b>
Accumulated Amortisation	-49
<b>Net book value as at 1st April 2010</b>	<b>153</b>
Additions in year	208
Impairment	-17
Amortisation for the year	-18
<b>Net Book Value as at 31-Mar-11</b>	<b>326</b>

#### 14. Short Term 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.

1-Apr-09 £000s	31-Mar-10 £000s	Short term Investments	31-Mar-11 £000s
331	479	Short Term Investments	50
<b>331</b>	<b>479</b>	<b>Total</b>	<b>50</b>

Under IFRS, cash on deposit is classed as a cash equivalent and is now shown in the balance sheet under current assets in cash and cash equivalents in Note 17 on page 48.

#### 15. Inventories

1-Apr-09 £000s	31-Mar-10 £000s	Inventories	31-Mar-11 £000s
38	41	Workshops	44
116	201	Stores	210
32	37	Fuel	59
0	11	IT Consumables	1
0	1	Catering	2
<b>186</b>	<b>291</b>	<b>Total</b>	<b>316</b>

All inventories are purchased at cost. No inventory items are purchased on deferred settlement terms or acquired by an exchange of goods and services. Inventories are distributed at cost or cost plus and do not use LIFO as a cost formula. All inventory items of a similar nature and similar use to the Authority use the same cost formula.

#### 16. Short Term Debtors

1-Apr-09 £000s	31-Mar-10 £000s	Short Term Debtors	31-Mar-11 £000s
240	225	Government Departments	973
359	405	Other Local Authorities	516
171	117	Other Sundry Debtors	101
154	58	Payments in Advance	164
-37	-37	Provision for doubtful debts	-37
<b>887</b>	<b>768</b>	<b>Total</b>	<b>1,717</b>

The short term debtors for Government Departments include £750k for a PWLB Loan negotiated and agreed towards the end of March, 2011 with the cash received on 1 April, 2011.

Payments in advance includes a £103k of advance payments under operational leases for vehicles and also payments in respect of IT software and equipment.

## 17. Cash and cash equivalents

Cash and Cash equivalents is a concept introduced under IFRS and relates to short term highly liquid investments with a maturity of less than 90 days. It includes the items previously described as cash in hand and cash at bank. Under IFRS, cash on deposit is also classed as a cash equivalent and therefore the £8.0 million cash the Authority had on deposit at 31-Mar-10 under UK GAAP as a temporary deposit is now included here. That cash at bank is showing as a deficit is due to the fact that a Creditor payment schedule actioned on the 31<sup>st</sup> March has not yet passed through the bank and triggered the transfer from the Cash on deposit to counteract.

1-Apr-09 £000s	31-Mar-10 £000s	Cash and cash equivalents	31-Mar-11 £000s
336	323	Cash at bank	-211
9	8	Cash in hand	8
6,880	7,063	Cash on deposit	7,992
<b>7,225</b>	<b>7,394</b>	<b>Total</b>	<b>7,789</b>

## 18. Short Term Borrowing and Creditors

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWLB) interest accrued to the 31<sup>st</sup> March 2011 in accordance with the CIPFA SORP.

1-Apr-09 £000s	31-Mar-10 £000s	Short Term Borrowing And Creditors	31-Mar-11 £000s
-335	-69	Short Term Borrowing	-81
-275	-472	Government Department Creditors	-474
-499	-930	Other Local Authority Creditors	-408
-1,747	-1,032	Other Sundry Creditors	-673
-698	-786	Receipts in Advance	-126
<b>-3,554</b>	<b>-3,289</b>	<b>Total</b>	<b>-1,762</b>

Receipts in Advance are reduced primarily as a result of USAR grant being transferred to earmarked reserve. Sundry and Local Authority creditors show a reduction compared to last year and this is attributable to the new Electronic Ordering system implemented towards the end of the year and an improvement in budgetary control.

## 19. Provisions

The following table shows the movements on the Authority's provisions.

	Accumulated Absences £000	Part Time Workers £000	Voluntary Redundancy and Special Payments £000	Total £000
<b>Balance as at 1st April 2010</b>	-714	-250	0	-964
Additional Provisions made in 2010/11	-29	0	-76	-105
<b>Balance as at 31st March 2010</b>	<b>-743</b>	<b>-250</b>	<b>-76</b>	<b>-1,069</b>

Under IFRS there is a requirement to include a provision for any outstanding employment benefits owed to employees at the end of each financial year. The -£743k shown in the table above against Accumulated Absences, represents the monetary value of the number of days leave owed to employees at the 31-Mar-11.

A Part Time Workers Provision was established during 2009/10 (£250K) to provide for the back pay for RDS staff following an equal pay court case.

On the 10th June 2008 the National Joint Council (NJC) for Local Authority Fire and Rescue Services issued a circular on the findings of the court case taken by retained firefighters that has been running for several years and referred back from the House of Lords to the Employment Tribunal that declares broadly in the Claimants favour. The judgement of the tribunal was that the Claimants were engaged in broadly similar work, that Claimants were treated less favourably than their named comparators in respect of access to Pension rights and payment for sickness absence, and that the Respondent's arguments for justification were dismissed.

The Claimant's claim for increased pay for additional responsibilities was adjourned for eight weeks. The Tribunal view was that the Parties should reach a negotiated settlement. In August 2008 all Fire Authorities were asked to submit data to the NJC.

On the 13th April 2010 indicative figures were disclosed in an NJC Circular but were still the subject of ongoing negotiations and the Authority awaited a circular setting out the mechanism for implementation. In recognition of the uncertainty that existed a provision was made in the sum of £250K as a prudent estimate of the financial effect on the authority.

Circular NJC/3/11 was issued on the 8<sup>th</sup> March 2011 which indicated that a formal agreement had been reached and set out the process for final resolution. This process will be completed during 2011 but no payments were made prior to 31<sup>st</sup> March 2011 nor was a finite cost available by that date. The provision has been transferred to current liabilities.

An additional provision was set up during 2010/11 to provide for payments to staff relating to Voluntary Redundancy and Special Payments resulting from an ongoing restructuring of the authority. As at the 31<sup>st</sup> March 2011 that restructuring was still ongoing and therefore it was not possible with any degree of certainty to quantify the exact costs likely to be incurred.

## 20. Long Term Borrowing

The Authority undertakes long term borrowing, principally as a means of financing expenditure on fixed assets. We borrowed £1.75M and repaid prematurely £0.602M during the financial year 2010/11. The interest owing and shown as short term borrowing in note 17 represents the Public Works Loan Board (PWLB) interest accrued to the 31<sup>st</sup> March 2011 in accordance with the CIPFA SORP.

1-Apr-09 £000s	31-Mar-10 £000s	Source of Loan	Interest rates applicable as at 31-Mar-11	31-Mar-11 £000s
-6,117	-7,117	PWLB	3.90% to 5.30%	-8,265
<b>-6,117</b>	<b>-7,117</b>	<b>Total Long Term Borrowing</b>		<b>-8,265</b>

Long term external borrowing by repayment dates is shown in the table below:

1-Apr-09 £000s	31-Mar-10 £000s	Repayment dates	31-Mar-11 £000s
-602	-602	Maturing in less than 5 years	-515
-1,468	-1,468	Maturing in 5 to 10 years	-953
-620	-1,620	Maturing in 10 to 15 years	-1,620
0	0	Maturing in 15 to 20 years	-1,626
-626	-626	Maturing in 20 to 25 years	-750
-2,801	-2,801	Maturing in over 25 years	-2,801
<b>-6,117</b>	<b>-7,117</b>	<b>Total Long Term Borrowing</b>	<b>-8,265</b>

## 21. Capital Grants received in Advance

The opening balances in this account are in respect of items previously included in Government Grants Deferred account which was eliminated in 2009/10 in accordance with IFRS requirements. In 2010/11 the USAR Grant was transferred to the New Dimension Reserve and the Environmental PODs grant to Capital receipts Unapplied. There were no grant conditions outstanding.

2008/09 £000s	2009/10 £000s	Capital Grants Received in Advance	2010/11 £000s
0	-209	Balance brought forward	-209
-189	0	USAR Training Rig moved to New Dimensions Reserve	189
-20	0	Environment PODs moved to Capital Receipts Unapplied	20
<b>-209</b>	<b>209</b>		<b>0</b>

## 22. Finance Lease

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now London Quadrant) in respect of the Gerrards Cross Houses for a period of 40 years. The initial cost of the lease is matched by an increase in the value of land and buildings within fixed assets. The rentals payable under this arrangement in 2010/11 were £94,687, charged as £47,687 to the Income and Expenditure account finance costs and £47,000 write down of obligation to the lessor.

<b>Outstanding obligations under Finance Lease</b>	<b>Land &amp; Buildings £000s</b>
Payable in 2011/12	47
Payable between 2013/14 and 2016/17	188
Payable after 2016/17	1,779
<b>Total liabilities as at 31<sup>st</sup> March 2011</b>	<b>2,014</b>

Comparative information for 2009/10

Rentals payable under this arrangement £88,911, charged as £41,911 to the Income and Expenditure account finance costs and £47,000 write down of obligation to the lessor.

<b>Outstanding obligations under Finance Lease</b>	<b>Land &amp; Buildings £000s</b>
Payable in 2010/11	47
Payable between 2012/13 and 2015/16	188
Payable after 2015/16	1,826
<b>Total liabilities as at 31<sup>st</sup> March 2010</b>	<b>2,061</b>

### 23. Usable Reserves

a. Usable Capital Receipts Reserve

This reserve receives monies from the sale of capital assets and uses these monies towards the purchase of new assets.

<b>2008/09 £000s</b>	<b>2009/10 £000s</b>	<b>Usable Capital Receipts Reserve</b>	<b>2010/11 £000s</b>
<b>0</b>	<b>0</b>	<b>Opening Balance</b>	<b>0</b>
0	0	Capital receipts in year	57
0	0	Capital receipts used for financing capital expenditure	-37
<b>0</b>	<b>0</b>	<b>Closing Balance</b>	<b>20</b>

b. General Fund Balance

This is a non earmarked reserve. The General Fund Balance is kept at a prudent level to cover unforeseen eventualities and liabilities.

2008/09 £000s	2009/10 £000s	General Fund Balance	2010/11 £000s
<b>-3,919</b>	<b>-2,515</b>	<b>Opening Balance</b>	<b>-3,011</b>
736	8,072	Surplus / deficit for the year	-6,539
268	0	Adj between accounting basis and funding basis under regulations	
0	-8,805	Adj Re IAS 19 Pension Charges	2,664
0	-1,136	Depreciation Charges	-1,253
0	-1,227	Impairment	169
0	294	MRP	354
0	420	Revenue expenditure funded from capital under statute	0
0	0	Employee Absence Account	-29
0	1,771	Pension Grant Received	1,061
0	0	Capital Grant Received	840
0	19	Precept Income	196
0	0	Profit on sale of Assets	7
0	0	Appropriation from Reserve to Repay debt	-568
400	96	Movements within reserves	2,393
<b>-2,515</b>	<b>-3,011</b>	<b>Closing Balance</b>	<b>-3,716</b>

c. Fire Control Reserve

This is an earmarked reserve which was established with committee approval in 2004/05 to assist with issues relating to Regional Control Rooms. No proposal to remove this money has been made at this stage due to the uncertainty surrounding the cessation of the project.

2008/09 £000s	2009/10 £000s	Control Room Reserve	2010/11 £000s
<b>-50</b>	<b>-50</b>	<b>Opening Balance</b>	<b>-150</b>
0	-100	Appropriations to and from (-) revenue	0
<b>-50</b>	<b>-150</b>	<b>Closing Balance</b>	<b>- 150</b>

d. Debt Repayment Reserve

This is an earmarked reserve which was established in 2006/07 to provide reserves to meet debt repayment schedules and was fully utilised to fund the repayment of two PWLB loans which were due to expire in August 2012 (£300k) and August 2013 (£302K), the balance of funds came from cash resources.

2008/09 £000s	2009/10 £000s	Debt Repayment Reserve	2010/11 £000s
-335	-785	<b>Opening Balance</b>	<b>-568</b>
-400	217	Appropriations to and from (-) revenue	0
0	0	Movement within reserves	568
<b>-785</b>	<b>-568</b>	<b>Closing Balance</b>	<b>0</b>

e. Invest to Save Reserve

This is an earmarked reserve which was established to provide one-off funding for initiatives that will help to generate long-term efficiencies within the Authority and repayment of their loan from this reserve.

2008/09 £000s	2009/10 £000s	Invest to Save Reserve	2010/11 £000s
-100	-329	<b>Opening Balance</b>	<b>-372</b>
0	-43	Appropriations to and from (-) revenue	-59
-229	0	Movement within reserves	0
<b>-329</b>	<b>-372</b>	<b>Closing Balance</b>	<b>- 431</b>

f. Moving Forward Reserve

Previously named the Transformation Reserve this reserve has been established to help fund one-off costs to help modernise the service as part of the moving forward programme. Additional resource was approved in 2010/11.

2008/09 £000s	2009/10 £000s	Moving Forward Agenda Reserve (Formerly Transformation Reserve)	2010/11 £000s
<b>0</b>	<b>-400</b>	<b>Opening Balance</b>	<b>-400</b>
-400	0	Appropriations to and from (-) revenue	0
0	0	Movement within reserves	-170
<b>-400</b>	<b>-400</b>	<b>Closing Balance</b>	<b>- 570</b>

g. Transitional Grant Reserve

This is an earmarked reserve which was established during 2009/10 to alleviate the cessation of reward grant funded activity by tapering activity levels subject to a business case being put forward. This has now moved to the General Fund Balance whilst awaiting decision on use.

2008/09 £000s	2009/10 £000s	Transitional Grant Reserve	2010/11 £000s
<b>0</b>	<b>0</b>	<b>Opening Balance</b>	<b>-170</b>
0	-170	Appropriations to and from (-) revenue	0
0	0	Movement within reserves	-170
<b>0</b>	<b>-170</b>	<b>Closing Balance</b>	<b>0</b>

h. New Dimensions Reserve

This reserve has been set up to mitigate risk of reduction or cessation of grant funding associated with S31 grants for USAR and IRU.

2008/09 £000s	2009/10 £000s	<b>New Dimensions Reserve</b>	2010/11 £000s
0	0	<b>Opening Balance</b>	0
0	0	Appropriations to and from (-) revenue	-853
0	0	<b>Closing Balance</b>	<b>-853</b>

i. Asset Management Reserve

This reserve has been set up to provide resource for the implementation of an Asset Management system.

2008/09 £000s	2009/10 £000s	<b>Asset Management Reserve</b>	2010/11 £000s
0	0	<b>Opening Balance</b>	0
0	0	Appropriations to and from (-) revenue	-180
0	0	<b>Closing Balance</b>	<b>-180</b>

j. Redundancy and Early Retirement Reserve

Balance of funds set aside to cover the cost of voluntary redundancy and early retirements under phase 1 of the Moving Forward Agenda.

2008/09 £000s	2009/10 £000s	<b>Redundancy and Early Retirement Reserve</b>	2010/11 £000s
0	0	<b>Opening Balance</b>	0
0	0	Appropriations to and from (-) revenue	-180
0	0	<b>Closing Balance</b>	<b>-180</b>

k. New Burdens Reserve

Unused New Burdens grant set aside from previous years and to mitigate risk of reduction or cessation of New Burdens grant funding.

2008/09 £000s	2009/10 £000s	<b>New Burdens Reserve</b>	2010/11 £000s
0	0	<b>Opening Balance</b>	0
0	0	Appropriations to and from (-) revenue	-84
0	0	<b>Closing Balance</b>	<b>-84</b>

i. Vehicle Reserve

Contributions toward replacement of Pool Cars as they reach the end of useful life.

2008/09 £000s	2009/10 £000s	Vehicle Reserve	2010/11 £000s
0	0	Opening Balance	0
0	0	Appropriations to and from (-) revenue	-17
0	0	Closing Balance	-17

m. Funding Pressures Reserve

This reserve has been created to assist with future pressures resulting in changes in Government grant funding.

2008/09 £000s	2009/10 £000s	Funding Pressures Reserve	2010/11 £000s
0	0	Opening Balance	0
0	0	Appropriations to and from (-) revenue	-1,000
0	0	Closing Balance	-1,000

## 24. Other Provisions and Non Usable Reserves

a. Accumulated Absences Account

The Accumulated Absences Account mitigates any effect on the General Fund of having to include a provision for any outstanding leave owed to employees at the end of each financial year. There is a requirement that authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to this account until the benefits are used. The carrying balance is relatively high as the authority operates a January to December leave year. The balance on this reserve does not represent actual resources that are available to the Authority.

2008/09 £000s	2009/10 £000s	Accumulated Absences Account	2010/11 £000s
0	541	Opening Balance	714
0	-541	Reversal of the provision for accumulated absences for previous year	-714
-541	714	Accumulated absences for the year	743
-541	714	Closing Balance	743

b. Capital Adjustment Account

It is a statutory requirement to have a Capital Adjustment Account. The balance on this account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system. The balance on this reserve does not represent actual resources that are available to the Authority.

2008/09 £000s	2009/10 £000s	Capital Adjustment Account	2010/11 £000s
-25,480	-24,213	Opening Balance	-23,245
993	1,140	Depreciation	1,253
2	10	Depreciation variance Historic to Current	1
-218	-294	MRP	-354
-1818	1,227	Impairments	-169
11	0	Other adjustments	-65
-1313	5	Revenue contributions	0
-17	-420	Usable capital receipts	0
-9	-700	Government grants	-840
-24,213	-23,245	Closing Balance	-23,419

Under IFRS, grants and contributions are no longer accounted for on a deferred basis. The government grants therefore represent the amounts that were previously included in Government Grants Deferred.

c. Collection Fund Adjustment Account

It is a statutory requirement to have a Collection Fund Adjustment Account. The balance on this account represents the timing differences between statutory accounting requirements and full accruals accounting for council tax. The change in 2010/11 represents an improvement in recovery rates at both Wycombe District Council and Milton Keynes Council within the year. The balance on this reserve does not represent actual resources that are available to the Authority.

2008/09 £000s	2009/10 £000s	Collection Fund Adjustment Account	2010/11 £000s
0	-21	Opening Balance	-40
26	-46	Aylesbury Vale District Council's balance	-47
-15	5	Chiltern District Council's balance	0
31	7	South Buckinghamshire District Council's balance	-6
-55	29	Wycombe District Council's balance	-43
-8	-14	Milton Keynes Council's balance	-100
-21	-40	Closing Balance	-236

d. Pensions Reserve

It is a statutory requirement to have a Pensions Reserve. This reserve represents a balancing figure, reported by the actuary, to allow for the liabilities of both the Local Government Pension Scheme and the Firefighter's Pension Fund, as required under FRS17. The balance on this reserve does not represent actual resources that are available to the Authority.

2008/09 £000s Restated	2009/10 £000s Restated	Pensions Reserve	2010/11 £000s
<b>133,727</b>	<b>129,192</b>	<b>Opening Balance</b>	<b>199,889</b>
9,738	7,121	Appropriations to and from (-) revenue	-3,722
-14273	63,576	Actuarial gains (-) / losses relating to pensions	-48010
<b>129,192</b>	<b>199,889</b>	<b>Closing Balance</b>	<b>148,157</b>

e. Revaluation Reserve

It is a statutory requirement to have a Revaluation Reserve. This reserve records unrealised revaluation gains arising from the 1st April 2007 from the holding of fixed assets. This reserve is matched by fixed assets within the balance sheet. As and when assets are revalued or revaluations are reversed in value then adjustments are made to this account. The balance on this reserve does not represent actual resources that are available to the Authority.

2008/09 £000s	2009/10 £000s	Revaluation Reserve	2010/11 £000s
<b>-53</b>	<b>-224</b>	<b>Opening Balance</b>	<b>-138</b>
-179	-23	Upward Asset revaluations	-295
0	0	Downward Asset revaluations	28
10	118	Asset disposals	0
-2	0	Depreciation difference - historic cost to current value	1
0	-9	Other adjustments	49
<b>-224</b>	<b>-138</b>	<b>Closing Balance</b>	<b>-355</b>

f. Financial Instruments Reserve

During 2010/11 two PWLB loans were repaid prematurely and as a result the Authority has incurred a premium charge which will be written off over a five year period.

2008/09 £000s	2009/10 £000s	Financial Instruments Reserve	2010/11 £000s
<b>0</b>	<b>0</b>	<b>Opening Balance</b>	<b>0</b>
0	0	Premium on early repayment of loan	49
<b>0</b>	<b>0</b>	<b>Closing Balance</b>	<b>49</b>

25. **Donated Assets Account**

The Government transferred ownership of the New Dimension Assets that had previously been provided to fire and rescue authorities on the 1<sup>st</sup> April 2010. The net book value of the asset transferred to the Authority was £924K and as these were transferred at nil cost, they are shown as donated assets with the 'fair value' added to property plant and equipment on the balance sheet and a contra entry being included

as the Donated Assets Account within long term liabilities.

2009/10 £000s	Donated Assets Account	2010/11 £000s
0	Opening Balance	0
0	New Dimension Assets	924
0	Balance carried forward	924

## 26. Contingent Assets

Under the contract with Opus Housing Association (now London Quadrant) following the sale of Beaconsfield and Gerrards Cross houses, the Authority has 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.

## 27. Contingent Liabilities

In line with the International Accounting Standard IAS37 the following items have been identified :-

The Authority is aware of a potential claim against it from a representative body regarding the use of development rates of pay. The issue has been formally raised for the attention of management and it is being considered to see whether there is a case to answer and if so what value the claim could be. At this stage no value can be attributed or a time scale specified.

As a result of an incident in 2010/11 there are potential areas of litigation with associated costs that may arise. At present it is not possible to place an estimate on potential costs.

There are a number of Employment Tribunals in progress but at this time it is not possible to quantify any possible impact.

## 28. 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 need to be disclosed at the time that employees earn their future entitlement. The Authority participates in three pension schemes:

The **Local Government Pension Scheme** for civilian employees administered locally by Buckinghamshire County Council is a funded defined benefit final salary scheme, administered in accordance with the Local Government Pension Scheme (1997) as amended. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. It is contracted out of the State Second Pension.

The **Fire Fighter Pension Scheme for uniformed fire fighters** is an unfunded defined benefit statutory scheme, administered by Buckinghamshire County Council in accordance with the Fire Pension Scheme Orders (1992) as amended. It is contracted out of the State Second Pension. There are no investment assets held to

back the liabilities of the scheme and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Fire Fighter Pension Scheme for uniformed fire fighters (retained and new entrants from 1<sup>st</sup> April 2006) is an unfunded defined benefit statutory scheme, administered by Buckinghamshire County Council in accordance with the Fire Pension Scheme Orders (2006) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.

Under the Firefighters Pension Fund Regulations 2006 if the amounts receivable by the pension fund are less than amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the Pension Fund. Subject to scrutiny and approval by Parliament and the Secretary of State up to 100% of this cost is met by central government top-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority which must then repay the amount to central government.

a) Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement	Pension Scheme			
	LGPS £000s	1992 Firefighters £000s	2006 Firefighters £000s	Total £000s
<i>Cost of Services:</i>				
Current Service Cost	855	4,861	581	6,297
Past Service Costs	-1,694	-14,720	-224	-16,638
Curtailments and Settlements	90	0	0	90
<b>Cost of Services Total</b>	<b>-749</b>	<b>-9,859</b>	<b>357</b>	<b>-10,251</b>
<i>Financing and Investment Income and Expenditure:</i>				
Interest Cost	997	10,298	132	11,427
Expected return on scheme assets	-696	0	0	-696
<b>Financing and Investment Total</b>	<b>301</b>	<b>10,298</b>	<b>132</b>	<b>10,731</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>-448</b>	<b>439</b>	<b>489</b>	<b>480</b>
Actuarial Gains and Losses	4,946	42,477	587	48,010
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>4,498</b>	<b>42,916</b>	<b>1,076</b>	<b>48,490</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	448	-439	-489	-480
<i>Amount actually charged against the General Fund Balance for pensions in the year for:</i>				
Employers contribution	655			655
Retirement benefit payable to pensioners		2,231	263	2,494

Comparative data for 2009/10.

	Pension Scheme			
	LGPS £000s	1992 Firefighters £000s	2006 Firefighters £000s	Total £000s
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of Services:</i>				
Current Service Cost	575	2,693	225	3,493
Past Service Costs	0	0	0	0
Curtailments and Settlements	0	0	0	0
<b>Cost of Services Total</b>	<b>575</b>	<b>2,693</b>	<b>225</b>	<b>3,493</b>
<i>Financing and Investment Income and Expenditure:</i>				
Interest Cost	788	8,066	62	8,916
Expected return on scheme assets	-425	0	0	-425
<b>Financing and Investment Total</b>	<b>363</b>	<b>8,066</b>	<b>62</b>	<b>8,491</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>938</b>	<b>10,759</b>	<b>287</b>	<b>11,984</b>
Actuarial Gains and Losses	-5,547	-57,249	-780	-63,576
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>-4,609</b>	<b>-46,490</b>	<b>-493</b>	<b>-51,592</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	-938	-10,759	-287	-11,984
<i>Amount actually charged against the General Fund Balance for pensions in the year for:</i>				
Employers contribution	623	2,268	206	3,097
<b>Total charge against the General Fund for pensions</b>	<b>623</b>	<b>2,268</b>	<b>206</b>	<b>3,097</b>
<b>Total transactions on the Statement of Movement on the General Fund Balance</b>	<b>-315</b>	<b>-8,491</b>	<b>-81</b>	<b>-8,887</b>

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains of £42.25 million were also included. The cumulative amount of actuarial gains recognised in the Movement in Reserves Statement is £8.66 million.

b) Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Pension Scheme							
	LGPS		Firefighters 1992		Firefighters 2006		Total	
	2009/10 £000s Restated	2010/11 £000s	2009/10 £000s Restated	2010/11 £000s	2009/10 £000s Restated	2010/11 £000s	2009/10 £000s Restated	2010/11 £000s
<b>Reconciliation of present value of the scheme liabilities</b>								
Present Value of scheme liabilities as at 1st April	-11,470	-20,106	-123,131	-186,736	-743	-1,969	-135,344	-208,811
Current Service Cost	-575	-855	-2,693	-4,861	-225	-581	-3,493	-6,297
Interest Cost	-788	-997	-8,066	-10,298	-62	-132	-8,916	-11,427
Actuarial gain / loss (-)	-7,267	4,416	-57,249	42,477	-780	587	-65,296	47,480
Curtailment	0	-90	0	0	0	0	0	-90
Estimated benefits paid (net of transfers in)	219	340	5,586	4,818	0	-73	5,805	5,085
Past Service Costs	0	1,694	0	14,720	0	224	0	16,638
Contribution by Scheme participants	-225	-233	-1,183	-1,156	-159	-212	-1,567	-1,601
Injury Pension payments	0	0	0	170	0	0	0	170
<b>Present Value of scheme liabilities as at 31st March</b>	<b>-20,106</b>	<b>-15,831</b>	<b>-186,736</b>	<b>-140,866</b>	<b>-1,969</b>	<b>-2,156</b>	<b>-208,811</b>	<b>-158,853</b>

Reconciliation of fair value of the scheme assets:

	Pension Scheme							
	LGPS		Firefighters 1992		Firefighters 2006		Total	
	2009/10 £000s Restated	2010/11 £000s	2009/10 £000s Restated	2010/11 £000s	2009/10 £000s Restated	2010/11 £000s	2009/10 £000s Restated	2010/11 £000s
<b>Reconciliation of fair value of the scheme assets</b>								
Fair Value of scheme assets as at 1st April	6,152	8,923	0	0	0	0	6,152	8,923
Expected return on scheme assets	425	696	0	0	0	0	425	696
Actuarial gain / loss (-)	1,720	530	0	0	0	0	1,720	530
Employer Contributions	620	654	0	0	0	0	620	654
Contribution by Scheme participants	225	233	0	0	0	0	225	233
Estimated benefits paid (net of transfers in)	-219	-340	0	0	0	0	-219	-340
<b>Fair Value of scheme assets as at 31st March</b>	<b>8,923</b>	<b>10,696</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,923</b>	<b>10,696</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect the long-term real rates of return experienced in the respective markets.

c) Scheme history

	2006/07 £000s	2007/08 £000s	2008/09 £000s Restated	2009/10 £000s Restated	2010/11 £000s Restated
<u>Present value of liabilities:</u>					
LGPS	-11,912	-12,612	-11,470	-20,106	-15,831
LGPS Experience adjustments on scheme liabilities	0	-1,234	0	0	2,009
1992 Firefighters' Scheme	-127,493	-128,248	-123,131	-186,736	-140,866
1992 Firefighters' Scheme Experience adjustments on scheme liabilities	0	-12,904	0	0	23,332
2006 Firefighter' Scheme	-91	-484	-743	-1,969	-2,156
2006 Firefighter' Scheme Experience adjustments on scheme liabilities	0	32	0	0	204
<b>Total Liabilities</b>	<b>-139,496</b>	<b>-141,344</b>	<b>-135,344</b>	<b>-208,811</b>	<b>-158,853</b>
<u>Fair value of assets</u>					
LGPS	7,479	7,617	6,152	8,923	10,696
<b>Total Assets - BMKFA's estimated allocation of LGPS assets</b>	<b>7,479</b>	<b>7,617</b>	<b>6,152</b>	<b>8,923</b>	<b>10,696</b>
LGPS Experience adjustments on scheme assets	104	-970	-1,878	1,716	530
<u>Surplus / Deficit (-) in the scheme:</u>					
LGPS	-4,433	-4,995	-5,318	-11,183	-5,135
1992 Firefighters' Scheme	-127,493	-141,152	-123,131	-186,736	-140,866
2006 Firefighter' Scheme	-91	-452	-743	-1,969	-2,156
<b>Total</b>	<b>-132,017</b>	<b>-146,599</b>	<b>-129,192</b>	<b>-199,888</b>	<b>-148,157</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £158.9 million has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £148.1 million. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary every three years;
- Finance is only required to be raised to cover firefighter's pensions when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2012 is £675k. Expected contributions for the Firefighters' Pension Scheme in the year to 31st March 2012, is £4.35 million.

d) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the Projected Unit Method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Firefighters' and Local Government schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest full valuations (31st March 2010 for the Local Government scheme and the 31st March

2005 for the Firefighters' scheme). The main assumptions used in their calculations have been:

	Pension Scheme					
	LGPS		Firefighters 1992		Firefighters 2006	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
<u>Long term expected rate of return on assets in the scheme:</u>						
Equity Investments	7.80%	7.70%	---	---	---	---
Gilts	4.50%	4.40%	---	---	---	---
Bonds	5.50%	5.50%	---	---	---	---
Property	7.30%	7.20%	---	---	---	---
Cash	3.00%	3.00%	---	---	---	---
Alternative Assets	7.80%	7.70%	---	---	---	---
<u>Mortality Assumptions:</u>						
Longevity at 65 for current pensioners						
Men	22.21	19.80	21.35	21.50	21.35	21.50
Women	25.26	23.90	24.40	24.10	24.40	24.10
Longevity at 65 for future pensioners						
Men	22.96	21.90	22.28	23.40	22.28	23.40
Women	25.99	25.80	25.31	25.90	25.31	25.90
<u>Financial Assumptions:</u>						
Rate of inflation (RPI)	3.90%		3.90%		3.90%	
Rate of inflation (CPI)		2.70%		2.70%		2.70%
Rate of salary inflation	5.40%	5.00%	5.40%	5.00%	5.40%	5.00%
Rate of pensions inflation	3.90%	2.70%	3.90%	2.70%	3.90%	2.70%
Rate for discounting scheme liabilities	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%

The Firefighters Pension Schemes have no assets to cover their liabilities.

The Local Government Pension Scheme's assets consist of the following categories by proportion of Buckinghamshire and Milton Keynes Fire Authority's estimated allocation of LGPS assets.

31-Mar-10		LGPS	31-Mar-11	
£000s	%		£000s	%
6,247	70%	Equity Investments	7,379	69%
535	6%	Gilts	749	7%
714	8%	Bonds	749	7%
714	8%	Property	856	8%
178	2%	Cash	321	3%
535	6%	Alternative Assets	642	6%
<b>8,923</b>	<b>100%</b>	<b>Total</b>	<b>10,696</b>	<b>100%</b>

e) Experience adjustments arising in scheme liabilities and assets

	2006/07	2007/08	2008/09	2009/10	2010/11
	%	%	%	%	%
<u>Liabilities</u>					
LGPS	0.0%	9.8%	0.0%	0.0%	12.7%
1992 Firefighters' Scheme	0.0%	10.1%	0.0%	0.0%	16.6%
2006 Firefighter' Scheme	0.0%	-6.6%	0.0%	0.0%	9.5%
<u>Assets</u>					
LGPS	1.4%	-12.7%	-30.5%	19.3%	5.0%
1992 Firefighters' Scheme	n/a	n/a	n/a	n/a	n/a
2006 Firefighter' Scheme	n/a	n/a	n/a	n/a	n/a

f) Actual return of scheme assets

The Local Government Pension Scheme return on assets is £696k in 2010/11 compared to £2.14 million in 2009/10. The Firefighters' Pension Schemes have no assets.

**29. Financial Instruments**

a. Financial Instruments Balances

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

	Long Term		Current	
	31-Mar-10 £000s	31-Mar-11 £000s	31-Mar-10 £000s	31-Mar-11 £000s
Financial liabilities at amortised cost	-9,178	-10,279	-2,185	-1,513
<b>Total Borrowings</b>	<b>-9,178</b>	<b>-10,279</b>	<b>-2,185</b>	<b>-1,513</b>
Loans and receivables	0	0	7,994	9,260
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>7,994</b>	<b>9,260</b>

b. Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement in relation to financial instruments are made up as follows.

2009/10	Financial Instruments Gains and Losses	Financial Liabilities 2010/11	Financial Assets 2010/11			Total £000s
		Liabilities measured at amortised cost £000s	Loans and receivables £000s	Available for sale assets £000s	Fair value through the I&E Account £000s	
323	Interest expense	332	0	0	0	332
0	Losses on derecognition	0	0	0	0	0
0	Impairment losses	0	0	0	0	0
<b>323</b>	<b>Interest payable and similar charges</b>	<b>332</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>332</b>
-32	Interest income	0	-38	0	0	-38
0	Gains on derecognition	0	0	0	0	0
<b>-32</b>	<b>Interest and investment income</b>	<b>0</b>	<b>-38</b>	<b>0</b>	<b>0</b>	<b>-38</b>
0	Gains on revaluation	0	0	0	0	0
0	Losses on revaluation	0	0	0	0	0
0	Amounts recycled to the CIES after impairment	0	0	0	0	0
0	Surplus arising on revaluation of financial assets	0	0	0	0	0
<b>291</b>	<b>Net gain / loss (-) for the year</b>	<b>332</b>	<b>-38</b>	<b>0</b>	<b>0</b>	<b>294</b>

A reconciliation of the net gain on Loans and Receivables to Investment Income as shown in the Comprehensive Income and Expenditure Statement is given below.

2009/10 £000s		2010/11 £000s
0	Financial Instruments gain	0
0	Rental income from investment properties	0
-32	Current account interest	-38
<b>-32</b>	<b>Total Investment income received in the I&amp;E</b>	<b>-38</b>

c. Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans, finance leases and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- 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, and include accrued interest. It should be noted that the redemption rules applying to PWLB debt changed on 1st November 2007, and are less favourable than the previous procedures.
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be invoiced or billed amounts.

The fair values calculated are as follows:

	31-Mar-10		31-Mar-11	
	Carrying amount £000s	Fair Value £000s	Carrying amount £000s	Fair Value £000s
PWLB Debt at amortised cost	-7,186	-7,373	-8,265	-8,821
Finance Lease	-2,061	-2,061	-2,014	-2,014
Creditors	-2,116	-2,116	-1,513	-1,513
<b>Total Financial Liabilities</b>	<b>-11,363</b>	<b>-11,550</b>	<b>-11,792</b>	<b>-12,348</b>
Money Market Loans less than 1 year	7,542	7,542	7,992	7,992
Debtors	121	121	1,268	1,268
<b>Total Loans and Receivables</b>	<b>7,663</b>	<b>7,663</b>	<b>9,260</b>	<b>9,260</b>

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at

31st March. All creditors and other payables are due to be paid in less than one year.

d. Nature and extent of risk arising from financial instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Authority;
- **Liquidity risk** – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- **Re-financing risk** – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

e. Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - i.) the Authority's overall borrowing
  - ii.) the maximum and minimum exposures to fixed and variable rates
- by approving an investment strategy for the forthcoming year setting out its criteria for investing and compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual Council Tax Setting Budget. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk. Actual performance is also reported annually to Members.

The Authority maintains written principles for overall risk management as well as the investment of surplus cash through the Treasury Management Policy approved by the Authority.

f. Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. No deposits are made directly with banks and financial institutions except using a service level agreement with Buckinghamshire County Council where they must meet minimum requirements of their investment criteria. Cash surpluses are combined with balances from Buckinghamshire County Council to obtain higher aggregate returns.

There are no risks to the Authority of the funds being lost as Buckinghamshire County Council assumes all the risk of the investments made as these are amalgamated with their own funds in their name and interest is paid to the Authority monthly as earned.

No breaches of Buckinghamshire County Councils counterparty criteria were reported to the Authority during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

We therefore contend that whilst this is a case of de-recognition, in view of the party involved and the fact that the Authority has the condition in writing that there is no risk of funds being lost and no financial adjustment is required.

There are no cases of impairment either for individual assets or groups of assets.

g. Liquidity risk

The Authority invests any surplus cash using a service level agreement with Buckinghamshire County Council for which it obtains the 7 day LIBID rate and uses the PWLB for all long term funds essentially to meet capital expenditure. The funds from Buckinghamshire County Council are available for repayment on demand and are therefore considered 'cash', immediately available for investment by us with no possibility of loss. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above, (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the CIPFA Code of Practice.

h. Refinancing and maturity risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing PWLB Loans as they mature. It is possible that provisions will be made available to meet all PWLB Loans without the direct need to replace loans as they mature, therefore no risk / impairment or other adjustment is required.

A fair value debt calculation of £8.82 million has been provided by the PWLB on our behalf. This forecast does not include a calculation for a loan taken out on 30 March, 2011 for which cash was received on 1 April, 2011.

The maturity analysis of financial liabilities is as follows:

<b>31-Mar-10 £000s</b>	<b>Financial Liabilities</b>	<b>31-Mar-11 £000s</b>
-69	Maturing in less than 1 year	-81
0	Maturing within 2 years	0
-602	Maturing within 2 to 5 years	-515
-1,468	Maturing within 5 to 10 years	-953

-5,047	Maturing in more than 10 years	-6,797
<b>-7,186</b>	<b>Total</b>	<b>-8,346</b>

The authority repaid two loans of £602k which was covered in the major part by the Debt Repayment Reserve of £568k. We took out 2 loans of £1,750k the second loan of £750k was agreed before year end although the money was received on 1 April, 2011.

i. Market risk

*Interest rate risk*

The Authority is exposed to interest rate movements on its investments as borrowings are taken at fixed rate and are carried at amortised cost. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.

Borrowings are not carried at fair value on the balance sheet but are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or on the Statement of Total Recognised Gains and Losses (STRGL). However, changes in interest payable on fixed rate borrowings and variable rate investments will be posted to the Income and Expenditure Account and affect the General Fund Balance. Movements in the fair value of any variable rate investments will be reflected in the STRGL, unless the investments have already been designated as fair value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

If interest rates had been 1% different (+ or -) with all other variables held constant the financial effect would be:

	<b>2010/11 £000s</b>
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	66
Increase in government grant receivable for financing costs	0
<b>Impact on Income and Expenditure Statement</b>	<b>66</b>
Decrease in fair value of fixed rate borrowing liabilities which has no impact on the Income and Expenditure Statement	0
<b>Total financial effect</b>	<b>66</b>

*Price risk*

The Authority, excluding its share of assets in the Local Government Pension Scheme does not invest in equity shares.

*Foreign Exchange risk*

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

**30. Events after the Balance Sheet date**

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

There were none between the 31<sup>st</sup> March 2011 and the 30<sup>th</sup> June 2011.

**31. Prior Period Adjustments**

a). Firefighters Pension Fund 1992 Scheme The present value of the unfunded obligation as at 31 March 2009 has been loaded by 5.5% of the liability for active members to include an allowance for future injury awards. The loading has been calculated as the ratio of injury benefits to non-injury benefits as at that date.

This change is required under IAS19 and therefore the liability for the 1992 scheme has had to be restated for prior years. The tables included at note 27 [page 58](#), have been restated, a breakdown of how the amounts have changed in the main statements is as follows:-

<b>1992 Firefighters' Pension Fund</b>		
<b>Restatements in prior years' accounts</b>		
<b>Net Liability as at:</b>	<b>31 Mar 2009</b>	<b>31 Mar 2010</b>
	<b>£000's</b>	<b>£000's</b>
Originally stated in Previous Years' Balance Sheets	-126,061	-194,047
Restated Liability in 2010/11 Statements	-129,192	-199,888
<b>Difference</b>	<b>-3,131</b>	<b>-5,841</b>
Adjustments to CIES		
Increase in Actuarial gains/losses on Liability (2008/09 & cumulative)	-3,131	-3,131
Increase in Actuarial gains/losses on Liability 2009/10	-	-2,624
Pensions Interest cost	-	-81
Other gains and losses	-	-5
<b>Net Liability in Balance Sheet</b>	<b>-3,131</b>	<b>-5,841</b>

The future injury awards liability for each of the 3 years have been included in the net Pensions liability on the balance sheet as follows:-

<b>1992 Firefighters' Pension Fund</b>			
<b>Balance Sheet Disclosure as at 31 March 2011</b>			
<u>Net</u>	<b>31 Mar 2009</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Present Value of Unfunded Obligation	119,988	182,937	137,509
<b>Net Liability</b>	<b>119,988</b>	<b>182,937</b>	<b>137,509</b>
Present Value of Injury Obligation	3,143	3,799	3,357
Unrecognised past service cost	-	-	-
<b>Net Liability in Balance Sheet</b>	<b>123,131</b>	<b>186,736</b>	<b>140,866</b>
<b>2006 Firefighters' Pension Fund</b>	<b>743</b>	<b>1,969</b>	<b>2,156</b>
<b>Local Government Pension Scheme</b>	<b>5,318</b>	<b>11,183</b>	<b>5,135</b>
<b>Total Net Liability in Balance Sheet - all funds</b>	<b>129,192</b>	<b>199,888</b>	<b>148,157</b>

b). A n additional adjustment has been made in respect of the Donated assets as set out in note 25. The Government transferred ownership of the New Dimension Assets that had previously been provided to fire and rescue authorities on the 1<sup>st</sup> April 2010. The net book value of the asset transferred to the Authority was £924K and as these were transferred at nil cost, they are shown as donated assets with the 'fair value' added to property plant and equipment on the balance sheet and a contra entry being included as the Donated Assets Account within long term liabilities.

### 32. Notes to the Cash Flow Statement

a. Net Cash flows from Operating Activities

2009/10 £000s	Note A to the Cash Flow Statement	2010/11	
		£000s	£000s
-8,245			6,458
2,363	Depreciation, amortisation, impairment and downward valuations	1,086	
0	Reductions in fair value of Non PWLB Concessionary Loans	17	
0	Net Movement in Interest Creditors	0	
20	Net Movement in Creditors	-1,549	
0	Net Movement in Interest Debtors	4	
119	Net Movement in Debtors	-940	
-105	Net Movement in Stocks	-25	
7,034	Adjustment re Pension Liability	-3,653	
423	Contributions to /from Provisions	105	
0	Adjustments for repayment of PWLB loan	-568	
			<b>-5,523</b>
0	Capital Grants Credited to surplus or deficit on the provision of services	-835	
0	Proceeds from the sale of assets	-37	
			<b>-872</b>
<b>1,609</b>	<b>Net Cash Flows from Operating Activities</b>		<b>63</b>

b. Net Cash flows from Operating Activities (interest)

2009/10 £000s	Note B to the Cash Flow Statement Operating Activities (Interest)	2010/11	
		£000s	£000s
32	Ordinary Interest Received	38	
	Interest Received on Cash backed funds / reserves	4	
			42
-323	Interest charge for year	-332	
	Adj differences between Effective Interest Rates and actual payable.	-568	
0	Other Interest	0	
			-900
<b>-291</b>	<b>Total cash flows from Operating activities (interest)</b>		<b>-858</b>

c. Cash Flows from Investment Activities

2009/10 £000s	Note C to the Cash Flow Statement Cash Flows from Investment Activities	2010/11	
		£000s	£000s
-2,674	Property Plant and Equipment Purchased	-2,279	
7,063	Purchase of short or long term investments	0	
0	Movement on Capital Creditors	10	
			-2,269
0	Proceeds from the sale of Assets	37	
-331	Proceeds from the sale of short or Long term investments	0	
0	Capital Grants Received	831	
			868
<b>4,058</b>	<b>Total cash flows from Investing activities</b>		<b>-1,401</b>

d. Cash Flows from Financing Activities

2009/10 £000s	Note D to the Cash Flow Statement Cash Flows from Financing Activities	2010/11	
		£000s	£000s
1,000	Cash receipts of Short and Long term borrowing	1,750	
-266	Repayment of Short and Long term borrowing	-17	
695	Other receipts from financing Activities	0	
	Cash payments for the reduction of o/s liabilities relating to		
-47	finance leases	0	
<b>1,382</b>	<b>Total cash flows from Financing Activities</b>		<b>1,733</b>

e. Make up of Cash and Cash Equivalents

£000s	Make up of Cash and cash Equivalents	£000s	£000s
331	Cash and bank balances	-203	331
7,063	Cash Investments	7,992	7,063
0	Bank Overdraft	0	0
<b>7,394</b>		<b>7,789</b>	<b>7,394</b>

## Firefighters' Pension Fund Account

There are no changes to the Firefighters' Pension Fund Account under IFRS.

### Firefighter's Pension Fund

2009/10 £000s	Fund Account	2010/11 £000s	Notes
	<b>Income to the fund</b>		
	<u>Contributions receivable</u> ( <i>funds due to us during the year</i> )		
	From employer		
-2,474	normal contributions	-2,487	Note 1
0	early retirements	0	Note 1
-11	other contributions	-12	Note 1
-1,330	From members	-1,355	Note 1
	<u>Transfers in</u>		
-0	Individual transfers in from other schemes	-73	Note 1
0	Other transfers in	0	Note 1
<b>-3,816</b>	<b>Total Income to the fund</b>	<b>-3,928</b>	
	<b>Spending by the fund</b>		
	<u>Benefits payable</u>		
4,005	Pension payments	4,091	Note 1
1,582	Commutation of pensions and lump sum retirement benefits	898	Note 1
0	Lump sum death benefits	0	Note 1
0	Other benefits payable	0	Note 1
	<u>Payments to and on behalf of leavers</u>		
0	Refunds of contributions to people who leave the scheme	0	Note 1
0	Individual transfers out of the scheme	0	Note 1
0	Other payments	0	Note 1
<b>5,587</b>	<b>Total Spending by the Fund</b>	<b>4,989</b>	
<b>1,771</b>	<b>Net amount payable / receivable for the year before top up grant receivable / amount payable to sponsoring Department</b>	<b>1,061</b>	
-1,771	Top up grant receivable / amount payable to sponsoring Department	-1,061	
<b>0</b>	<b>Net amount payable (-) / receivable for the year</b>	<b>0</b>	

### Firefighters' Pension Fund Net Assets Statement

2009/10 £000s	Net Assets Statement	2010/11 £000s	Notes
	<b>Net current assets and liabilities</b>		
0	Contributions due from employer	0	Note 1
479	Pensions top up grant receivable from sponsoring department	50	Note 1
0	Unpaid pensions benefits	0	Note 1
0	Amount due to sponsoring department	0	Note 1
-479	Other current assets and liabilities ( <i>other than liabilities and other benefits in the future</i> )	-50	Note 1
<b>0</b>	<b>Net assets at the end of the year</b>	<b>0</b>	

## **Notes to the Firefighters' Pension Fund Accounts**

### **1. Pension Fund arrangements**

Before 1st April 2006 the Firefighters' Pension Scheme did not have a percentage of pensionable pay contribution from employers: rather the FRS was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as the Fire Authority is concerned. The Authority will no longer meet the pension outgoings directly: instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Benefits payable are funded by contributions from employers and employees.

Employers' contribution levels are based on percentages of pensionable pay set nationally by the DCLG and subject to triennial revaluation by the Government Actuary's Department.

Subject to scrutiny and approval by the Secretary of State and Parliament, under the new arrangements the Pension Fund will be balanced to nil at the end of the year by either paying over to the sponsoring department (DCLG) the amount by which the amounts receivable by the Fund for the year exceeded the amounts payable, or by receiving cash in the form of pension top-up grant from the sponsoring department equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable.

### **2. Pension Fund Accounting Policies**

The accounting policies followed are the same as for the main accounts of the Authority. There are no material changes to the Pension Fund Account as a result of IFRS transition.

### **3. Balancing the Pension Fund Account**

If the Pension Fund Account is not balanced to nil by pension top-up grant receivable or by the amount payable to the sponsoring department the Pension Fund should be balanced to nil by a supplementary contribution from the authority to the Pension Fund or by the Pension Fund returning contribution to the Authority.

The Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet Date.

### **4. Pension Fund Investment Assets**

As the Scheme is unfunded there are no investment assets.

### Firefighter's Pension Fund

There is one figure in the Comprehensive Income and Expenditure Statement that cross references to the Firefighters' Pension Fund relating to the gain in relation to government grant payable to the Pension Fund on the Authority's behalf. The corresponding figure in the Firefighters' Pension Fund is shown in the table below:

<b>31-Mar-10 £000s</b>	<b>Firefighters' Pension Fund</b>	<b>31-Mar-11 £000s</b>
-1,771	Top up grant receivable / amount payable to sponsoring department	-1,061
<b>-1,771</b>	<b>Total</b>	<b>-1,061</b>

## **Glossary of Terms**

### **Accounting Standards**

IASs and SSAPs (see below) refer to the accounting practice that must be adopted in the preparation of accounts.

### **Amortisation / Amortise**

The equivalent of depreciation when applied to intangible assets.

### **BMKFA**

Acronym for Buckinghamshire & Milton Keynes Fire Authority.

### **Budget**

A statement for the Authority's expected level of service delivery plans expressed in monetary terms and spending over a set period, usually one year.

### **BVACOP**

Best Value Accounting Code of Practice produced by CIPFA, to establish a reporting protocol to demonstrate best value in the provision of services to the community.

### **Capital Adjustment Account**

Provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system.

### **Capital Receipts**

Proceeds from the sale of capital assets that may be used to finance new capital expenditure. Receipts available to finance capital expenditure in future years are held in a Usable Capital Receipts Account.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy.

### **CPFA**

Chartered Public Finance Accountant.

### **CPI**

Consumer Price Index

### **Collection Fund Adjustment Account**

Provides a balancing mechanism for the timing differences between statutory accounting requirements and full accruals accounting for council tax.

### **Creditors**

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

### **DCLG**

Formerly the Office of the Deputy Prime Minister, now the Department of Communities and Local Government.

### **Debtors**

Amounts due to the Authority but remaining 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.

### **Financial Reporting Standards (FRS)**

Are applicable to financial statements of a reporting entity that are intended to give a true and fair view of its state of affairs at the balance sheet date and of its profit or loss (or income and expenditure) for the financial period ending on that date. FRSs are based on the Statement of Principles for Financial Reporting, currently in issue, which addresses the concepts underlying the information presented in financial statements.

### **FRS 17 IAS 19**

Financial Reporting Standard 17 Retirement Benefits now incorporated within IAS 19 under IFRS. The guidance for accounting for the benefits and liabilities relating to pension schemes.

### **General Fund**

The balance held by the Authority

against which the council tax is raised. The balance sheet shows the accumulated surplus from previous years.

**HMRC**

HM Revenue & Customs.

**Impairments**

A downward movement in the value of assets; the exact opposite to revaluation (upwards) of asset values.

**IAS**

International Accounting Standards which have come into effect with the introduction of International Financial Reporting Standards(IFRS).

**IFRS**

The International Financial Reporting Standards which became applicable from the 1<sup>st</sup> April 2010. All future accounts will be presented using these standards.

**IRMP**

The Integrated Risk Management Plan covers the 3 years 2009 – 12 and explains what BMKFA is going to do to develop its services for the future.

**LIFO**

Last in first out is one of a number of methods for calculating price of stock

**Loans Outstanding**

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

**Local Government Pension Scheme (LGPS)**

Is the pensions scheme provided by the Authority for employees not eligible to join the Firefighters' Pension Scheme.

**Minimum Revenue Provision (MRP)**

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

**NJC**

National Joint Council for Local

Authority Fire and Rescue Services.

**OJEU**

Official Journal of the European Union where contracts for Supplies, Services and Works are required to be advertised when exceeding financial limits.

**Outturn**

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

**PPT**

Property, Procurement and Transport, a division which handles the Property portfolio, contracts and tender negotiations and Transport. And Fleet Management

**Precept**

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the billing authority) as part of the council tax. BMKFA is a precepting authority and the four Buckinghamshire District Councils and Milton Keynes Council are the collecting authorities.

**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 (PWLB)**

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

**Revaluation Reserve**

Records unrealised revaluation gains arising (since 01-Apr-07) from holding fixed assets.

**Revenue Expenditure**

This 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.

**Reserves**

The surplus or deficit on any account at the end of the financial year. Also referred to as Balances.

**RCCO**

Revenue Contribution to Capital Outlay.

**RPI**

Retail Price Index

**SORP**

Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice (the SORP) 2009 is produced by CIPFA in order to specify the principles and practices of accounting required to prepare a Statement of Accounts which "presents fairly" the financial position and transactions of a local authority, as required by section 21(2) of the Local Government Act 2003.

**Statement of Standard Accounting Practice (SSAP)**

An earlier version of Financial Reporting Standards.

**UK GAAP**

United Kingdom Generally Accepted Accounting Practice. The overall body of regulation establishing how company accounts must be prepared in the United Kingdom. This includes not only accounting standards, but also UK company law. The convergence of private and public sector accounting standards has led to a number of changes in the accounts this year.

**UITF**

Urgent Issue Task Force abstracts are issued by the Accounting Standards Board.

BUCKINGHAMSHIRE  
&  
MILTON KEYNES  
FIRE AUTHORITY

RE-STATED  
MAIN STATEMENTS  
2009/10  
AND  
BALANCE SHEET for 2008/09  
Provided for comparative purposes.

Transition to IFRS accounting



## Movement in Reserves Statement – (2009/10 restated for comparative purposes)

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

	Note 22a Usable Capital Receipts Reserve £000s	Note 22b General Fund Balance £000s	Earmarked Reserves					Total Usable Reserves £000s	Note 23a Accum Absenses Account £000s	Note 23b Capital Adjustm't Account £000s	Note 24 Collection Fund Adjustm't Account £000s	Note 25 Pensions Reserve £000s Restated	Note 26 Reval- uation Reserve £000s	Total Other Reserves £000s	Total Authority Reserves £000s
			Note 22c Control Room Reserve £000s	Note 22d Debt Repayment Reserve £000s	Note 22e Invest to Save Reserve £000s	Note 22f Transfor- mation Reserve £000s	Note 22g Transi- tional Grant Reserve £000s								
<b>UK GAAP Balance at 31 March 2010</b>	<b>0</b>	<b>-3,011</b>	<b>-150</b>	<b>-568</b>	<b>-372</b>	<b>-400</b>	<b>-170</b>	<b>-4,671</b>	<b>0</b>	<b>-22,545</b>	<b>-40</b>	<b>194,047</b>	<b>-138</b>	<b>171,324</b>	<b>166,653</b>
Changes to Surplus or deficit (-) on provision of services (accounting basis) under IFRS		-527	0	0	0	0	0	-527	0	0	0	0	0	0	-527
<u>Other Comprehensive Income &amp; Expenditure</u>															
Changes to surplus or deficit on revaluation of fixed assets under IFRS		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes to surplus or deficit on revaluation of available for sale financial assets		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes to actuarial gains / losses on pension assets and liabilities under IFRS		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes to total Other Comprehensive Income & Expenditure under IFRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Changes to total Comprehensive Income &amp; Expenditure under IFRS</b>	<b>0</b>	<b>-527</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-527</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-527</b>
<u>Adjustments between accounting basis &amp; funding basis under regulations</u>															
Changes to capital grants & contributions credited to the CIES under IFRS		700	0	0	0	0	0	700	0	-700	0	0	0	-700	0
Changes to net transfer to / from earmarked reserves as required by legislation under IFRS		-173	0	0	0	0	0	-173	173	0	0	0	0	173	0
Changes to total adj. between accounting basis and funding basis under IFRS	0	527	0	0	0	0	0	527	173	-700	0	0	0	-527	0
<b>Changes to net increase / decrease before transfers to earmarked reserves under IFRS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>173</b>	<b>-700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-527</b>	<b>-527</b>
<u>Transfers to / from earmarked reserves</u>															
Changes to Analysis of transfers to / from earmarked reserves under IFRS		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes to increase / decrease in year under IFRS	0	0	0	0	0	0	0	0	173	-700	0	0	0	-527	-527
<b>Include IFRS restatement at 01 April 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>541</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>541</b>	<b>541</b>
<b>IFRS Balance at 31 March 2010</b>	<b>0</b>	<b>-3,011</b>	<b>-150</b>	<b>-568</b>	<b>-372</b>	<b>-400</b>	<b>-170</b>	<b>-4,671</b>	<b>714</b>	<b>-23,245</b>	<b>-40</b>	<b>199,889</b>	<b>-138</b>	<b>177,180</b>	<b>172,509</b>
Amounts held for revenue purposes		-3,011	-150	-568	-372	-400	-170	-4,671	714		-40	199,889		200,563	195,892
Amounts held for capital purposes		0	0	0	0	0	0	0	0	-23,245	0		-138	-23,383	-23,383
<b>IFRS Balance at 31 March 2010</b>	<b>0</b>	<b>-3,011</b>	<b>-150</b>	<b>-568</b>	<b>-372</b>	<b>-400</b>	<b>-170</b>	<b>-4,671</b>	<b>714</b>	<b>-23,245</b>	<b>-40</b>	<b>199,889</b>	<b>-138</b>	<b>177,180</b>	<b>172,509</b>

## Comprehensive Income and Expenditure Statement (2009/10 restated for comparative purposes)

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

UK GAAP 2009/10 Net £000s	Income and Expenditure	Adjustments between UK GAAP and IFRS Accounting	Note	IFRS 2009/10		
				Expenditure £000s	Income £000s	Net £000s
3,071	Community Fire Safety	51	1	3,484	-362	3,122
25,010	Fire Fighting and Rescue Operations	561	1	27,996	-2,425	25,571
1,309	Corporate & Democratic Core	102	1	1,530	-119	1,411
16	Non Distributed Costs			16	0	16
<b>29,406</b>	<b>Surplus (-) or Deficit on Continuing Operations</b>	<b>714</b>		<b>33,026</b>	<b>-2,906</b>	<b>30,120</b>
	<u>Other Operating Expenditure</u>					
0	Gains / losses on disposals of non current assets			0	0	0
-1,771	Gain in relation to government grant payable to the Pension Fund on the Authority's behalf			0	-1,771	-1,771
-1,771	Total Other Operating Expenditure			0	-1,771	-1,771
	<u>Financing and Investment Income &amp; Expenditure</u>					
323	Interest payable and similar charges			323	0	323
-32	Interest and Investment Income			0	-32	-32
8,409	Pensions interest cost and expected return on pensions assets			8,916	-425	8,491
8,700	Total Financing and Investment Income & Expenditure			9,239	-457	8,782
	<u>Taxation and Non-Specific Grant Income</u>					
-16,868	Precepts			0	-16,868	-16,868
-2,137	General Government Grants	-700	2	0	-2,837	-2,837
-9,258	Non Domestic Rates redistribution			0	-9,258	-9,258
-28,263	Total Taxation and Non-Specific Grant Income	-700		0	-28,963	-28,963
<b>8,072</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>14</b>		<b>42,265</b>	<b>-34,097</b>	<b>8,168</b>
96	Surplus or Deficit on revaluation of fixed assets					96
0	Surplus or deficit on revaluation of available for sale financial assets					0
60,952	Actuarial gains / losses (-) on Pension Fund assets and liabilities					63,576
0	Any other gains and losses (-)					0
<b>61,048</b>	<b>Other Comprehensive Income &amp; Expenditure</b>					<b>63,672</b>
<b>69,120</b>	<b>Total Comprehensive Income &amp; Expenditure</b>					<b>71,840</b>

The table above shows a high level view of our expenditure on our Services

Note 1 Inclusion of revenue effect of Accrued Employee Benefits.

Note 2 Capital Grant Income included.

## Balance Sheet (2009/10 restated for comparative purposes)

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

UK GAAP 31-March 2010 £000s Restated	Balance Sheet	Adjustments between UK GAAP and IFRS Accounting	Note	IFRS 31-March 2010 £000s Restated
	<u>Property, Plant &amp; Equipment</u>			
26,531	Land & Buildings	-127	5	26,531
4,782	Vehicles, Plant & Equipment			4,782
495	Assets under construction			495
31,808	Total Property, Plant & Equipment			31,808
127	Investment Property	127	5	127
153	Intangible Assets			153
<b>32,088</b>	<b>Long Term Assets</b>			<b>32,088</b>
7,542	Short Term Investments	-7,063	3	479
291	Inventories			291
768	Short Term Debtors			768
331	Cash and Cash Equivalents	7,063	3	7,394
<b>8,932</b>	<b>Current Assets</b>			<b>8,932</b>
-69	Short Term Borrowing			-69
-3,220	Short Term Creditors			-3,220
0	Provision for Accumulated Absences	-714	1	-714
<b>-3,289</b>	<b>Current Liabilities</b>			<b>-4,003</b>
-7,117	Long Term Borrowing			-7,117
	<u>Other Long Term liabilities</u>			
-909	Government Grants Deferred	909	2	0
0	Capital Grants Received in Advance	-209	2	-209
-2,061	Finance Lease			-2,061
-199,889	Liability related to the Defined Benefit Pension Scheme		4	-199,889
-250	Provision -Part Time Workers			-250
-203,109	Total Other Long Term Liabilities			-202,409
<b>-210,226</b>	<b>Long Term Liabilities</b>			<b>-209,526</b>
<b>-172,495</b>	<b>NET ASSETS</b>	<b>-14</b>		<b>-172,509</b>
	<u>Usable Reserves</u>			
0	Usable Capital Receipts Reserve			0
-3,011	General Fund Balance			-3,011
-150	Earmarked Control Room Reserve			-150
-568	Earmarked Debt Repayment Res			-568
-372	Earmarked Invest to Save Reserve			-372
-400	Earmarked Transformation Reserve			-400
-170	Earmarked Transitional Grant Reserve			-170
-4,671	Total Usable Reserves			-4,671
	<u>Other Reserves</u>			
0	Accumulated Absences Account	714	1	714
-22,545	Capital Adjustment Account	-700	2	-23,245
-40	Collection Fund Adjustment Account			-40
199,889	Pensions Reserve			199,889
-138	Revaluation Reserve			-138
177,166	Total Other Reserves			177,180
<b>172,495</b>	<b>TOTAL RESERVES</b>	<b>14</b>		<b>172,509</b>

## NOTES:

1. Provision for Accumulated Absences and the Accumulated Absences Account. The Accumulated Absences Account mitigates any effect on the General Fund of having to include a provision for any outstanding leave owed to employees at the end of each financial year. There is a requirement that authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to this account until the benefits are used. The carrying balance is relatively high as the authority operates a January to December leave year. The balance on this reserve does not represent actual resources that are available to the Authority.

2. Capital Grants. Under IFRS, government grants are no longer to be accounted for on a deferred basis. Grants unapplied need to be reviewed for conditions yet to be satisfied and transferred accordingly from Capital Grants Unapplied to Capital Grants Received in Advance or Capital Adjustment Account.

3. Cash on Deposit.

Cash on deposit should no longer be shown as an investment but as an element of Cash and Cash Equivalents.

4. Accounts have been restated to allow for changes in presentation relating to Injury Liability Provision.

5. An Investment property has been identified under IFRS and transferred from Land and Buildings to Investment Property.

## Cash Flow Statement (2009/10 restated for comparative purposes)

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

UK GAAP 2009/10 £000s	Cash Flow Statement	Adjustments under IFRS £000s	IFRS 31-Mar-10 £000s	Notes
-8,072	Net surplus or deficit on the provision of services.	-714	-8,786	1 & 23a
9,681	Adjust for non-cash movements.	714	10,395	33a
0	Adjust for items that are investing or financing activities.	0	0	33b
<b>1,609</b>	<b>Net Cash Flow from Operating Activities</b>	<b>0</b>	<b>1,609</b>	
-3,005	Investing Activities	7,063	4,058	33c
1,382	Financing Activities	0	1,382	33d
<b>-14</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>7,063</b>	<b>7,049</b>	
345	Cash and Cash equivalents at the beginning of the reporting period		345	
<b>331</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>7,063</b>	<b>7,394</b>	

Restated 01-April 2009 Balance sheet showing transitional items relating to IFRS.

UK GAAP 31-March -09 £000s Restated	Balance Sheet	Adjustments between UK GAAP and IFRS Accounting	Note	IFRS 1-April-09 £000s Restated
	<u>Property, Plant &amp; Equipment</u>			
27,958	Land & Buildings	-119	6	27,839
3,547	Vehicles, Plant & Equipment			3,547
211	Assets under construction			211
31,716	Total Property, Plant & Equipment			31,597
0	Investment Property	119	6	119
180	Intangible Assets			180
<b>31,896</b>	<b>Long Term Assets</b>			<b>31,896</b>
7,211	Short Term Investments	-6,880	1	331
186	Inventories			186
567	Short Term Debtors	320	4	887
345	Cash and Cash Equivalents	6,880	1	7,225
<b>8,309</b>	<b>Current Assets</b>			<b>8,629</b>
-335	Short Term Borrowing			-335
-2,920	Short Term Creditors	-299	4	-3,219
0	Provision for Accumulated Absences	-541	2	-541
<b>-3,255</b>	<b>Current Liabilities</b>			<b>-4,095</b>
-6,117	Long Term Borrowing			-6,117
	<u>Other Long Term liabilities</u>			
-218	Government Grants Deferred	218	3	0
0	Capital Grants Received in Advance	-209	3	-209
-2,108	Finance Lease			-2,108
-129,192	Liability related to the Defined Benefit Pension Scheme		5	-129,192
-131,518	Total Other Long Term Liabilities			-131,509
<b>-137,635</b>	<b>Long Term Liabilities</b>			<b>-137,626</b>
<b>-100,685</b>	<b>NET ASSETS</b>			<b>-101,196</b>
	<u>Usable Reserves</u>			
0	Usable Capital Receipts Reserve			0
-2,515	General Fund Balance			-2,515
-50	Earmarked Control Room Reserve			-50
-785	Earmarked Debt Repayment Reserves			-785
-329	Earmarked Invest to Save Reserve			-329
-400	Earmarked Transformation Reserve			-400
-4,079	Total Usable Reserves			-4,079
	<u>Other Reserves</u>			
0	Accumulated Absences Account	541	2	541
-24,204	Capital Adjustment Account	-9	3	-24,213
0	Collection Fund Adjustment Account	-21	4	-21
-224	Revaluation Reserve			-224
129,192	Pensions Reserve			129,192
104,694	Total Other Reserves			105,205
<b>100,685</b>	<b>TOTAL RESERVES</b>			<b>101,196</b>

## Notes

1. Cash on deposit now shown as Cash and Cash Equivalents
2. Provision for Employee Benefits (monetary value of benefits owed to employees at end of year) is balanced out by the new Accumulated Absences Account.
3. Government Grants are no longer to be accounted for on a deferred basis. Grants unapplied reviewed for conditions yet to be satisfied and transferred accordingly from Capital Grants Unapplied to Capital Grants received in Advance.
4. Changes required in respect of the accounting for Council Tax on an Agency basis.
5. The accounts have been restated to allow for changes in presentation relating to Injury Liability Provision.
6. An Investment property has been identified under IFRS and transferred from Land and Buildings to Investment Property with effect from 1<sup>st</sup> April 2009.