SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY

AUDITED STATEMENT OF ACCOUNTS

2018/19

South Yorkshire
FIRE & RESCUE

STATEMENT OF ACCOUNTS 2018/19

CONTENTS

SECTION 1 - INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of South Yorkshire Fire and Rescue Authority ('the Authority'):

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Balance Sheet;
- the Movement in Reserves Statement;
- the Cash Flow Statement;
- the related notes 1 to 34 and Technical Annexes A to E; and
- the Accompanying Financial Statements;

The financial reporting framework that has been applied in their preparation is applicable law and the
CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Treasurer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in Narrative Report and the Annual Governance Statement (published alongside the statement of accounts). Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Treasurer's responsibilities

As explained more fully in the Treasurer's responsibilities statement, the Treasurer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017 we are satisfied that, in all significant respects, South Yorkshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether South Yorkshire Fire and Rescue Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Yorkshire Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of South Yorkshire Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Hewitson (Appointed auditor)
For and on behalf of Deloitte LLP
Newcastle Upon Tyne, United Kingdom
31 July 2019

South Yorkshire Fire & Rescue Authority

2018/19 Narrative Report

Introduction and Contents

This narrative report aims to outline the Authority's performance for the 2018/19 financial year in context with the financial information contained within this Statement of Accounts.

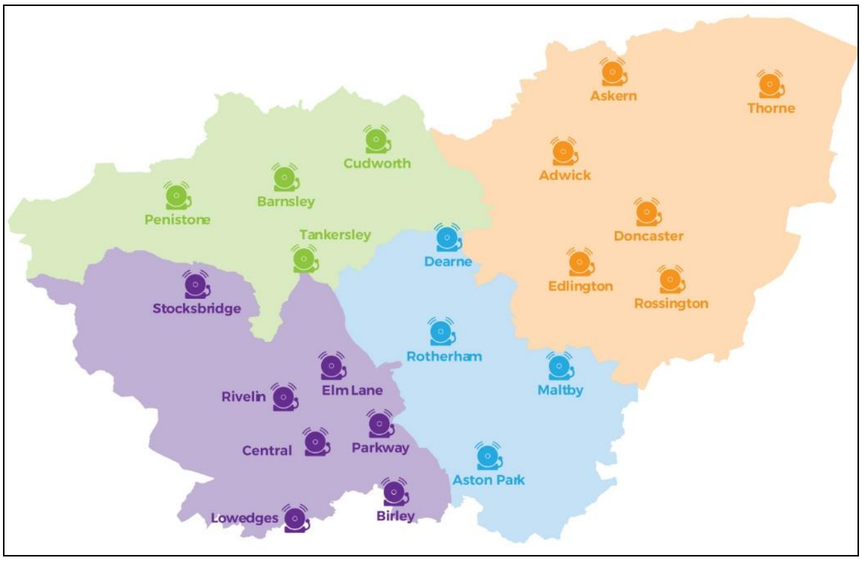
The report will cover:

Introducing South Yorkshire

Our County

South Yorkshire consists of four metropolitan boroughs- Barnsley, Doncaster, Rotherham and Sheffield. The county's current population is 1.375 million.
South Yorkshire's population is dispersed over an area of 1,553 square kilometres. Our population density remains at 885 people per square kilometre compared with an average for England of 417 people per square kilometre.

The area we cover and the locations of our Fire Stations are shown below:



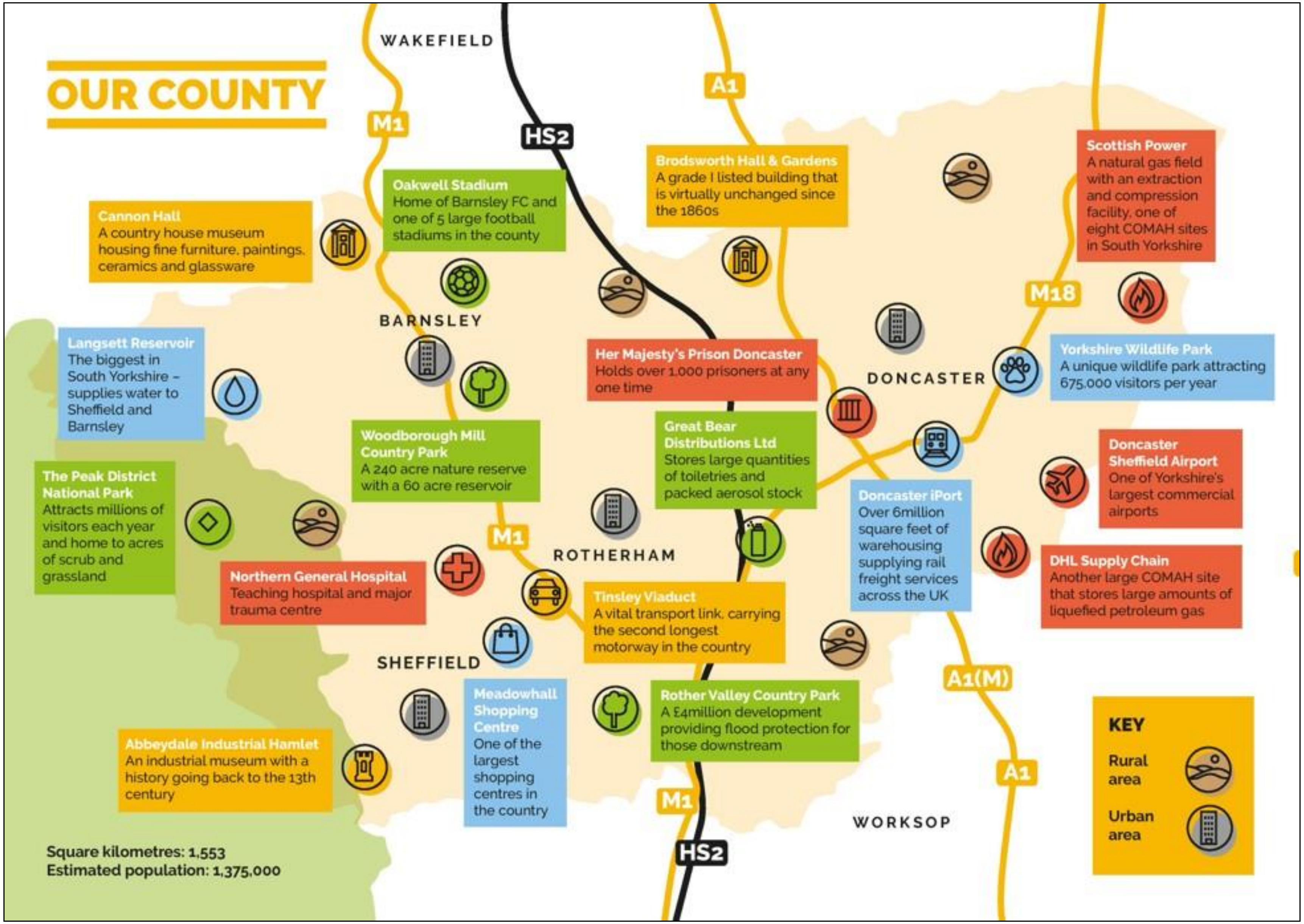
As a metropolitan county, South Yorkshire has the usual mix of risks associated with large, urban areas. Our risks include sports stadia, shopping centres, various 'Control of Major Accident Hazard' (COMAH) sites, high rise buildings, historic buildings and an international airport. Our population density is more than double the average for England, with significant areas of deprivation and inequality spread across the four local authority areas.

We use information to identify the people, areas and groups that are more likely to be at risk from fire and other emergencies. This allows us to use our resources as effectively as possible to reduce risk in the community. In particular, we use data relating to deprivation, age and lifestyle to inform our decision making.

Diversity is considered within our Diversity in the Community Handbook. SYFR has a duty to understand the needs of its communities and the barriers they may face in accessing our services. We are focused on supporting communities and individuals to prevent and keep themselves safe from fire and other emergencies, as well as providing an effective response service to all communities.

Our Community Risk Profile explains how the risk of fire is different for different parts of South Yorkshire.

Managing risk is not as simple as just counting the number of incidents we attend and putting fire stations in the places where we are busiest. There are a wide variety of different factors that we have to consider when deciding how best to deliver our service to local people. The following map is not a literal representation of all the risks in South Yorkshire, it offers a flavour of the different things we have to think about when providing our service – from motorways, sports stadiums and shopping centres to moorlands, stately homes and an airport.


OUR COUNTY
WAKEFIELD
M1
HS2
A1
Cannon Hall
A country house museum housing fine furniture, paintings, ceramics and glassware
Oakwell Stadium
Home of Barnsley FC and one of 5 large football stadiums in the county
Brodsworth Hall & Gardens
A grade I listed building that is virtually unchanged since the 1860s
Scottish Power
A natural gas field with an extraction and compression facility, one of eight COMAH sites in South Yorkshire
M18
BARNSLEY
Langsett Reservoir
The biggest in South Yorkshire – supplies water to Sheffield and Barnsley
Her Majesty's Prison Doncaster
Holds over 1,000 prisoners at any one time
DONCASTER
Yorkshire Wildlife Park
A unique wildlife park attracting 675,000 visitors per year
Woodborough Mill Country Park
A 240 acre nature reserve with a 60 acre reservoir
Great Bear Distributions Ltd
Stores large quantities of toiletries and packed aerosol stock
Doncaster Sheffield Airport
One of Yorkshire's largest commercial airports
The Peak District National Park
Attracts millions of visitors each year and home to acres of scrub and grassland
Doncaster iPort
Over 6million square feet of warehousing supplying rail freight services across the UK
M1
ROTHERHAM
Northern General Hospital
Teaching hospital and major trauma centre
DHL Supply Chain
Another large COMAH site that stores large amounts of liquefied petroleum gas
Tinsley Viaduct
A vital transport link, carrying the second longest motorway in the country
SHEFFIELD
A1(M)
Meadowhall Shopping Centre
One of the largest shopping centres in the country
Rother Valley Country Park
A £4million development providing flood protection for those downstream
KEY
Rural area
Urban area
Abbeydale Industrial Hamlet
An industrial museum with a history going back to the 13th century
A1
M1
WORKSOP
HS2
Square kilometres: 1,553
Estimated population: 1,375,000

Introducing South Yorkshire Fire & Rescue Authority

Who We Are

South Yorkshire Fire and Rescue Authority is a statutory body that was established in 1986 following the abolition of South Yorkshire County Council and is made up of **12 local Councillors** from the District Councils of Barnsley, Doncaster, Rotherham and Sheffield.

The **primary responsibilities** of the Authority are laid down in legislation including the Fire and Rescue Services Act 2004, Civil Contingencies Act 2004 and the Local Government Act 1999 to provide an effective, economic and **efficient Fire and Rescue Service**.

The Authority funds **South Yorkshire Fire and Rescue Service** and works with the **Chief Fire Officer**.

Further information on the Authority's **Constitution** can be found on the Authority's website and via the link below:

The Authority's Constitution

Local Councillors (The Authority)

Local Councillors are elected by the community to decide how the **Authority** should carry out its various activities. They represent **public interest** from the respective 4 South Yorkshire districts.

A list of current **Councillors** that form the Authority can be found on the Authority's website and via the link below:

Councillors

Details of **the Authority**, and **other committees**, including decisions / reports can be found on the Authority's website and via the link below:

Committee Details

South Yorkshire Fire & Rescue Service Structure & Senior Management Team

The management structure overseeing the South Yorkshire Fire & Rescue Service during 2018/19 is shown at the link below:

Management Structure

The Senior Management Team in place during 2018/19 is shown at the link below:

Senior Management Team

Our Strategy

All fire and rescue authorities must provide a plan which sets out the steps they will take and resources they need to improve public safety, reduce fires and save lives. This is known as an Integrated Risk Management Plan (IRMP). Our latest plan, which covers the period 2017-20, was published in April 2017.

We have undertaken a process to consider the whole range of foreseeable fire and rescue related risks and developed this plan to explain how we plan to protect our communities and respond to emergency incidents. This document also serves as our corporate plan and sets our direction and priorities for the next three years, making it clear what we want to achieve between 2018 and 2020.

The issues and changes described in this plan have been considered alongside similar strategic plans produced by our partners including those of our local authority partners, public health agencies and the South Yorkshire Police and Crime Commissioner's Police and Crime Plan.

The period covered by this plan matches the period covered by our Efficiency Plan. Submitted to and approved by Government in 2016, our Efficiency Plan explains the steps we will take to meet requirements set by the Government to secure a three year, fixed funding settlement. It covers areas such as managing the availability of our resources to more flexibly meet our demand, greater use of retained firefighters, collaboration with other emergency services and the publication of information to make our work more transparent.

Our plans serve to reassure the public that we remain absolutely committed to providing our communities with a first-class Fire and Rescue Service. We will need to use the money available to us to target our resources in the areas of greatest risk and work hard to prevent emergencies from happening in the first place. We will continue to respond effectively to emergencies when we are needed. Future proposals are included in a draft IRMP, which was considered by the Authority in April 2019, is currently out for consultation until August 2019.

OUR STRATEGIC & OPERATIONAL PLANS	http://www.syfire.gov.uk/performance/strategic-plans/

Our Approach

Our Approach is designed to:

Protect Frontline Services – so far as we are able, our focus remains protecting our immediate 999 response service, continuing our lifesaving community safety initiatives and working to safeguard our buildings.

Plan for the worst, but hope for the best – we have to plan responsibly for the future and consider all possible future funding scenarios. Whilst we would rather not have to develop some of the options, it is important that we are frank about some of the changes we may have no choice but to make.

Plan according to risk – the people we serve should expect us to provide our firefighters and fire stations in the places they are needed the most. Identifying those places requires analysis of historical incident statistics and various datasets including population density and types. We are using computer software to model a variety of scenarios, helping us to understand the effect any changes are likely to have on how quickly we can respond to emergencies.

Our Story

Our Story is our 10 year vision for the future.

Making South Yorkshire Safer & Stronger – Everything we do should be delivered with this purpose in mind. Our plans and strategies help to define us and to start the story but they do not tell the whole story of who we are and what we do. Our first goal will always be to save lives and make people safer. This is what we do every single day, whether it's responding to 999 calls or carrying out work to prevent emergencies from happening in the first place. Much of our work goes beyond this though, from improving the life chances of young people and protecting businesses, to helping to tack other issues like crime and healthcare. Our organisation's purpose extends therefore to making our communities stronger places for the future.

Our Specialisms – These are the things which make us the only organisation which can truly deliver on our purpose. This is through a unique set of skills:

- Making people safer through targeted work in homes and businesses
- Responding to emergencies and saving lives
- Using our trusted reputation to improve people's lives

Our Aspirations – We want to be a leading fire and rescue service. To achieve this, we have developed a set of aspirations which form the basis of everything we do over the next 10 years:

- Be a great place to work
- Put people first
- Strive to be the best

Our 2018/19 Corporate Performance

2018/19 Revenue Budget Management Overview

Executive Overview:

The Authority budgeted for an increase in general reserves of £0.449M resulting from a net revenue budget of £49.885m and corporate funding of £50.334M.

Actual net revenue expenditure for the year was £49.234M compared to corporate income of £50.563M which resulted in a £1.329M contribution to reserves.

To offset the above, earmarked reserves totalling £2.058M were utilised to fund capital schemes in addition to the £0.894M contribution from Safer, Stronger Communities Reserve, resulted in an overall contribution from reserves of £1.624M.

Individual quarterly revenue monitoring reports for 2018/19 can be accessed via the links below:

Period	Date Presented to Fire Authority	Fire Authority Reference	Link to Fire Authority Meeting
Quarter 1	23rd July 2018	Item 17	Quarter 1 Outturn Report
Quarter 2	15th October 2018	Item 10	Quarter 2 Outturn Report
Quarter 3	14th January 2019	Item 12	Quarter 3 Outturn Report
Final Accounts	24th June 2019	Item 12	Final Accounts Report

Net Revenue Expenditure 2018/19

The table below shows the financial performance of the Authority, displayed against the subjective income / expenditure headings.

Management Accounts	Actual Income / Expenditure
	£000s
Employee Costs	39,120
Premises Costs	3,280
Transport Costs	1,036
Supplies & Services Costs	5,470
Capital Financing Costs	4,299
Other Costs	495
Gross Expenditure	**53,700**
Income	(1,513)
Gross Income	**(1,513)**
Net Expenditure	**52,187**
Corporate Funding	**(50,563)**
Overall (Increase) / Decrease in Reserves	**1,624**

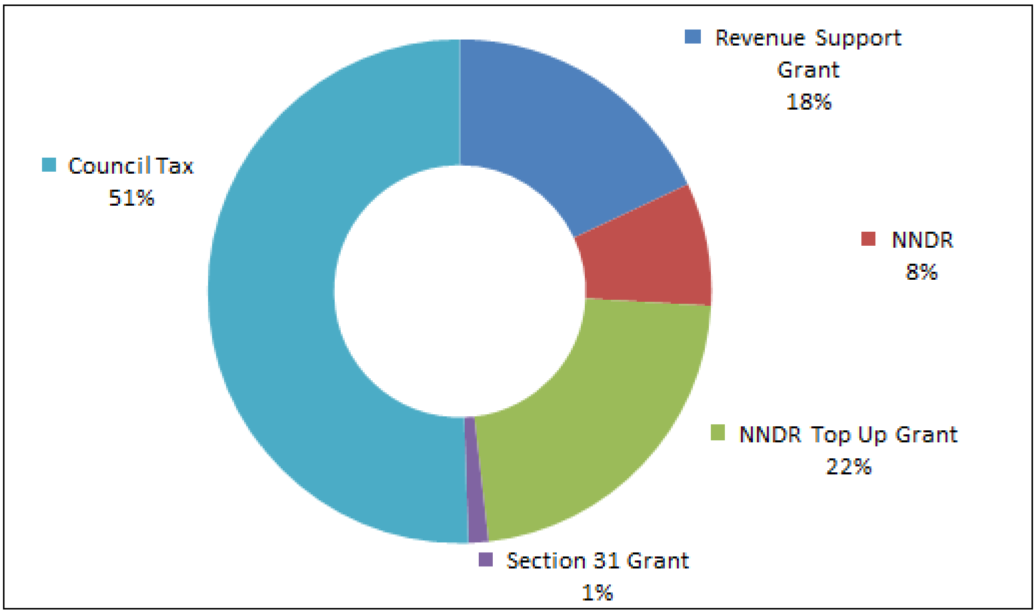
Note 1

A detailed reconciliation to the Statement of Accounts is shown at Note 1.

Corporate Funding

The South Yorkshire Fire & Rescue Authority received non-specific, corporate income totalling £50.6 Million in 2018/19. The table and the chart overleaf show the respective values and proportions.

	£000s
Revenue Support Grant	9,115
NNDR	3,999
NNDR Top Up Grant	11,249
Section 31 Grant	648
Council Tax	25,552
Total	**50,563**



Reserves Analysis

The table below shows the movement on the General Fund Reserves in the 2018/19 financial year:

General Fund Reserves:	**£000s**
Balance Brought Forward as at 1st April 2018	**6,117**
2018/19 Actual Net Revenue Expenditure	(52,187)
2018/19 Corporate Funding	50,563
Reprioritisation of Reserves	-
2018/19 Net Use of Reserves	2,228
Balance Carried Forward as at 31st March 2019	**6,721**

Note 4

The table below shows the movement on the Earmarked Reserves in the 2018/19 financial year:

Earmarked Reserves:	**£000s**
Balance Brought Forward as at 1st April 2018	**18,400**
2018/19 Use of Earmarked Reserves	(2,877)
2018/19 New Earmarked Reserves	649
Reprioritisation of Reserves	-
Balance Carried Forward as at 31st March 2019	**16,172**

Note 4

2018/19 Capital Programme Management Overview

Executive Overview:

Capital expenditure represents money spent by the Authority for the purposes of purchasing, upgrading or improving assets such as buildings and vehicles. The distinction from revenue expenditure is that the Authority and its residents receive the benefit from capital expenditure over a longer period of time. The Authority spent £2.1M on capital investment during the year.

	£000s			£000s
Premises Related	787	Funded By:	Capital Receipts	-
Transport Related	191		Capital Grants	-
Information & Communications	599		Revenue Contributions	223
Operational Equipment & Hydrants	481		Reserves	1,835
Total	**2,058**		**Total**	**2,058**

Major capital expenditure during 2018/19 related to the replacement of hydraulic rescue equipment (£0.4M), a programme of station improvements (£0.6M), the replacement of Mobile Data Terminals (£0.2M) and expenditure on upgrades to vehicles (£0.2M).

2018/19 Performance Management Overview

Our Performance

A suite of corporate level performance measures has been developed to reflect the four priority areas.
The Fire Authority's role in **improving performance** is to provide **scrutiny** and **challenge**. Quarterly and Annual Corporate Performance Reports are submitted to both the Scrutiny Board and Fire Authority Meetings to facilitate this. Corporate Performance briefings are submitted to the Corporate Management Board for review on a monthly basis.

Control of the activities contributing to the Authority's **goals** is achieved by **devolving responsibility** for those activities to the appropriate level. This allows those responsible to make clear their **planned objectives** and also to be **held accountable** for achieving them.
The quarterly and annual performance reports are available on the Authority's website, under meeting agendas and minutes:

Meetings, Agendas & Minutes

Individual performance reports for 2018/19 can be accessed via the links below:

Report	Date Presented	Reference	Link to Meeting
Draft Performance Management Framework 2018/19	9th April 2018	Item 13	April FRA Meeting
Performance Management Framework Targets 2018/19	25th June 2018	Item 17	June FRA Meeting
Annual Corporate Performance Report 2018/19	24th June 2019	Item 14	June FRA Meeting

2018/19 Treasury Management Overview

Executive Overview:

Facing continued economic uncertainty, the focus of the Authority's Treasury Management Strategy for 2018/19 was on **managing risk**:

- The focus of the borrowing strategy was on **minimising interest costs** whilst avoiding undue exposure to **interest rate and refinancing risk**.
- The purpose of the investment strategy was to ensure that its cash balances were **invested prudently** and were **available when needed** to meet the Authority's spending commitments. This reflects the recommended investment priorities of **security, liquidity** and **yield** (in that order).

Borrowing Overview

As of 31st March 2019 the Authority's total borrowing stood at **£17.5M** (a net decrease of **£2.5M** in year), which reflects the **£2.5M Public Works Loan Board** PWLB loan repaid in September. The average rate on these loans was **4.65%**.

In line with the approved borrowing strategy, the Authority continued to **defer any new long-term borrowing** whilst interest rates were still relatively low (to avoid the risks associated with carrying high levels of cash). However the Authority has since borrowed **£4M** from the PWLB (at an average rate of **2.25%**), taking advantage of a temporary fall in interest rates. As a result the Authority has reduced its exposure to interest rate risk by around **13%**.

Investment Overview

As of 31st March 2019 the Authority's investment balances stood at **£6.4M** (a net decrease of **£1.7M** in year), split between "on call" accounts - **£3.4M** and fixed short term investments - £**3.0M**. This is as a result of the timing difference between when the cash was received and when it was required for repaying the PWLB loan in September.

In line with the approved investment strategy, the majority of new investments were placed in secure **Money Market Funds** (MMFs) and **instant access accounts**. However the Authority took some advantage of the competitive rates on **short-term bank deposits** (whilst the cash was needed to meet its spending commitments). This helped to boost the Authority's investment returns whilst preserving the capital invested.

Treasury Reporting

Individual treasury management reports for 2018/19 can be accessed via the links below:

Report	Date Presented	Reference	Link to Meeting
Treasury Management Strategy 2018/19	15th January 2018	Item 13	January Audit & Governance Committee
Mid-Year Review	26th November 2018	Item 16	November Audit & Governance Meeting
Final Accounts Report	22nd July 2019	Item 17	July Audit & Governance Meeting

Other Key Components of our 2018/19 Balance Sheet

What the Authority **owns**, is **owed** and **owes** is shown below:

Non-Current Assets Includes Land & Buildings and Vehicles, Plant & Equipment

Balance Sheet	**31st March 2019 £000s**
Non Current Assets	54,581
Stock	516
Amounts Owed to The Authority	10,367
Amounts Owed by The Authority	(892,292)
Money in the Bank	5,120
Authority Net Worth	**(821,708)**
Financed By:	
Useable Reserves	23,206
Unusable Reserves	(844,914)
	(821,708)

Amounts Owed by the Authority include Long Term Borrowing and Pension Fund Liabilities

Amounts Owed to the Authority include Investments and Monies in Relation to Council Tax / Business Rates

Balance Sheet

Unusable Reserves are not available to fund future expenditure and include, for example, unrealised gains following the revaluation of the Authority's Non-Current Assets

Summary of the Authority's Pension Fund Position as at 31st March 2019

The Authority participates in two pension schemes, the Local Government Pension Scheme administered by South Yorkshire Pensions Authority and the Firefighters Pension Scheme, administered by the Government Actuary Department (GAD).

For both schemes, the Authority accounts for its position in accordance with IAS 19, which means that it accounts for the costs of retirement benefits when entitlement to those benefits has been earned rather than when they are actually paid to employees, which may be many years into the future. These future liabilities are to be met by fund assets which are acquired from employer and employee contributions and subsequently invested for a return.

Local Government Pension Scheme (LGPS)

As at 31st March 2019, fund liabilities **exceeded** fund assets by **£21.9M, on an accounting basis**.

The Pension Fund position when assessed **on a funding basis** is calculated in a different way to the accounting methodology and ultimately reflects the actual performance of the Authority's Pension Fund. It is the pension fund position on a funding basis that informs the Authority's ongoing contribution rate and the employees' contribution rate. Any pension deficit on this funding basis has to be made good over time. A triennial actuarial review assesses key assumptions and agrees any changes, including any increase in employer contributions, for a subsequent 3 year period with the aim of having a **100% funded scheme** over the longer term. The latest review applies to the period 1st April 2017 to 31st March 2020.

The Authority paid the deficit payment relating to the above triennial period as a lump sum in 2018/19 to benefit from the discount offered by the Pension Fund, as opposed to paying on a monthly or annual basis.

Fire Fighters Pension Scheme

As at 31st March 2019, fund liabilities **exceeded** fund assets by **£846.3M, on an accounting basis**.

In respect of this scheme when assessed **on a funding basis**, the arrangement significantly differs from the LGPS in that Central Government covers the cost of the Fire Fighters pension scheme annually by means of a "top up" grant to the pension fund.

The GAD valuation assesses the funding arrangements for the scheme, controlled by employee and employer contributions. 2018/19 is the final year of the current valuation cycle. The results from the latest valuation will be published later in the year with new rates determined from April 2019 for a 4 year period.

Summary of the Authority's Key Provisions as at 31st March 2019

The Authority accounts for the uncertain nature of particular transactions through provisions on its balance sheet, in accordance with the Accounting Code of Practice. The Authority has one significant provision on its balance sheet, which is summarised below:

- Insurance Fund: The Authority sets aside this provision to account for the uncertain nature of both value and the timing of insurance claims which may be brought against it. The value of the provision is based on the estimated outstanding claims currently lodged with the Authority, which as at 31st March 2019 totalled **£0.150M**.

Summary of the Authority's Borrowing Position as at 31st March 2019

The Authority's **total debt outstanding** as at 31st March 2019 was **£17.7M**, **including** finance lease liabilities of **£0.2M** but **excluding** other Local Authority (LA) Debt of **£1.4M** and accrued interest of **£0.05M**.

The Authority's borrowing is undertaken in accordance with the Prudential System which provides the regulatory framework to ensure that **all borrowing** is **prudent**, **affordable** and **sustainable**. This comprises a suite of indicators to be adopted within the Authority's treasury management strategy and performance reports, including an authorised limit for the absolute level of debt which cannot be exceeded. For 2018/19 this **limit** was set at **£34.9M** [including finance lease liabilities] with the Authority's **maximum debt** in year being some **£14.5M** lower.

Summary of Key Risks Faced by the Authority

Executive Overview:

Corporate Risk is managed in accordance with South Yorkshire Fire and Rescue Authority's Corporate Risk Management Policy and Strategy.

The Corporate Risk Management Policy forms part of the Authority's Publication Scheme and is available on the Authority's website in the Document Library.

A Corporate Risk Register is used to document corporate risks and to provide an update regarding how each risk is managed.

The Risk Register recognises that the Authority has risks in its own right and therefore highlights the risks the Authority faces in seeking to achieve its statutory, strategic and operational objectives. An update regarding how each of the high priority risks is being managed is detailed in update reports to the Audit Committee, and an Annual Risk Management Report, which is considered by both the Audit Committee, and the Full Authority.

Members should be assured that the Authority's new Risk Management process is a standing item on the officer Fire Governance Board which meets quarterly, and in consultation with Risk Owners, any new, emerging or changed risks are also considered.

Risk Management forms part of the Members' Annual Learning and Development Schedule.

Title	Description	Date Presented to Audit & Governance Committee	Fire Authority Reference	Link to Audit & Governance Committee Meeting
Risk Register Quarterly Update	Quarterly Update	14th May 2018	Item 15	Audit & Governance Committee Meeting
Risk Register Quarterly Update	Quarterly Update	17th September 2018	Item 12	Audit & Governance Committee Meeting
Risk Register Quarterly Update	Quarterly Update	14th January 2019	Item 13	Audit & Governance Committee Meeting

Future Spending Plans & Assessment of the Future Economic Climate

Key Documents

Title	Description	Date Presented	Reference	Link to Meeting
Budget, Precept & Council Tax 2019/20	Budget, Precept & Council Tax Setting 2019/20	11th February 2019	Item 11	February FRA Meeting
2019/20 Draft Revenue Budget	Budget Proposals 2019/20	11th February 2019	Item 11 – Appendix A	February FRA Meeting
2019/20 Capital Investment Strategy	The Authority's strategy with regards Capital Investment	11th February 2019	Item 11 – Appendix B	February FRA Meeting
2019/20 Treasury Management Strategy	The Authority's strategy with regards Borrowing & Investing	11th February 2019	Item 11 – Appendix C	February FRA Meeting

Revenue Outlook

The Authority has been successful in maintaining an effective and efficient emergency response despite the financial pressures faced since the start of the Comprehensive Spending Review (CSR) in 2010.

Nevertheless the financial backdrop remains very challenging. The approval of our efficiency plan, which provides certainty of Local Government Funding, up to and including the 2019/20 financial year, results in a funding reduction of £3.4M over the 4 year period. The financial position beyond 2019/20 remains very uncertain as the Government have not yet released the planned CSR and are also planning some fundamental, but as yet unconfirmed, reforms to the way local government and fire authorities receive funding from 2020/21. Furthermore, the uncertainty around the United Kingdom's departure from the European Union (Brexit) makes the financial backdrop extremely uncertain.

Despite this uncertain backdrop, SYFRA has updated its Medium Term Financial Plan to 2022 in order to plan ahead. This has resulted in a potential deficit over the period 2020-22 of approximately £2m per annum and we are currently addressing this financial position in parallel with an updated IRMP and a review of the way we deliver our services.

Despite the financial challenges ahead, we will continue to use our available resources to deliver our key objectives set out in our IRMP. As such, we will target funding in the areas of greatest risk and will continue to respond effectively to emergencies when needed. That said, and in light of the financial outlook, it is more important than ever that our prevention and protection work is the foundation of our activity, to stop fires and other emergencies from happening in the first place.

Capital Outlook

The Authority's capital investment budget is £15.3M through to 2020/21. The planned programme will see the delivery of new vehicles, a new fire station in Barnsley, and improvements to 4 Close Proximity Crewing (CPC) Stations and the Training and Development Centre as well as investment in new equipment and improvements in information technology.

Our 2018/19 Statement of Accounts

The Form of the Statement of Accounts

The Statement of Accounts is a statutory publication required under the Accounts and Audit Regulations and prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting required to give a true and fair view of the Authority's financial position at the end of the year and the transactions of the Authority during the year.

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

The layout of the 2018/19 Statement of Accounts is comprised of:

- Statement of Responsibilities for the Statement of Accounts;
- The Core Financial Statements;
- Notes to the Core Financial Statements including The Expenditure & Funding Analysis; and
- The Supplementary Financial Statements and Notes.

These are explained in more detail below.

Statement of Responsibilities for the Statement of Accounts

This section explains the respective responsibilities of the Authority and the Chief Finance Officer (CFO) in relation to the Statement of Accounts. The Authority is responsible for ensuring that there are proper arrangements in place for financial administration, ensuring that value for money is achieved and approving the annual Statement of Accounts. The CFO is responsible for selecting and applying accounting policies, keeping accurate and timely accounting records, taking reasonable steps for the prevention and detection of fraud and complying with proper accounting practice as defined by the Code.

The Core Financial Statements

The Movement in Reserves Statement (MIRS) – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable 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 accounting / economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. 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 the Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Comprehensive Income and Expenditure Statement (CI&ES) **–** This statement shows the accounting cost in the year, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this is different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet **–** The Balance Sheet shows the value of the assets and liabilities recognised by the Authority, as at 31st March 2019. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

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

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

Notes to the Core Financial Statements

The Expenditure & Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to an authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's functions. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Other Disclosure Notes

There are a number of disclosure notes that present further detail behind the figures in the Core Financial Statements, categorised by the predominant statement that they support.

- Notes Relating to the Expenditure and Funding Analysis;
- Notes Relating to the Movement in Reserves Statement;
- Notes Relating to the Comprehensive Income & Expenditure Statement;
- Notes Relating to the Balance Sheet; and
- Notes Relating to the Cash Flow Statement.

The Supplementary Financial Statements

The Pension Fund Statement **-** The Fire Authority administers the Firefighters' Pensions Scheme.

Changes of Accounting Policies in 2018/19

A change to the Code of Practice for 2018/19 has enforced two changes to the Authority's accounting policies and are outlined below:

Financial Instruments

The Code has adopted IFRS 9 for the 2018/19 financial year, which means two key changes to how the Authority accounts for its investments:

- The first change is around the classification of the investments which ultimately determines how they are valued and therefore accounted for;
- The second change is to introduce a model for recognising potential losses on the Authority's investments earlier by looking at the historical default and applying a judgement around this probably happening, based on the individual investment and counter party organisation.

The transitional impact of this change is described in Note 20 to the accounts.

Revenue Recognition

The Code has adopted IFRS 15 for the 2018/19 financial year, which means that the way the Authority recognises its revenues from contractual arrangements. In summary:

- Any contract that the Authority is party to as supplier of goods / services needs to be assessed in terms of the performance obligations within those contracts;
- Where there are separate performance obligations, material in nature, then the contract price is to be allocated to these performance obligations and recognised as they are satisfied;
- There are also additional disclosures around the Authority's revenues from contracts.

The transitional impact of this change is described in Note 7 to the accounts.

The Code stipulates that both of these changes are implemented as at the 1st April 2018, which means, where applicable, an adjustment to the Authority's opening balances.

There are no material changes as a result of these two accounting policy changes.

Post Balance Sheet Events

Brexit

The United Kingdom was scheduled to leave the European Union on the 29th March 2019 but due to delays in the agreement of the exit arrangements, this date has been postponed a number of times during April and May 2019 with the departure date now expected to be later in 2019/20.

STATEMENT OF ACCOUNTS 2018/19

SECTION 3 - 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 Service Director for Finance at Barnsley Metropolitan Borough Council (The Treasurer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

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

CLLR PAT HAITH, CHAIR OF THE AUDIT COMMITTEE **Date: 22nd July 2019**

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the attached Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2019 and its income and expenditure for the year then ended.

NEIL COPLEY, BA (HONS), CPFA, TREASURER **Date: 22nd July 2019**

THE MOVEMENT IN RESERVES STATEMENT

Movement in Reserves During 2018/19	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
	£000s	£000s	£000s	£000s	£000s	£000s	
Balance of Reserves at 1st April 2018	**24,517**	**-**	**18**	**24,535**	**(777,058)**	**(752,523)**	Balance Sheet
Total Comprehensive Expenditure & Income	**(43,264)**	**-**	**-**	**(43,264)**	**(25,921)**	**(69,185)**	CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	41,640	295	-	**41,935**	**(41,935)**	**-**	Note 3
Net Increase / (Decrease) in 2018/19	**(1,624)**	**295**	**-**	**(1,329)**	**(67,856)**	**(69,185)**	Note 4
Balance of Reserves at 31st March 2019	**22,893**	**295**	**18**	**23,206**	**(844,914)**	**(821,708)**	Balance Sheet
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet	

Movement in Reserves During 2017/18	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
	£000s	£000s	£000s	£000s	£000s	£000s	
Balance of Reserves at 1st April 2017	**24,839**	**-**	**460**	**25,299**	**(763,464)**	**(738,165)**	
Total Comprehensive Expenditure & Income	**(8,678)**	**-**	**-**	**(8,678)**	**(5,680)**	**(14,358)**	CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	**8,356**	-	(442)	**7,914**	**(7,914)**	**-**	Note 3
Net Increase / (Decrease) in 2017/18	**(322)**	**-**	**(442)**	**(764)**	**(13,594)**	**(14,358)**	Note 4
Balance of Reserves at 31st March 2018	**24,517**	**-**	**18**	**24,535**	**(777,058)**	**(752,523)**	Balance Sheet
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet	

STATEMENT OF ACCOUNTS 2018/19

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2017/18				2018/19			
Gross Expenditure £000s	**Gross Income £000s**	**Net Expenditure £000s**		**Gross Expenditure £000s**	**Gross Income £000s**	**Net Expenditure £000s**	
55,905	(852)	55,053	Fire Fighting & Operations	93,132	(1,064)	92,068	
55,905	**(852)**	**55,053**	**Net Cost of Services**	**93,132**	**(1,064)**	**92,068**	
			Other Operating Expenditure:				
448	(802)	(354)	(Gains) / Losses on The Disposal of Non-Current Assets	273	(295)	(22)	
448	**(802)**	**(354)**	**Total Other Operating Expenditure**	**273**	**(295)**	**(22)**	
			Financing & Investment Income & Expenditure:				
1,174	-	1,174	Interest Payable on Debt	999	-	999	
29	-	29	Interest Payable on Finance Leases	18	-	18	
20,577	-	20,577	Net Interest on The Defined Benefit Liability / Asset	20,322	-	20,322	Note 30
-	(61)	(61)	Investment Interest Income	-	(91)	(91)	
21,780	**(61)**	**21,719**	**Total Financing & Investment Income & Expenditure**	**21,339**	**(91)**	**21,248**	
			Taxation & Non Specific Grant Income:				
-	-	-	Recognised Capital Grants & Contributions	-	-	-	
-	(418)	(418)	Section 31 Grant – Small Business Rate Relief (SBRR)	-	(648)	(648)	
-	(381)	(381)	Other Grants	-	(359)	(359)	
-	(10,422)	(10,422)	Revenue Support Grant (RSG)	-	(9,115)	(9,115)	
-	(17,426)	(17,426)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's Behalf	-	(18,908)	(18,908)	Note 30
-	(24,387)	(24,387)	Council Tax	-	(25,461)	(25,461)	
-	(3,930)	(3,930)	Business Rates Retention Scheme – Locally Retained	-	(4,289)	(4,289)	
-	(10,776)	(10,776)	Business Rates Retention Scheme – Top Up Grant	-	(11,250)	(11,250)	
-	**(67,740)**	**(67,740)**	**Total Taxation & Non Specific Grant Income**	**-**	**(70,030)**	**(70,030)**	
78,133	**(69,455)**	**8,678**	**(Surplus) / Deficit on Provision of Services**	**114,744**	**(71,480)**	**43,264**	Note 6
			Other Comprehensive Income & Expenditure:				
-	(2,786)	(2,786)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	2,922	-	2,922	Note 5
8,466	-	8,466	Actuarial (Gains) / Losses on Pension Assets / Liabilities	22,999	-	22,999	Note 30
8,466	**(2,786)**	**5,680**	**Other Comprehensive Income & Expenditure**	**25,921**	**-**	**25,921**	
86,599	**(72,241)**	**14,358**	**Total Comprehensive Income & Expenditure**	**140,665**	**(71,480)**	**69,185**	MIRS

STATEMENT OF ACCOUNTS 2018/19

BALANCE SHEET AS AT 31st MARCH 2019

2017/18 £000s		2018/19 £000s	2018/19 £000s	Note / Statement
	NON-CURRENT ASSETS			
	Property Plant and Equipment:			
49,801	- Operational Land & Buildings	45,572		15
9,238	- Vehicles, Plant, Furniture & Equipment	8,837		15
10	- Surplus Assets	7		15
-	- Assets Under Construction	-		15
59,049			**54,416**	
240	Intangible Assets	165		16
-	Long Term Debtors	-		20
240			**165**	
59,289	**Total Non-Current Assets**		**54,581**	
	CURRENT ASSETS			
238	Assets 'Held for Sale'	-		17
5,013	Short Term Investments	3,009		20
550	Inventories	516		22
2,609	Local Taxation Debtors	3,260		23
6,619	Other Short Term Debtors	4,098		24
3,765	Cash & Cash Equivalents	5,120		Cash Flow
18,794	**Total Current Assets**		**16,003**	
78,083	**TOTAL ASSETS**		**70,584**	
	CURRENT LIABILITIES			
(2,863)	Short Term Borrowing	(616)		20
(864)	Other Short Term Liabilities	(829)		20
(4,310)	Short Term Creditors	(4,127)		25
(55)	Provisions	(276)		27
(1,003)	Grants Receipts in Advance	(1,119)		26
(9,095)	**Total Current Liabilities**		**(6,967)**	
	LONG TERM LIABILITIES			
(16,568)	Long Term Borrowing	(16,292)		20
(1,573)	Other Long Term Liabilities	(745)		20
(141)	Long Term Provisions	(134)		27
(803,229)	Retirement Benefit Obligations	(868,154)		30
(821,511)	**Total Long Term Liabilities**		**(885,325)**	
(830,606)	**TOTAL LIABILITIES**		**(892,292)**	
(752,523)	**NET ASSETS / (LIABILITIES)**		**(821,708)**	
	USABLE RESERVES:			
24,517	- General Fund Reserves	22,893		4 / MIRS
-	- Usable Capital Receipts Reserve	295		MIRS
18	- Capital Grant Unapplied Reserve	18		MIRS
24,535	**TOTAL USABLE RESERVES**		**23,206**	
	UNUSABLE RESERVES:			
15,795	- Capital Adjustment Account	15,172		5
(67)	- Financial Instruments Adjustment Account	(50)		5
(804,339)	- Pensions Reserve	(868,709)		5
10,240	- Revaluation Reserve	7,126		5
(197)	- Accumulated Absences Account	(162)		5
1,510	- Collection Fund Adjustment Account	1,709		5
(777,058)	**TOTAL UNUSABLE RESERVES**		**(844,914)**	
(752,523)	**TOTAL RESERVES**		**(821,708)**	

CASH FLOW STATEMENT

2017/18 £000s		2018/19 £000s	2018/19 £000s	Note
8,678	**Net (Surplus) / Deficit on Provision of Services**		**43,264**	CI&ES
	Adjustments to Net (Surplus) or Deficit on The Provision of Services for Non-Cash Movements:			
(798)	- Depreciation & Impairment	(3,807)		
(10,997)	- Pension Fund Adjustments	(41,926)		
(436)	- Carrying Amount of Non-Current Assets Sold	(273)		
(19)	- (Increase) / Decrease in Provisions	(214)		
17	- Increase / (Decrease) in Inventories	(34)		
2,913	- Increase / (Decrease) in Debtors	(1,870)		
(712)	- (Increase) / Decrease in Creditors	62		
20	- Other Non-Cash Adjustments	(17)		
(10,012)			**(48,079)**	
	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:			
-	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	-		
759	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	295		
759			**295**	
(575)	**Net Cash (Inflow) / Outflow From Operating Activities**		**(4,520)**	
683	**Net Cash (Inflow) / Outflow From Investing Activities**		(399)	32
3,354	**Net Cash (Inflow) / Outflow From Financing Activities**		3,564	33
3,462	**Net (Increase) / Decrease in Cash & Cash Equivalents**		**(1,355)**	

7,227	**Cash & Cash Equivalents as at 1st April**	**3,765**	Balance Sheet
(3,462)	Net Increase / (Decrease) in Cash & Cash Equivalents	1,355	
3,765	**Cash & Cash Equivalents as at 31st March**	**5,120**	Balance Sheet
	Made Up Of The Following Elements:		
21	Cash Held By The Authority	10	
643	Bank Current Accounts	1,707	
3,101	Short Term Deposits With Financial Institutions	3,403	
3,765	**Total Cash & Cash Equivalents**	**5,120**	

SECTION 5 – NOTES TO THE CORE FINANCIAL STATEMENTS

THE EXPENDITURE AND FUNDING ANALYSIS

2017/18				2018/19		
Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000s	**£000s**	**£000s**		**£000s**	**£000s**	**£000s**
45,865	9,188	55,053	Fire Fighting & Operations	47,782	44,286	92,068
45,865	**9,188**	**55,053**	**Net Cost of Services**	**47,782**	**44,286**	**92,068**
(43)	(311)	(354)	Other Operating Income & Expenditure	-	(22)	(22)
1,159	20,560	21,719	Financing & Investment Income & Expenditure	926	20,322	21,248
(50,249)	(17,491)	(67,740)	Taxation & Non Specific Grant Income	(50,922)	(19,108)	(70,030)
(3,268)	**11,946**	**8,678**	**(Surplus) / Deficit on Provision of Services**	**(2,214)**	**45,478**	**43,264**
3,590	(3,590)	-	Below the Line Items	3,838	(3,838)	-
322	**8,356**	**8,678**	**TOTAL NET EXPENDITURE**	**1,624**	**41,640**	**43,264**
Note 1 / Note 4 / MIRS	Note 3 / MIRS	CI&ES		Note 1 / Note 4 / MIRS	Note 3 / MIRS	CI&ES

2017/18	Movement on Reserves:	2018/19
£000s		**£000s**
24,839	**Opening General Fund Balance as at 1st April**	**24,517**
(322)	Plus/(Less) Surplus or (Deficit) on General Fund Balances in Year	(1,624)
24,517	**Closing General Fund Balance as at 31st March**	**22,893**
Note 4 / MIRS		Note 4 / MIRS

NOTES PRIMARILY RELATING TO THE EXPENDITURE & FUNDING ANALYSIS

Note 1 – Reconciliation Between Management Accounts and Expenditure & Funding Analysis	
Description:	This note provides a reconciliation between the Authority's Management Accounts and the first column of the Expenditure & Funding Analysis. The respective adjustments are outlined in the explanatory notes in the pages overleaf.

Adjustments from Management Accounts to Financial Reporting Format	**2018/19** Management Accounts as Per Final Accounts Report (Note 1)	Items Not Included in Net Cost of Services (Note 2)	Items Not Included Within The CI&ES (Note 3)	Corporate Funding / Expenditure (Note 4)	Net Expenditure Chargeable to the General Fund Balance (Note 5)
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Fire Fighting & Operations	52,187	(567)	(3,838)	-	47,782
Net Cost of Services	**52,187**	**(567)**	**(3,838)**	**-**	**47,782**
Other Operating Income & Expenditure	-	-	-	-	-
Financing & Investment Income & Expenditure	-	926	-	-	926
Taxation & Non Specific Grant Income	-	(359)	-	(50,563)	(50,922)
(Surplus) / Deficit on Provision of Services	**52,187**	**-**	**(3,838)**	**(50,563)**	**(2,214)**
Below the Line Items	-	-	3,838	-	3,838
TOTAL NET EXPENDITURE	**52,187**	**-**	**-**	**(50,563)**	**1,624**

EFA / Note 4

Adjustments from Management Accounts to Financial Reporting Format	**2017/18** Management Accounts as Per Final Accounts Report (Note 1)	Items Not Included in Net Cost of Services (Note 2)	Items Not Included Within The CI&ES (Note 3)	Corporate Funding / Expenditure (Note 4)	Net Expenditure Chargeable to the General Fund Balance (Note 5)
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Fire Fighting & Operations	50,189	(734)	(3,590)	-	45,865
Net Cost of Services	**50,189**	**(734)**	**(3,590)**		**45,865**
Other Operating Income & Expenditure	-	(43)	-	-	(43)
Financing & Investment Income & Expenditure	-	1,159	-	-	1,159
Taxation & Non Specific Grant Income	-	(382)	-	(49,867)	(50,249)
(Surplus) / Deficit on Provision of Services	**50,189**	**-**	**(3,590)**	**(49,867)**	**(3,268)**
Below the Line Items	-	-	3,590	-	3,590
TOTAL NET EXPENDITURE	**50,189**	**-**	**-**	**(49,867)**	**322**

EFA / Note 4

Adjustments From Management Accounts to Financial Reporting Format

Note 1: Management Accounts as Per Final Accounts Report

This column represents the net revenue expenditure (management accounts) of the Authority, as reported to Full Authority throughout the financial year.

Note 2: Items Not Included in Net Cost of Services

Adjustments for items that are not deemed, as per the Accounting Code of Practice, as service specific income and expenditure but which represent other corporate items:

- **Other Operating Income & Expenditure** – generally relates to precepts / levies that are accounted for within service budgets from a management accounts perspective but a corporate cost as per the financial reporting requirements;

- **Financing & Investment Income & Expenditure** – generally relates to corporate income and expenditure such as interest payments servicing the Authority's debt and interest receivable from its financial investments.

- **Taxation & Non-Specific Grant Income & Expenditure** – relates to non-specific grant received and accounted for within service budgets from a management accounts perspective.

Note 3: Items Not Included Within The CI&ES

Adjustments that, under the Accounting Code of Practice, are not reported from a financial reporting point of view within the Comprehensive Income & Expenditure Statement:

- These adjustments generally relate to capital items such as the statutory charges for capital financing i.e. Minimum Revenue Provision and capital funded by revenue / reserves. Also included is the accounting recognition of the element of the pension deficit payment and the adjustment in relation to financial instruments.

Note 4: Corporate Funding / Expenditure

This column brings in the Authority's corporate, non-specific funding for the year together with other corporate items of expenditure:

- **Taxation & Non-Specific Grant Income & Expenditure** – relates to the non-specific income that the Authority receives in year to fund its net expenditure, including Revenue Support Grant (RSG), Council Tax, Business Rates and S31 Grants.

Note 5: Net Expenditure Chargeable to the General Fund Balance

This column shows the Authority's financial position in terms of its in-year movement in general fund reserve positions. These can be seen in terms of both types of reserves in Note 4.

Note 2 - Adjustments between Funding and Accounting Basis per Directorate	
Description:	This note provides an analysis of the adjustments between the accounting basis as stipulated by the Code of Practice and the funding basis as stipulated by Legislation, per directorate. The respective adjustments are outlined in the explanatory notes in the pages overleaf.

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	**2018/19**				
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	**Total Adjustments**	
	£000s	**£000s**	**£000s**	**£000s**	
Fire Fighting & Operations	3,809	40,512	(35)	**44,286**	
Net Cost of Services	**3,809**	**40,512**	**(35)**	**44,286**	EFA
Other Operating Income & Expenditure	(22)	-	-	**(22)**	
Financing & Investment Income & Expenditure	-	20,322	-	**20,322**	
Taxation & Non Specific Grant Income	-	(18,908)	(200)	**(19,108)**	
Difference Between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**3,787**	**41,926**	**(235)**	**45,478**	EFA
Below the Line Items	(3,266)	(555)	(17)	**(3,838)**	
TOTAL NET EXPENDITURE	**521**	**41,371**	**(252)**	**41,640**	EFA

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	**2017/18**				
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	**Total Adjustments**	
	£000s	**£000s**	**£000s**	**£000s**	
Fire Fighting & Operations	787	8,401	-	**9,188**	
Net Cost of Services	**787**	**8,401**	**-**	**9,188**	EFA
Other Operating Income & Expenditure	(311)	-	-	**(311)**	
Financing & Investment Income & Expenditure	-	20,577	(17)	**20,560**	
Taxation & Non Specific Grant Income	-	(17,426)	(65)	**(17,491)**	
Difference Between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**476**	**11,552**	**(82)**	**11,946**	EFA
Below the Line Items	(3,035)	(555)	-	**(3,590)**	
TOTAL NET EXPENDITURE	**(2,559)**	**10,997**	**(82)**	**8,356**	EFA

Note 1: Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- **Financing and Investment Income & Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- **Taxation and Non-Specific Grant Income & Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2: Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For Net Cost of Services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs. The change also includes the recognition of the pension deficit payment, relating to the year.

- For **Financing and Investment Income & Expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Note 3: Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and Investment Income & Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under **Taxation and Non-Specific Grant Income & Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

NOTES PRIMARILY RELATING TO THE MOVEMENT IN RESERVES STATEMENT

Note 3 – Adjustments Between Accounting Basis and Funding Basis Under Regulations	
Description:	This note details the adjustments that are made to the Comprehensive Income and Expenditure Statement, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2018/19 Adjustments	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
	£000s	**£000s**	**£000s**	**£000s**
Adjustments to Revenue Resources				
Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements:				
Pensions Costs (Transferred to or (from) the Pensions Reserve)	41,371	-	-	(41,371)
Financial Instruments (Transferred to the Financial Instruments Adjustments Account)	(17)	-	-	17
Council Tax and NDR (Transfers to or (from) Collection Fund)	(200)	-	-	200
Holiday Pay (Transferred to the Accumulated Absences Reserve)	(35)	-	-	35
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (These Items are Charged to the Capital Adjustment Account)	4,081	-	-	(4,081)
Sub Total – Adjustments to Revenue Resources	**45,200**	**-**	**-**	**(45,200)**
Adjustments Between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(295)	295	-	-
Statutory Provision for the Repayment of Debt (Transfer from the Capital Adjustment Account)	(1,207)	-	-	1,207
Capital Expenditure Financed from Revenue Balances (Transfer to the Capital Adjustment Account)	(2,058)	-	-	2,058
Sub Total – Adjustments Between Revenue & Capital Resources	**(3,560)**	**295**	**-**	**3,265**

Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	-	-	-
Application of Capital Grants to Finance Capital Expenditure	-	-	-	-
Capital Grants Received, Not Yet Applied	-	-	-	-
Sub Total – Adjustments to Capital Resources	**-**	**-**	**-**	**-**
Total Adjustments	**41,640**	**295**	**-**	**(41,935)**
	MIRS	MIRS	MIRS	MIRS

2017/18 Adjustments	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
	£000s	**£000s**	**£000s**	**£000s**
Adjustments to Revenue Resources				
Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements:				
Pensions Costs (Transferred to or (from) the Pensions Reserve)	10,997	-	-	(10,997)
Financial Instruments (Transferred to the Financial Instruments Adjustments Account)	(17)	-	-	17
Council Tax and NDR (Transfers to or (from) Collection Fund)	(65)	-	-	65
Holiday Pay (Transferred to the Accumulated Absences Reserve)	-	-	-	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (These Items are Charged to the Capital Adjustment Account)	1,235	-	-	(1,235)
Sub Total – Adjustments to Revenue Resources	**12,150**	**-**	**-**	**(12,150)**
Adjustments Between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(759)	759	-	-
Statutory Provision for the Repayment of Debt (Transfer from the Capital Adjustment Account)	(1,119)	-	-	1,119
Capital Expenditure Financed from Revenue Balances (Transfer to the Capital Adjustment Account)	(1,916)	-	-	1,916
Sub Total – Adjustments Between Revenue & Capital Resources	**(3,794)**	**759**	**-**	**3,035**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	(759)	-	759
Application of Capital Grants to Finance Capital Expenditure	-	-	(442)	442
Capital Grants Received, Not Yet Applied	-	-	-	-
Sub Total – Adjustments to Capital Resources	**-**	**(759)**	**(442)**	**1,201**
Total Adjustments	**8,356**	**-**	**(442)**	**(7,914)**
	MIRS	MIRS	MIRS	MIRS

Note 4 – General Fund Reserves	
Description:	This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans.
Relevant Accounting Policies:	Accounting Policy Q

	Balance at 31st March 2017	Transfers Out 2017/18	Transfers In 2017/18	**Balance at 31st March 2018**	Transfers Out 2018/19	Transfers In 2018/19	**Balance at 31st March 2019**
General Fund :	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
General Reserves:							
• General Reserves	3,781	(548)	2,884	6,117	(2,117)	604	4,604
• Operational Contingency	1,000	-	-	1,000	-	-	1,000
Sub Total – General Reserves	**3,781**	**(548)**	**2,884**	**7,117**	**(2,117)**	**604**	**5,604**
Earmarked Reserves :							
• Insurance	1,326	(28)	-	1,298	-	42	1,340
• Invest to Save	412	(20)	338	730	(145)	-	585
• Revenue Grants	3	(3)	-	-	-	-	-
• Budget Carry Forward	246	(246)	227	227	(147)	104	184
• Capital Investment – Committed	13,271	(1,916)	1,441	12,796	(1,690)	392	11,498
• Capital Investment - Uncommitted	-	-	-	-	-	1,725	1,725
• Transition	2,000	(2,000)	-	-	-	-	-
• Stronger, Safer Communities	2,800	(451)	-	2,349	(895)	-	1,454
• MRP	-	-	-		-	453	453
• Interest Rate Mitigation	-	-	-	-	-	50	50
Sub Total – Earmarked Reserves	**21,058**	**(4,664)**	**2,006**	**17,400**	**(2,877)**	**2,766**	**17,289**
Total – General Fund Reserves	**24,839**	**(5,212)**	**4,890**	**24,517**	**(4,994)**	**3,370**	**22,893**
General Fund Movement		**(322)**			**(1,624)**		Balance Sheet
		MIRS / EFA			MIRS / EFA		

The purpose of each reserve held is set out below:

Usable Reserve	**Purpose**
• Operational Contingency	This is a contingency to cover unexpected operational requirements.
• Insurance	This reserve has been created to fund future potential liabilities under current insurance arrangements.
• Invest to Save	This reserve enables the Authority to target specific initiatives which will deliver future efficiency savings in excess of the initial investment.
• Revenue Grants	The treatment of revenue grants in accordance with the Code may result in a mismatch between spending and income. In order to address this, any grant which has not been used to fund related expenditure is contributed to this reserve and used to fund expenditure when it is incurred in future years.
• Budget Carry Forward	Sums earmarked to fund the slippage of specific items of revenue expenditure are carried forward into the following financial year in this reserve.
• Capital Investment	This has been set aside during the year to support the Authority's future capital investment programme.
• Transition	The Authority is anticipating further substantial reductions in grant funding over the next few years and will need to reduce base expenditure to match in order to achieve a balanced financial position. Sums have therefore been earmarked in a Transition Reserve to enable a measured approach to be taken to achieving the required savings.
• Stronger, Safer Communities	The Authority has set aside reserves in support of its objectives of protecting the most vulnerable in our communities; further promoting the Community fire safety agenda; enhancing partnership working and sharing data amongst partners in order to focus resources on priority areas and individuals.
• MRP	The Authority has set aside reserves to pay for future years MRP charges, in line with the approved MRP Policy.
• Interest Rate Mitigation	The Authority has set aside reserves to mitigate against any future potential increase in interest costs relating to its debt.

Note 5 – Unusable Reserves	
Description:	This note provides an analysis of the Authority's unusable reserves. These reserves cannot be used to reduce Council Tax and ordinarily represent statutory accounting requirements.

31st March 2018 £000s		**31st March 2019 £000s**
15,795	Capital Adjustment Account	15,172
(67)	Financial Instruments Adjustment Account	(50)
(804,339)	Pensions Reserve	(868,709)
10,240	Revaluation Reserve	7,126
(197)	Accumulated Absences Account	(162)
1,510	Collection Fund Adjustment Account	1,709
(777,058)	**Total Unusable Reserves**	**(844,914)**

Balance Sheet

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as charges for depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains on donated assets that have yet to be consumed by the Authority.

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

Note 3 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2017/18		**2018/19**	
£000s		**£000s**	**£000s**
12,493	**Balance at 1st April**		**15,795**
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income & Expenditure Statement :		
(673)	- Charges for Depreciation & Impairment of Non-Current Assets	(3,732)	
(74)	- Amortisation of Intangible Assets	(75)	
(51)	- Revaluation Losses on Property, Plant & Equipment	-	
(436)	- Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	(273)	
(1,234)			**(4,080)**
299	Adjusting Amount Written Out to the Revaluation Reserve		192
(935)	**Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year**		**(3,888)**
	Capital Financing Applied in Year :		
759	- Use of the Capital Receipts Reserve to Finance New Expenditure	-	
442	- Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to Capital Financing	-	
-	- Application of Grants to Capital Financing From Capital Grants Unapplied Account	-	
1,119	- Statutory Provision for the Financing of Capital Investment Charged Against the General Fund Balance	1,207	
1,917	- Capital Expenditure Charged Against the General Fund Balance	2,058	
4,237			**3,265**
15,795	**Balance at 31st March**		**15,172**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax payers. The balance on the Account as at 31st March 2019 will be charged to the General Fund over the next 4 years.

2017/18		2018/19	
£000s		£000s	£000s
(84)	**Balance at 1st April**		**(67)**
17	Premiums Incurred in the Year & Charged to the Comprehensive Income & Expenditure Statement	17	
-	Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance With Statutory Requirements	-	
17	**Amount by Which Finance Costs Charged to the Comprehensive Income & Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements**		**17**
(67)	**Balance at 31st March**		**(50)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service. The liabilities recognised are updated to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension's Reserve therefore shows a substantial shortfall in benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2017/18		2018/19	
£000s		£000s	
(784,876)	**Balance at 1st April**	**(804,339)**	
(8,466)	Actuarial Gains or (Losses) on Pensions Assets & Liabilities	(22,999)	CI&ES
(33,051)	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(65,527)	
22,054	Employer's Pensions Contributions & Direct Payments to Pensioners Payable in Year	24,156	
(804,339)	**Balance at 31st March**	**(868,709)**	

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation or;
- Disposed of and the gains are realised.

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

2017/18		2018/19	
£000s		£000s	£000s
7,755	**Balance at 1st April**		**10,240**
2,784	Upward Revaluation of Assets	1,237	
-	Downward Revaluation of Assets & Impairment Losses Not Charged to the Surplus / Deficit on the Provision of Services	(4,159)	
-	Reversal Of Revaluation Loss (Net of Depreciation)	-	
	Surplus or (Deficit) on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services		**(2,922)**
(288)	Difference Between Fair Value Depreciation & Historical Cost Depreciation	(192)	
(11)	Accumulated Gains on Assets Sold or Scrapped	-	
(299)	**Amount Written Off to the Capital Adjustment Account**		**(192)**
10,240	**Balance at 31st March**		**7,126**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2019. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.

2017/18		2018/19	
£000s		£000s	£000s
(197)	**Balance at 1st April**		**(197)**
197	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	197	
(197)	Amounts Accrued at the End of the Current Year	(162)	
-	**Amount By Which Officer Remuneration Charged to the Comprehensive Income & Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance With Statutory Requirements**		**35**
(197)	**Balance at 31st March**		**(162)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18		2018/19
£000s		£000s
1,445	**Balance at 1st April**	**1,510**
65	Amount By Which Council Tax Income Credited to the Comprehensive Income & Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	199
1,510	**Balance at 31st March**	**1,709**

NOTES PRIMARILY RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Note 6 – Expenditure & Income Analysed By Nature	
Description:	This note shows the Surplus or Deficit on the Provision of Services within the CIES on a subjective basis.
Relevant Accounting Policies:	Accounting Policy B

The Authority's expenditure and income is analysed as follows:

Expenditure/Income	2017/18 £000s	2018/19 £000s
Expenditure:		
Employee Benefits Expenses	46,034	79,042
Other Services Expenses	9,082	10,281
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	788	3,809
Interest Payments	21,781	21,339
Disposal of Fixed Assets	448	273
Total Expenditure	**78,133**	**114,744**
Income:		
Fees, Charges & Other Service Income	(792)	(1,012)
Interest & Investment Income	(61)	(91)
Income From Council Tax & Non-Domestic Rates	(28,317)	(29,750)
Government Grants & Contributions	(39,483)	(40,332)
Receipts from Disposal of Assets	(802)	(295)
Total Income	**(69,455)**	**(71,480)**
(Surplus) or Deficit on the Provision of Services	**8,678**	**43,264**
	CI&ES	CI&ES

Segmental Income

Income received on a segmental basis is analysed below:

	2017/18		2018/19	
	Fees, Charges & Other Service Income	Total	Fees, Charges & Other Service Income	Total
	£000s	£000s	£000s	£000s
Fire Fighting & Operations	(792)	**(792)**	(1,012)	**(1,012)**
Total Income Analysed on a Segmental Basis	**(792)**	**(792)**	**(1,012)**	**(1,012)**

Note 7 – Revenue From Contracts With Service Recipients	
Description:	This note shows the level of revenue received by the Authority from its contractual arrangements.
Relevant Accounting Policies:	Accounting Policy B

Transition to IFRS 15

The Authority has reviewed the Fees, Charges & Other Service Income against the new criteria. The definition of a contractual arrangement that has been used is one that commits both parties to their respective obligations, even if the contract is not a written one e.g. a verbal contract. The majority of contractual revenue is already accounted for upon performance of agreed obligation – therefore there is no restatement of prior year balances.

Amounts included in the Comprehensive Income & Expenditure Statement for contracts with service recipients:

2017/18 £000s		2018/19 £000s
(96)	Revenue from Contracts With Service Recipients	(75)
(96)	**Total Included in Comprehensive Income & Expenditure Statement**	**(75)**

Note 8 – Capital Charges to the Comprehensive Income & Expenditure Statement	
Description:	The Comprehensive Income & Expenditure Statement is charged with any revaluation / impairment losses, over and above the balance on the revaluation reserve and depreciation charges. These charges are reversed out and have no impact on the Council Tax payer as per statute.
Relevant Accounting Policies:	Accounting Policy L

2017/18 £000s		2018/19 £000s
	Charged to Net Cost of Services:	
3,191	Depreciation	2,979
-	Impairments / Revaluation Losses	1,950
(2,437)	Reversal of Impairment Losses	(1,327)
68	Non Enhancing Capital Expenditure	205
822	**Total Charged to Comprehensive Income & Expenditure Statement**	**3,807**

Note 9 – Members' Allowances	
Description:	This note shows the cost to the Authority of its elected Members.

The total sum paid to members in 2018/19 was £0.078M (£0.075M in 2017/18). The allowances are initially paid to members by their respective District Councils and are then subsequently billed to the Authority.

Note 10 – Officers' Remuneration & Exit Packages	
Description:	This note shows: • The Senior Management Team remuneration; • An analysis of other Authority employees with remuneration of greater than £50k; • The cost to the Authority of exit packages given.
Relevant Accounting Policies:	Accounting Policy F

The table below sets out the remuneration disclosures for Senior Officers of the Authority (as defined in Local Authority Accounting Panel Bulletin 85) whose salary is equal to or more than £50,000 per year:

Post	2018/19					
	Salary, Fees & Allowances £000s	Bonuses £000s	Expenses £000s	Benefits in Kind £000s	Pension Contributions £000s	Total Remuneration £000s
Chief Fire Officer & Chief Executive – Jamie Courtney	151	-	-	-	33	**184**
Deputy Chief Fire Officer – Chief Operating Officer (1/4/18-20/1/19)	103	-	-	-	15	**118**
Deputy Chief Fire Officer – Chief Operating Officer (21/1/19-31/3/2019)	25				5	**30**
Assistant Chief Fire Officer – Director of Service Delivery (1/4/18 - 20/1/19)	97	-	-	-	21	**118**
Assistant Chief Fire Officer – Director of Service Delivery (21/1/19 - 31/3/19)	23	-		-	2	**25**
Director of Support Services	90	-	-	1	13	**104**

Post	2017/18					
	Salary, Fees & Allowances	**Bonuses**	**Expenses**	**Benefits in Kind**	**Pension Contributions**	**Total Remuneration**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Chief Fire Officer & Chief Executive – Jamie Courtney	148	-	-		32	**180**
Deputy Chief Fire Officer – Chief Operating Officer	126	-	-		4	**130**
Assistant Chief Fire Officer – Director of Service Delivery (1/4/17 - 17/12/17)	84	-	-		12	**96**
Assistant Chief Fire Officer – Director of Service Delivery (18/12/17 - 31/3/18)	34	-	7	-	7	**48**
Director of Support Services	90	-	-	1	12	**103**

The number of other employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000, is shown in the table below.

2017/18	Remuneration Band	2018/19
22	£50,000 - £54,999	23
14	£55,000 - £59,999	17
10	£60,000 - £64,999	5
7	£65,000 - £69,999	5
2	£70,000 - £74,999	1
-	£75,000 - £79,999	3
2	£80,000 - £84,999	-
-	£85,000 - £89,999	-
-	£90,000 - £94,999	-
57		**54**

The numbers of exit packages with total cost per band and total cost of the redundancies and other departures are set out in the table below:

Exit Package Cost Band	Number of Redundancies *		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
							£000s	**£000s**
	2017/18	**2018/19**	**2017/18**	**2018/19**	**2017/18**	**2018/19**	**2017/18**	**2018/19**
£0 - £20,000	2	2	-	2	2	4	16	28
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total Number of Exit Packages	**2**	**2**	**-**	**2**	**2**			
						Total Cost	**16**	**28**

***** There were 2 voluntary redundancy payments included within the above exit packages for 2017/18.

Note 11 – External Audit Costs	
Description:	This note shows the cost to the Authority of services provided by external audit.

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

2017/18 £000s		2018/19 £000s
38	Fees Payable to KPMG UK LLP With Regard to External Audit Services Carried Out by the Appointed Auditor for the Year	-
-	Fees Payable to Deloitte UK LLP With Regard to External Audit Services Carried Out by the Appointed Auditor for the Year	27
-	Fees Payable for the Certification of Grant Claims and Returns for the Year	-
-	Fees Payable in Respect of Other Services Provided During the Year	-
(5)	Refund from PSAA in respect of retained earnings	-
33	**Sub Total – Audit Fees Payable / (Refundable)**	**27**
-	**Fees Payable in Respect of Other Services Provided by Other Audit Companies**	**-**
33	**Total**	**27**

Note 12 – Grant Income Recognised Through The Comprehensive Income & Expenditure Statement	
Description:	Grants are recognised through the Comprehensive Income & Expenditure Statement when the specific conditions of the grants are satisfied. This note details these grants in respect of the Authority.
Relevant Accounting Policies:	Accounting Policy H

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

2017/18 £000s		2018/19 £000s
	Credited to Taxation & Non-Specific Grant Income:	
(21,997)	Non-Ringfenced Government Grants	(21,419)
(17,426)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's Behalf	(18,908)
-	Capital Grants & Contributions	-
(39,423)	**Total**	**(40,327)**
	Credited to Services:	
(60)	Other Grants & Contributions	(60)
(60)	**Total**	**(60)**

Note 13 – Related Parties	
Description:	This note explains the relationships that the Authority is party to including companies that the Authority has an interest in.
Relevant Accounting Policies:	Accounting Policy U
Areas of Critical Judgements Made:	Judgement 3

The Authority is required to disclose material transactions with related parties which are defined as 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 been able to limit another party's ability to bargain freely with the Authority.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions with other parties (e.g. Council Tax bills). Grants received from Government Departments are set out in the subjective analysis in Note 6 within the Amounts Reported for Resource Allocation Decisions. Grant receipts outstanding at 31st March 2019 are shown in Note 26 and Grants recognised through the Comprehensive Income & Expenditure statement during the year are shown in Note 12.

Senior Officers

Senior Officers within the Authority's Senior Management Team are responsible for ensuring that policies approved and decisions made by members are implemented effectively. The remuneration of senior officers is shown in Note 10.

During 2018/19, no senior officers of the Authority have declared a material interest in any companies.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 9. During 2018/19, no works or services were commissioned from companies with which a Member had an interest.

Other Local Authorities

All local authorities are subject to common control by Central Government. They often work in partnership with each other to provide services to the public. The Authority has a number of specific relationships / partnerships with different local authorities including where it is a member of a City Region. Details of material transactions with these local authorities are shown in the table within this note.

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

From 1 April 2015, Barnsley MBC took over the responsibility of the provision of advice and support to the Authority, following the disbanding of the South Yorkshire Joint Secretariat on 31 March 2015.

Other Public Bodies

South Yorkshire Pensions – Provider of pension services to the Authority.

Subsidiaries & Joint Ventures

The Authority has interests in one subsidiary, details of which are shown below:

South Yorkshire Fire & Rescue Safety Solutions UK

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

STATEMENT OF ACCOUNTS 2018/19

The objectives of the Trading Company were:

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

The company began trading from 1 April 2014; the tables below show the audited accounts for 2017/18. The Authority took the decision to cease formal trading of this company which was dissolved on the 25th August 2018. Therefore, the 2018/19 accounts for the company are to the winding up date on a part year basis.

2017/18 £000s	Profit & Loss Account	2018/19 £000s
(190)	Turnover	(61)
151	Cost of Sales	60
(39)	**Gross (Profit) / Loss**	**(1)**
-	Loan Interest	-
(39)	**Net (Profit) / Loss Before Tax**	**(1)**
1	Taxation	-
(38)	**Net (Profit) / Loss After Tax**	**(1)**

2017/18 £000s	Balance Sheet	2018/19 £000s
-	Non-Current Assets	-
198	Current Assets	203
198	**Total Assets**	**203**
(192)	Current Liabilities	(196)
-	Non-Current Liabilities	-
(192)	**Total Liabilities**	**(196)**
6	**Net Assets / (Liabilities)**	**7**
6	Reserves	7
6	**Total Reserves**	**7**

NOTES PRIMARILY RELATING TO THE BALANCE SHEET

Note 14 – Events After The Balance Sheet Date	
Description:	This note explains any significant event that occurs following the balance sheet date.
Relevant Accounting Policies:	Accounting Policy G

The Statement of Accounts was authorised for issue by the Service Director for Finance (BMBC), Section 151 Officer on 30th July2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2019, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

Brexit

The United Kingdom was scheduled to leave the European Union on the 29th March 2019 but due to delays in the agreement of the exit arrangements, this date has been postponed a number of times during April and May 2019 with the departure date now expected to be later in 2019/20.

Note 15 – Property, Plant and Equipment	
Description:	Property, Plant & Equipment are assets that the Authority uses to provide services to the public. This note shows the value and movement in those assets together with the valuation methodology.
Relevant Accounting Policies:	Accounting Policy J
Areas of Uncertainty:	Uncertainty Statement 1 / Uncertainty Statement 4

2018/19	**Land and Buildings £000s**	**Vehicles, Plant, Furniture & Equipment £000s**	**Surplus Assets £000s**	**Assets Under Construction £000s**	**Total £000s**
Cost or Valuation					
At 1st April 2018	**51,007**	**24,913**	**12**	**-**	**75,932**
Additions	707	1,351	-	-	2,058
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	(3,576)	-	-	-	(3,576)
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	(1,455)	-	-	-	(1,455)
De-recognition – Disposals	-	(304)	-	-	(304)
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2019	**46,683**	**25,960**	**12**	**-**	**72,655**
Accumulated Depreciation					
At 1st April 2018	**(1,206)**	**(15,675)**	**(2)**	**-**	**(16,883)**
Depreciation Charge	(1,185)	(1,717)	(3)	-	(2,905)
Depreciation Written Out to the Revaluation Reserve	654	-	-	-	654
Depreciation Written Out to the Surplus / Deficit on Provision of Services	626	-	-	-	626
De-recognition – Disposals	-	269	-	-	269
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2019	**(1,111)**	**(17,123)**	**(5)**	**-**	**(18,239)**
Net Book Value					
At 31st March 2018	**49,801**	**9,238**	**10**	**-**	**59,049**
At 31st March 2019	**45,572**	**8,837**	**7**	**-**	**54,416**
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet

2017/18	Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Cost or Valuation					
At 1st April 2017	**45,908**	**24,381**	**11**	**949**	**71,249**
Additions	1,130	1,210	-	778	3,118
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	2,637	-	12		2,649
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	100	(53)	(11)		36
De-recognition – Disposals	-	(882)	-		(882)
Assets Reclassified (To) / From Held for Sale	(238)	-	-		(238)
Transfers	1,470	257	-	(1,727)	-
At 31st March 2018	**51,007**	**24,913**	**12**	**-**	**75,932**
Accumulated Depreciation					
At 1st April 2017	**(2,179)**	**(14,866)**	**(11)**	**-**	**(17,056)**
Depreciation Charge	(1,512)	(1,594)	(10)	-	(3,116)
Depreciation Written Out to the Revaluation Reserve	135	-	-	-	135
Depreciation Written Out to the Surplus / Deficit on Provision of Services	2,350	-	19	-	2,369
De-recognition – Disposals	-	785	-	-	785
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2018	**(1,206)**	**(15,675)**	**(2)**	**-**	**(16,883)**
Net Book Value					
At 31st March 2017	**43,729**	**9,515**	**-**	**949**	**54,193**
At 31st March 2018	**49,801**	**9,238**	**10**	**-**	**59,049**
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet

Depreciation:

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

- Buildings – 10 to 50 years; and
- Vehicles, Plant, Furniture & Equipment – 2 to 20 years.

Effects of Changes in Estimates:

There have been no changes to the depreciation methodologies used during 2018/19.

Capital Commitments:

At 31st March 2019, the Authority had contractually committed to £0.9M of capital works within its capital programme. The corresponding amount contractually committed as at 31st March 2018 was £1.1M. The major commitments are:

- Upgrade of ICT Systems and other equipment - £0.5M;
- Fire station replacements and other premises improvements - £0.3M; and
- Vehicle Purchase - £0.1M.

Revaluations:

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value, is revalued at least every five years. The valuations of land and buildings were carried out during the year by an external valuer, Align Property Partners, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). The effective date of the valuation was 1st April 2018. During 2018/19, a revaluation exercise was undertaken to estimate the impact of movements in valuations of all of the Authority's operational assets.

The basis for valuation is set out in Annex A – Statement of Accounting Policies.

	Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Carried at Historical Cost	1,487	25,960	-	-	**27,447**
Valued at Fair Value:					
2018/19	45,196	-	-	-	**45,196**
2017/18	-	-	12	-	**12**
2016/17	-	-	-	-	**-**
2015/16	-	-	-	-	**-**
2014/15	-	-	-	-	**-**
Gross Book Value	**46,683**	**25,960**	**12**	**-**	**72,655**

Fair Value Measurement of Surplus Assets:

Details of the Authority's Surplus Assets and information about the fair value hierarchy are as follows:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2019** **£000s**	**Accumulated Depreciation** **£000s**	**Net Book Value as at 31st March 2019** **£000s**
Surplus Buildings	-	-	-	-	-	-
Net Book Value	**-**	**-**	**-**	**-**	**-**	**-**

Balance Sheet

Prior Year Comparator:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2018** **£000s**	**Accumulated Depreciation** **£000s**	**Net Book Value as at 31st March 2018** **£000s**
Surplus Buildings	-	-	12	12	(2)	10
Net Book Value	**-**	**-**	**12**	**12**	**(2)**	**10**

Balance Sheet

Valuation Techniques used to Determine Level 3 Fair Values for Surplus Assets

Significant Observable Inputs – Level 3 – Market Approach

The fair value for the areas of land or buildings have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Significant observable inputs used in the fair value measurement include the rental value of offices accommodation once renovated, market yields, renovation/ demolition costs and commercial / industrial land values. It is the existence of unobservable inputs that gives rise to a level 3 categorisation.

Note 16 – Intangible Assets	
Description:	Intangible Assets are non-physical assets, used by the Authority. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy I

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system, in which case it would be accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The carrying amount of intangible assets are amortised on a straight-line basis. The amortisation of £0.075M has been charged to the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

The movement of Intangible Asset balances during the year are as follows:

2017/18 Purchased Software £000s		**2018/19 Purchased Software £000s**	
	Balance at 1st April :		
1,176	- Gross Carrying Amounts	**1,176**	
(862)	- Accumulated Amortisation	**(936)**	
314	**Net Carrying Amount at 1st April**	**240**	
	Additions:		
-	Purchases	-	
	Disposals:		
-	Other Disposals – Gross Carrying Amounts	(677)	
-	Other Disposals – Accumulated Amortisation	677	
	Amortisation:		
(74)	Amortisation for the Period	(75)	
240	**Net Carrying Amount at 31st March**	**165**	Balance Sheet
	Comprising :		
1,176	Gross Carrying Amounts	**499**	
(936)	Accumulated Amortisation	**(334)**	
240		**165**	

Note 17 – Assets Held for Sale	
Description:	Assets Held for Sale are Authority assets that are: • Being actively marketed for sale; • Expected to sell in the next 12 months. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy V
Areas of Uncertainty:	Uncertainty Statement 4

2017/18 £000s	Current Assets	2018/19 £000s
351	**Balance Outstanding at 1st April**	**238**
	Assets Newly Classified as Held for Sale :	
238	- Surplus Assets	-
-	Revaluation Gains	-
-	Revaluation Losses	-
	Assets Declassified as Held for Sale :	
-	- Property, Plant & Equipment	-
-	- Surplus Assets	-
(351)	Assets Sold	(238)
238	**Balance Outstanding at 31st March**	**-**

Balance Sheet

Fair Value Measurement of Assets Held for Sale:

Details of the Authority's Assets Held for Sale and information about the fair value hierarchy are as follows:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value / Net Book Value as at 31st March 2018** **£000s**
Buildings	-	-	-	-
Land	-	-	-	-
Net Book Value	**-**	**-**	**-**	**-**

Balance Sheet

Prior Year Comparator:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value / Net Book Value as at 31st March 2017** **£000s**
Buildings	-	-	169	169
Land	-	-	69	69
Net Book Value	**-**	**-**	**238**	**238**

Balance Sheet

Valuation Techniques used to Determine Level 3 Fair Values for Assets Held for Sale

Significant Unobservable Inputs – Level 3 – Market Approach

The fair value for the areas of land or buildings have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Significant observable inputs used in the fair value measurement include the rental value of offices accommodation once renovated, market yields, renovation/ demolition costs and commercial / industrial land values. It is the existence of unobservable inputs that gives rise to a level 3 categorisation.

Note 18 – Capital Expenditure and Capital Financing	
Description:	This note shows the Authority's capital financing requirement (CFR), which is the underlying requirement to borrow, and how that has changed during the year.

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

2017/18		**2018/19**
£000s		**£000s**
32,012	**Opening Capital Financing Requirement**	**31,453**
	Capital Investment:	
3,117	Property, Plant & Equipment	2,058
-	Intangible Assets	-
3,117	**Total Capital Investment**	**2,058**
	Sources of Finance - For Capital Expenditure Purposes:	
(759)	Capital Receipts	-
(442)	Government Grants & Other Contributions	-
-	Revenue Contributions	(223)
(1,916)	Reserves	(1,835)
(3,117)	**Total Resources Utilised to Fund In Year Capital Expenditure**	**(2,058)**
-	**Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure**	**-**
	Sources of Finance - Set Aside to Repay Debt:	
(559)	MRP	(591)
(559)	**Total Set Aside to Repay Debt**	**(591)**
31,453	**Closing Capital Financing Requirement**	**30,862**

2017/18		**2018/19**
£000s		**£000s**
-	Increase / (Decrease) in Underlying Need to Borrow (Funded from Authority's Own Base Resources)	-
-	Assets Acquired Under Finance Leases	-
(559)	Amounts Set Aside to Repay Debt - Statutory	(591)
(559)	**Increase / (Decrease) in Capital Financing Requirement**	**(591)**

Note 19 – Leases	
Description:	A lease is a contractual arrangement that allows the lessee the use of an asset, in exchange for consideration to the lessor. This note details the arrangements that the Authority is party to which are classed as leases
Relevant Accounting Policies:	Accounting Policy M
Areas of Critical Judgements Made:	Judgement 1 / Judgement 2

Authority as Lessee

Finance Leases

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

31st March 2018 £000s		31st March 2019 £000s
55	Land & Buildings	55
306	Vehicles, Plant, Furniture & Equipment	113
361	**Total**	**168**

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

31st March 2018 £000s		31st March 2019 £000s
	Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):	
248	- Current	151
151	- Non-Current	-
25	Finance Costs Payable in Future Years	7
424	**Minimum Lease Payments**	**158**

The minimum lease payments will be payable over the following periods:

31st March 2018			31st March 2019	
Minimum Lease Payments £000s	Finance Lease Liabilities £000s		Minimum Lease Payments £000s	Finance Lease Liabilities £000s
266	248	Not later than one year	158	151
158	151	Later than one year and not later than five years	-	-
-	-	Later than five years		-
424	**399**		**158**	**151**

The above minimum lease payments did not include any rents that are contingent on events taking place after the lease was entered into.

Operating Leases

The Authority currently has a number of operating leases for vehicles. The future minimum lease payments due under non-cancellable leases in future years are:

31st March 2018 £000s		31st March 2019 £000s
2	Not Later Than One Year	1
1	Later Than One Year & Not Later Than Five Years	-
-	Later Than Five Years	-
3		**1**

The expenditure charged to the Comprehensive Expenditure and Income Statement during the year in relation to these leases were £0.002M in 2018/19 (£0.006M in 2017/18).

Note 20 – Financial Instruments	
Description:	Financial Instruments are any contract that gives rise to a financial asset of one entity and a financial liability of another entity. This note explains the Authority's financial instruments and the impact on the accounts.
Relevant Accounting Policies:	Accounting Policy O / Accounting Policy V
Areas of Critical Judgements Made:	Judgement 4
Areas of Uncertainty:	Uncertainty Statement 4

The South Yorkshire Fire & Rescue Authority's treasury management function is administered by Barnsley MBC. Investments commenced in line with the revised working arrangements, on a single entity basis, on 1st April 2015.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. The definition is broad and covers instruments used in treasury management activities including the borrowing and lending of money and making of investments. However it also extends to include such items as trade receivables (debtors) and trade payables (creditors).

Financial Instrument Balances:

The following categories of financial instrument are carried in the Balance Sheet:

31st March 2018			31st March 2019		
Long Term £000s	**Short Term £000s**		**Long Term £000s**	**Short Term £000s**	
		Investments:			
-	5,013	Amortised Cost	-	3,010	
-	**5,013**	**Total Investments**	**-**	**3,010**	Balance Sheet
		Cash Equivalents:			
-	3,101	Amortised Cost	-	3,403	Cash Flow
-	**3,101**	**Total Cash Equivalents**	**-**	**3,403**	Balance Sheet
-	**8,114**	**Total Financial Assets**	**-**	**6,413**	Balance Sheet
		Borrowing:			
(16,568)	(2,500)	Amortised Cost	(16,292)	(300)	
-	(363)	Accrued Interest	-	(316)	
(16,568)	**(2,863)**	**Total Borrowing**	**(16,292)**	**(616)**	Balance Sheet
		Other Liabilities:			
(1,573)	(864)	Amortised Cost	(745)	(828)	
(1,573)	**(864)**	**Total Other Liabilities**	**(745)**	**(828)**	Balance Sheet
(18,141)	**(3,727)**	**Total Financial Liabilities**	**(17,037)**	**(1,444)**	Balance Sheet

It should be noted that within the Balance Sheet totals for cash and cash equivalents, there are some amounts that do not meet the definition of financial instruments. As such they have not been disclosed again in the above table. The full Balance Sheet values are analysed in the cash flow statement.

31st March 2018			31st March 2019	
Long Term £000s	**Short Term £000s**		**Long Term £000s**	**Short Term £000s**
		Other Liabilities :		
(151)	(248)	Finance Lease Liabilities	-	(151)
(1,422)	(616)	Other Local Authority Debt	(745)	(677)
(1,573)	**(864)**	**Total Other Liabilities**	**(745)**	**(828)**

Debtors and creditors are measured at amortised cost which is typically the transactional value or invoiced amount. The Balance Sheet values are analysed in Note 24 and Note 25 respectively. They are low risk in nature and largely comprise of amounts owed by and to the Authority as a result of its day to day business. As such, they have not been disclosed again in the above note. However, it should be noted that within the Balance Sheet totals for debtors and creditors, there are amounts that do not meet the definition of financial instruments.

Reclassifications:

No financial assets or liabilities were reclassified during 2018/19.

Impairment:

No financial assets or liabilities were impaired during 2018/19.

Financial Instrument Income, Expense, Gains and Losses:

2017/18				2018/19		
Financial Liabilities : Measured at Amortised Cost	Financial Assets : Measured at Amortised Cost	Total		Financial Liabilities : Measured at Amortised Cost	Financial Assets : Measured at Amortised Cost	Total
£000s	£000s	£000s		£000s	£000s	£000s
1,016	-	**1,016**	Interest Expense	910	-	**910**
1,016	**-**	**1,016**	**Total Expense in Surplus or Deficit on the Provision of Services**	**910**	**-**	**910**
-	(44)	(44)	Investment Income	-	(71)	(71)
-	**(44)**	**(44)**	**Total Income in Surplus or Deficit on the Provision of Services**	**-**	**(71)**	**(71)**
1,016	**(44)**	**972**	**Net (Gain) / Loss for the Year**	**910**	**(71)**	**839**

Fair Values of Assets: Assets Carried at Fair Value:

The Authority does not hold any financial assets at fair value.

Fair Values of Assets: Assets Not Measured at Fair Value

Except for financial assets carried at fair value (see above), all other financial assets held by the Authority are classified as short term receivables, short term investments and long term debtors are carried in the balance sheet at amortised cost. As such, they are not disclosed in this note as their carrying value is a suitable approximation of their fair value.

Fair Values of Liabilities: Liabilities Not Measured at Fair Value

All financial liabilities are carried in the balance sheet at amortised cost. The fair values of such liabilities are disclosed for comparison purposes. Fair value is the amount for which a liability could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial liabilities represented by loans are carried in the Balance Sheet at amortised cost.

The fair values are calculated as follows:

Recurring Fair Value Measurements Using:	**Carrying Value as at 31st March 2019** **£000s**	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2019** **£000s**
Financial Liabilities	16,592	-	24,765	-	24,765
Total Valuation	**16,592**	**-**	**24,765**	**-**	**24,765**

Balance Sheet

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Carrying Value as at 31st March 2018 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31st March 2018 £000s
Financial Liabilities	(19,068)	-	(27,001)	-	(27,001)
Total Valuation	**(19,068)**	**-**	**(27,001)**	**-**	**(27,001)**
	Balance Sheet				

The fair value of financial liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Valuation Techniques used to Determine Level 2 Fair Values for Financial Liabilities

The financial liabilities' fair value can be assessed by calculating the present value of cash flows that take place over the remaining life of the instruments using the following assumptions:

- The Authority's Treasury Management Advisors, Link Asset Services (Link), have provided the Fair Value amounts in relation to its debt portfolio. Capita have assessed the Fair Values by calculating the amounts that the Authority would have had to pay to extinguish the loans on 31st March under existing debt redemption procedures;

- No early repayment or impairment is recognised for any financial instrument; and

- The fair value of short term investments, including trade payables and receivables is assumed to be approximate to the carrying amount.

Note 21 – Nature and Extent of Risks Arising From Financial Instruments	
Description:	This note explains the risk of the financial instruments detailed in Note 20 in respect of credit risk, liquidity risk and market risk.

Financial Instruments - Risks

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

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

Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - the Authority's overall borrowing;
    - the maximum and minimum exposures to fixed and variable rates;
    - its maximum and minimum exposures to the maturity structure of its debt; and
    - its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are reported within the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. The 2018/19 Treasury Management Strategy was approved by the Authority in February 2018 with actual performance reported after the end of the year.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Authority in February 2019. The key issues within the Strategy were:

- The Authorised Limit for 2018/19 was set at £34.9M. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £30.9M. This is the expected level of debt and other long term liabilities during the year; and
- The upper limits on fixed and variable interest rate exposure were set at 100% and 25% respectively.

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

Credit Risk

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

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

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

Deposits with institutions were limited to a maximum of £10M with any one counterparty, depending on credit quality.

All investments were made in accordance with the Authority's 2018/19 Annual Investment Strategy and no investments are considered to pose an immediate credit risk. The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Since the Authority only invests in high quality institutions and products, its regular treasury investments have been measured on a 12-month basis. Based on the historic risk of default data provided by Link Asset Services (the Authority's treasury management advisors), the loss allowance required is immaterial.

The Authority does not generally allow credit for customers. The total value of trade debtors at 31st March 2019 is £0.213M analysed as follows:

31st March 2018 £000s	Aged Debt Analysis:	31st March 2019 £000s
242	Less Than Three Months	164
1	Three to Six Months	22
18	Six Months to One Year	4
5	More Than One Year	23
266		**213**

The Authority also recognises expected credit losses on its trade debtors on a lifetime basis. Trade debtors are not subject to internal credit rating and have been collectively assessed using provision matrices - based on historical data for defaults adjusted for current and forecast economic conditions. In 2018/19, the Authority did not provide for or write-off any significant uncollectable debts.

Liquidity Risk

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

The Authority therefore has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future which reduces the financial impact of re-borrowing at a time of unfavourable interest rates. The Authority's policy is to ensure that not more than 20% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of loans outstanding to PWLB as at 31 March 2019 is:

31st March 2018 £000s		31st March 2019 £000s
	Maturing in:	
(2,500)	Less Than 1 Year	(300)
(380)	1 to 5 Years	(1,080)
(5,089)	5 to 10 Years	(5,089)
(8,529)	10 to 20 Years	(8,829)
(2,800)	20 to 30 Years	(1,500)
(750)	30 to 40 Years	(750)
(20,048)		**(17,548)**

The average interest payable by the Authority during 2018/19 was 4.65% with rates ranging from 4.15% to 7.13%.

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

Market Risk

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

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

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

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

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

The Authority received investment interest of £0.071M for the financial year with an average rate of 0.43%. A change of 0.1% in the interest rate achieved would have resulted in a decrease or increase in interest of approximately £0.011M provided that bank balances had remained the same. The Authority therefore has limited exposure to changes in interest rates.

Price Risk

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

Foreign Exchange Risk

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

Transition to IFRS 9

Reclassification and Remeasurement of Financial Assets as at 1st April 2018

No financial assets were judged to need reclassification following the adoption of IFRS 9 Financial Instruments by the Code of Practice on Local Authority Accounting.

Reclassification and Remeasurement of Impairment Losses as at 1st April 2018

No material impact as a result of remeasurement from incurred losses to expected losses basis.

Note 22 – Inventories	
Description:	Inventories are assets held by the Authority for consumption on rendering services. This note details the level and movement of these assets.
Relevant Accounting Policies:	Accounting Policy R

31st March 2018				31st March 2019		
Stores	Vehicle Maintenance	Total		Stores	Vehicle Maintenance	Total
£000s	£000s	£000s		£000s	£000s	£000s
330	**203**	**533**	**Balance Outstanding at 1st April**	**346**	**204**	**550**
816	473	1,289	Purchases	960	592	1,552
(796)	(472)	(1,268)	Recognised as an Expense in the Year	(988)	(571)	(1,559)
-	-	-	Transfers	-	-	-
(4)	-	(4)	Written off Balance	-	(27)	(27)
346	**204**	**550**	**Balance Outstanding 31st March**	**318**	**198**	**516**
		Balance Sheet				Balance Sheet

Note 23 – Local Taxation Debtors	
Description:	Local Taxation Debtors are assets representing the amounts owed to the Authority in respect of local taxation (NNDR and Council Tax).
Relevant Accounting Policies:	Accounting Policy B

31st March 2018 £000s		31st March 2019 £000s
464	NNDR	827
2,145	Council Tax	2,433
2,609	**Total**	**3,260**
Balance Sheet		Balance Sheet

Note 24 – Other Short Term Debtors	
Description:	Other Short Term Debtors are assets representing the amounts owed to the Authority in respect of other debts.
Relevant Accounting Policies:	Accounting Policy B

31st March 2018 £000s		31st March 2019 £000s
266	Trade Debtors	212
4,060	Pension Fund	3,529
1,654	Payments in Advance	45
226	VAT Due	279
413	Other	33
6,919	**Total**	**4,098**
Balance Sheet		Balance Sheet

Note 25 – Short Term Creditors	
Description:	Short Term Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.
Relevant Accounting Policies:	Accounting Policy B

31st March 2018 £000s		31st March 2019 £000s
(1,333)	Trade Creditors	(985)
(859)	Payroll Deductions	(799)
(1,099)	Collection Fund Creditors	(1,551)
(1,019)	Other	(792)
(4,310)	**Total**	**(4,127)**
Balance Sheet		Balance Sheet

* Included in the above table is an accrual of £0.162M for annual leave and other related benefits earned by employees but not taken by 31 March 2019 (£0.197M at 31 March 2018). This is matched by an equivalent sum in the Accumulated Absences Reserve (Note 5).

Note 26 – Grants & Contributions Receipts in Advance	
Description:	Grants and Contributions Receipts in Advance are held on the balance sheet until the specific conditions are satisfied. This note outlines the level of receipts in advance held by the Authority.
Relevant Accounting Policies:	Accounting Policy H

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the transferor if the conditions are not met. All significant income credited is listed individually in the tables below:

31st March 2018 £000s	Current Liabilities	31st March 2019 £000s	
	Capital Grants & Contributions Receipts in Advance:		
(633)	ESMCP Grant	(633)	
(633)	**Total Capital Grants & Contributions Receipts in Advance**	**(633)**	
	Revenue Grants Receipts in Advance:		
-	2019/20 Section 31 Grant	(237)	
(272)	Fire Link New Dimensions	(218)	
(98)	Other Receipts in Advance	(31)	
(370)	**Total Revenue Grants & Contributions Receipts in Advance**	**(486)**	
(1,003)	**Total Grants & Contributions Receipts in Advance**	**(1,119)**	Balance Sheet

Note 27 – Provisions	
Description:	A provision is a liability of uncertain timing or amount. This note details the provisions that the Authority has set aside for future obligations.
Relevant Accounting Policies:	Accounting Policy P
Areas of Critical Judgements Made:	Judgement 5
Areas of Uncertainty:	Uncertainty Statement 2

	Insurance Fund	**Municipal Mutual Insurance**	**Other**	**Total**
	£000s	**£000s**	**£000s**	**£000s**
Balance at 31st March 2017	**(177)**	**-**	**-**	**(177)**
Additional Provisions Made in 2017/18	(80)	-	-	(80)
Amounts Used in 2017/18	91	-	-	91
Unused Amounts Reversed in 2017/18	(29)	-	-	(29)
Balance at 31st March 2018	**(195)**	**-**	**-**	**(195)**
Additional Provisions Made in 2018/19	(80)	(20)	(240)	(340)
Amounts Used in 2018/19	63	-	-	63
Unused Amounts Reversed in 2018/19	62	-	-	62
Balance at 31st March 2019	**(150)**	**(20)**	**(240)**	**(410)**
Short Term Provisions	(32)	(4)	(240)	(276)
Long Term Provisions	(118)	(16)	-	(134)

Balance Sheet

Insurance Fund

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

Municipal Mutual Insurance (MMI)

The Authority's former insurance company, MMI Limited, ceased trading in September 1992 and a 'Scheme of Arrangement' was agreed in case of insolvency, involving a claw back of claims paid. The Scheme was triggered during 2012/13 and in 2013/14 the Authority paid a levy 15% of total claims payments equating to £0.119M from the provision which had been utilising over time. In 2018/19, a further provision was made totalling £0.020M.

Other

A provision has been made for potential legal claims including current litigation relating to Close Proximity Crewing Stations (CPC).

Note 28 – Contingent Liabilities	
Description:	This note outlines the areas by which the Authority may incur a potential liability, depending on the outcome of an uncertain future event.
Relevant Accounting Policies:	Accounting Policy P
Areas of Critical Judgements Made:	Judgement 5

The Authority has no material contingent liabilities as at 31st March 2019.

Note 29 – Contingent Assets	
Description:	This note outlines the areas by which the Authority may in receipt of a potential gain, depending on the outcome of an uncertain future event.
Relevant Accounting Policies:	Accounting Policy P
Areas of Critical Judgements Made:	Judgement 5

The Authority has no material contingent assets as at 31st March 2019.

Note 30 – Defined Benefit Pension Schemes	
Description:	A Defined Benefit Pension Scheme is one that is not classed as a defined contribution scheme. This note explains such schemes that the Authority is party to.
Relevant Accounting Policies:	Accounting Policy F
Areas of Uncertainty:	Uncertainty Statement 3

Participation in Pension Schemes

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

The Authority participates in two pension schemes as explained in the Accounting Policies: Pension schemes for Fire officers (FPS 1992, 2006 & 2015) and the Local Government Pension Scheme (LGPS) for support staff, administered by the South Yorkshire Pensions Authority.

Injury awards are payable irrespective of whether a Fire officer is a member of the Pension Scheme and tax rules from 1 April 2006 prevent injury awards from being part of pension scheme regulations. Injury awards have been moved into a separate Fire Compensation Scheme (FCS) and under the pensions financial arrangements they must be paid from the Authority's operating account and not the Pension Fund Account. The injury awards have been accounted for as part of the pensions adjustments and information relating to these injury awards are included in the 'Fire Fighters' Pension Schemes' totals below.

Transactions Relating to Post-Employment Benefits

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

2018/19	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Comprehensive Income & Expenditure Statement:			
Cost of Services :			
- Current Service Cost	9,920	1,894	**11,814**
- Past Service Costs	32,550	696	**33,246**
- Transfers	120	-	**120**
- Settlements & Curtailments	-	-	**-**
- Administration Expenses	-	25	**25**
Financing & Investment Income & Expenditure :			
- Net Interest Cost	19,880	442	**20,322**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**62,470**	**3,057**	**65,527**
Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement :			
Re-measurement of The Net Benefit Liability Comprising:			
- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	-	(1,494)	**(1,494)**
- Experience (Gains) / Losses	(1,170)	-	**(1,170)**
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	**-**
- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	-	-	**-**
- Actuarial (Gains) and Losses On Changes in Financial Assumptions	21,900	3,763	**25,663**
Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	**20,730**	**2,269**	**22,999**
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**83,200**	**5,326**	**88,526**
Movement in Reserves Statement:			
- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(62,470)	(3,057)	**(65,527)**
Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
- Employers' Contributions Payable to Scheme	-	1,476	**1,476**
- Retirement Benefits Payable to Pensioners	3,772		**3,772**
- Additional Contribution to Fire Pension Fund Account to Balance Deficit	18,908		**18,908**
Net Adjustment to Surplus or Deficit for the Provision of Services	**(39,790)**	**(1,581)**	**(41,371)**

Note 3

Prior Year Comparators – 2017/18	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Comprehensive Income & Expenditure Statement:			
Cost of Services :			
- Current Service Cost	10,090	1,861	11,951
- Past Service Costs	500	-	500
- Transfers	-	-	-
- Settlements & Curtailments	-	-	-
- Administration Expenses	-	23	23
Financing & Investment Income & Expenditure :			
- Net Interest Cost	20,080	497	20,577
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**30,670**	**2,381**	**33,051**
Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement :			
Re-measurement of The Net Benefit Liability Comprising:			
- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	-	(727)	(727)
- Experience (Gains) / Losses	13,103	-	13,103
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	-
- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	(20,710)	-	(20,710)
- Actuarial (Gains) and Losses On Changes in Financial Assumptions	20,430	(3,630)	16,800
Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	**12,823**	**(4,357)**	**8,466**
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**43,493**	**(1,976)**	**41,517**
Movement in Reserves Statement:			
- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(30,670)	(2,381)	(33,051)
Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
- Employers' Contributions Payable to Scheme	-	1,391	1,391
- Retirement Benefits Payable to Pensioners	3,237	-	3,237
- Additional Contribution to Fire Pension Fund Account to Balance Deficit	17,426	-	17,426
Net Adjustment to Surplus or Deficit for the Provision of Services	**(10,007)**	**(990)**	**(10,997)**

Note 3

Pension Assets and Liabilities Recognised in the Balance Sheet

2018/19	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Present Value of Defined Benefit Obligation	(846,280)	(69,766)	**(916,046)**
Fair Value of Plan Assets	-	47,892	**47,892**
Net Liability Arising from Defined Benefit Obligation	**(846,280)**	**(21,874)**	**(868,154)**

Balance Sheet

Prior Year Comparators – 2017/18	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**
	£000s	**£000s**	**£000s**
Present Value of Defined Benefit Obligation	(785,760)	(62,753)	(848,513)
Fair Value of Plan Assets	-	45,284	45,284
Net Liability Arising from Defined Benefit Obligation	**(785,760)**	**(17,469)**	**(803,229)**

Balance Sheet

Reconciliation of Fair Value of the Scheme (Plan) Assets (LGPS)

2017/18 £000s		**2018/19 £000s**
41,995	**Opening Balance at 1st April**	**45,284**
1,089	Interest Income	1,177
	Re-measurement Gains and (Losses):	
727	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	1,494
(23)	Administration Expenses	(25)
-	Settlements	-
2,501	Employer Contributions	921
378	Contributions by Scheme Participants	399
(1,383)	Benefits Paid	(1,358)
45,284	**Closing Balance at 31st March**	**47,892**

Local Government Pension Scheme Assets Comprised:

Fair Value of Scheme Assets 2017/18	**Percentage of Total**		**Fair Value of Scheme Assets 2018/19**	**Percentage of Total**
£000s	**%**		**£000s**	**%**
2,192	**4.8**	**Total Cash & Cash Equivalents**	**1,585**	**3.3**
		Equity Instruments:		
6,734	14.9	UK Quoted	6,829	14.3
18,566	41.0	UK Unquoted	17,524	36.6
25,300	**55.9**	**Total Equity Instruments**	**24,353**	**50.9**
		Bonds:		
-	-	UK Government Fixed	-	-
5,135	11.4	UK Government Indexed	6,212	13.0
1,168	2.6	Overseas Government Fixed	1,303	2.7
2,142	4.7	UK Other	2,289	4.8
1,200	2.6	Overseas Other	1,269	2.6
9,645	**21.3**	**Total Bonds**	**11,073**	**23.1**
		Property:		
3,591	7.9	UK Direct	4,186	8.7
548	1.2	Overseas	445	0.9
4,139	**9.1**	**Total Property**	**4,631**	**9.6**
		Other Investment Funds:		
4,008	8.9	Pooled Investment Vehicles	6,250	13.1
4,008	**8.9**	**Total Other Investment Funds**	**6,250**	**13.1**
45,284	**100**	**Total Scheme Assets**	**47,892**	**100**

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

2018/19	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**
	£000s	**£000s**	**£000s**
Opening Balance at 1st April	**(785,760)**	**(62,753)**	**(848,513)**
Current Service Cost	(9,920)	(1,894)	**(11,814)**
Interest Cost	(19,880)	(1,619)	**(21,499)**
Contributions by Scheme Participants	(2,660)	(399)	**(3,059)**
Transfers	(120)	-	**(120)**
Re-measurement Gains and (Losses):			
- Experience Gains / (Losses)	1,170	-	**1,170**
- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	-	-	**-**
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	**-**
- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	(21,900)	(3,763)	**(25,663)**
Past Service (Losses) / Gains	(32,550)	(696)	**(33,246)**
Gains / (Losses) Curtailments	-	-	**-**
Benefits Paid	25,340	1,358	**26,698**
Closing Balance at 31st March	**(846,280)**	**(69,766)**	**(916,046)**

Prior Year Comparators – 2017/18	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**
	£000s	**£000s**	**£000s**
Opening Balance at 1st April	**(762,930)**	**(63,941)**	**(826,871)**
Current Service Cost	(10,090)	(1,861)	(11,951)
Interest Cost	(20,080)	(1,586)	(21,666)
Contributions by Scheme Participants	(2,580)	(378)	(2,958)
Transfers	-	-	-
Re-measurement Gains and (Losses):			-
- Experience Gains / (Losses)	(13,820)	-	(13,820)
- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	20,710	-	20,710
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	-
- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	(20,430)	3,630	(16,800)
Past Service (Losses) / Gains	(500)	-	(500)
Gains / (Losses) Curtailments	-	-	-
Benefits Paid	23,960	1,383	25,343
Closing Balance at 31st March	**(785,760)**	**(62,753)**	**(848,513)**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates, employee turnover and salary levels. The liabilities of the Fire Pension and Compensation Schemes have been assessed by the Government Actuary's Department (GAD). The LGPS fund liabilities have been assessed by Mercer, using estimates based on the latest full valuation of the scheme as at 31 March 2015.

The significant assumptions used by the actuaries have been:

2017/18			2018/19	
Years		**Mortality Assumptions:**	Years	
FPS	LGPS		FPS	LGPS
21.9	23.0	Longevity at 65 for Current Pensioners (Male)	22.0	23.1
21.9	25.8	Longevity at 65 for Current Pensioners (Female)	22.0	25.9
23.9	25.2	Longevity at 65 for Future Pensioners (Male)	23.9	25.3
23.9	28.1	Longevity at 65 for Future Pensioners (Female)	23.9	28.3
%		**Financial Assumptions:**	%	
2.30	2.10	Rate of CPI	2.35	2.20
4.30	3.35	Rate of Increase in Salaries	4.35	3.45
2.30	2.20	Rate of Increase in Pensions	2.35	2.30
2.55	2.60	Discount Rate	2.45	2.40

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

Firefighters' Pension Scheme: Impact on the Defined Benefit Obligation in the Scheme	Increase / (Decrease)
	£000s
- Longevity (Increase by 1 Year)	22,000
- Rate of Increase in Salaries (Increase by 0.5%)	11,000
- Rate of Increase in Pensions (Increase by 0.5%)	62,000
- Rate of Discounting Scheme Liabilities (Increase by 0.5%)	(77,000)

Local Government Pension Scheme: Impact on the Defined Benefit Obligation in the Scheme	Increase / (Decrease)
	£000s
- Longevity (Increase by 1 Year)	1,368
- Rate of Increase in Salaries (Increase by 0.1%)	1,325
- Rate of Increase in Inflation (Increase by 0.1%)	203
- Rate of Discounting Scheme Liabilities (Increase by 0.1%)	(1,300)

Impact on the Authority's Cash Flows

The objectives of the LGPS are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed on 31st March 2017 in respect of the 3 year period 2017/18 – through to 2019/20.

The contributions in respect of the Firefighters' Pension Schemes are determined by Government.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

The liabilities show the underlying commitments that the Authority has in the long run to pay employment benefits. The total liability of £835M has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £788M.

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

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

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2019 is £0.918M. Expected contributions for the Fire Pensions Schemes in the year to 31 March 2019 are £3.238M.

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

- LGPS – 19 years
- FPS – 20 years

NOTES PRIMARILY RELATING TO THE CASH FLOW STATEMENT

Note 31 – Cash Flow Statement – Operating Activities	
Description:	Operating activities are the activities of the Authority that are not investing or financing activities.

The cash inflows for operating activities of £4.520M (£0.575M inflow in 2017/18) include the following items:

2017/18 £000s		**2018/19 £000s**
1,205	Interest Paid	1,067
(61)	Interest Received	(97)

Note 32 – Cash Flow Statement – Investing Activities	
Description:	Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

2017/18 £000s		**2018/19 £000s**	
3,117	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	2,058	
-	Other Payments for Investing Activities	-	
(759)	Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	(295)	
(988)	Net (Receipts) / Payments From Short Term & Long Term Investments	(2,162)	
(687)	Other Receipts From Investing Activities	-	
683	**Net Cash (Inflows) / Outflows From Investing Activities**	**(399)**	Cash Flow

Note 33 – Cash Flow Statement – Financing Activities	
Description:	Financing activities are activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

2017/18 £000s		**2018/19 £000s**	
65	Appropriation to Collection Fund	200	
229	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases	248	
3,060	Repayments of Short & Long Term Borrowing	3,116	
3,354	**Net Cash (Inflows) / Outflows From Financing Activities**	**3,564**	Cash Flow

Note 34 – Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities	
Description:	This note provides reconciliation of outstanding liabilities which have arisen from financing activities.

	2018/19				
	Long Term Borrowing	**Short Term Borrowing**	**Finance Lease Liabilities**	**On Balance Sheet PFI Liabilities**	**Total Liabilities from Financing Activities**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Opening Balance at 1st April	**(17,990)**	**(3,116)**	**(399)**	**-**	**(21,505)**
Financing Cash Flows	-	3,116	248	-	3,364
Non Cash Changes:					
> Acquisition	-	-	-	-	-
> Other Non-Cash Changes	(24)	-	-	-	(24)
> Transfer Between Long and Short Term	977	(977)	-	-	-
Closing Balance at 31st March	**(17,037)**	**(977)**	**(151)**	**-**	**(18,165)**

	2017/18				
	Long Term Borrowing	**Short Term Borrowing**	**Finance Lease Liabilities**	**On Balance Sheet PFI Liabilities**	**Total Liabilities from Financing Activities**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Opening Balance at 1st April	**(21,083)**	**(3,060)**	**(628)**	**-**	**(24,771)**
Financing Cash Flows	-	3,060	229	-	3,289
Non Cash Changes:					
> Acquisition	-	-	-	-	-
> Other Non-Cash Changes	(23)	-	-	-	(23)
> Transfer Between Long and Short Term	3,116	(3,116)	-	-	-
Closing Balance at 31st March	**(17,990)**	**(3,116)**	**(399)**	**-**	**(21,505)**

STATEMENT OF ACCOUNTS 2018/19

SECTION 6 - ACCOMPANYING FINANCIAL STATEMENTS

THE PENSION FUND

2017/18		2018/19	
£000s		**£000s**	**£000s**
	Contributions Receivable:		
(3,252)	Fire Authority - Normal	(3,222)	
(20)	Fire Authority - Early Retirements	(60)	
(2,570)	Officers' Contributions	(2,642)	
(5,842)	**Sub Total - Contributions Receivable**		**(5,924)**
	Transfers:		
(22)	Transfers In from Other Schemes	(196)	
(22)	**Sub Total - Transfers In**		**(196)**
	Benefits Payable:		
20,021	Pensions	20,714	
2,753	Commutations and Lump Sum Retirement Benefits	4,314	
-	Death Benefits	-	
22,774	**Sub Total - Benefits Payable**		**25,028**
	Payments To and On Account of Leavers:		
516	Refunds of Overpayment of Pension Contributions	-	
516	**Sub Total - Transfers Out**		**-**
17,426	**Net Amount Payable for the Year**		**18,908**
(17,426)	Top-up Grant Payable by the Government		(18,908)
-	**Net Amount Payable / Receivable for Year**		**-**

NET ASSETS STATEMENT

31st March 2018		31st March 2019
£000s		**£000s**
	Current Assets:	
4,076	Pensions Top-up Grant Receivable from the Government	3,529
4,076	**Sub Total: Current Assets**	**3,529**
	Current Liabilities:	
(16)	Contributions Received in Advance from Fire Authority	-
(4,060)	Amount Owing to General Fund	(3,529)
(4,076)	**Sub Total: Current Liabilities**	**(3,529)**
-	**Total**	**-**

NOTES TO THE PENSION FUND

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

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

	FPS 1992	**FPS 2006**	**FPS 2015**
	%	**%**	**%**
Employer Contribution	21.7	11.9	14.3
Employee Contribution – Based on Salary Bandings	11.0 - 17.0	8.5 - 12.5	10.0 - 14.5

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

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

STATEMENT OF ACCOUNTS 2018/19

TECHNICAL ANNEX A

THE AUTHORITY'S ACCOUNTING POLICIES

a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit (England) Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), and the Service Reporting Code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS).

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

b) Accruals of Income and Expenditure

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

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

c) Cash and Cash Equivalents

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

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

d) Exceptional Items

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

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

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

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

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

f) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements and other forms of leave, such as time off in lieu, earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement and then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Retirement Benefits

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

- the 1992, 2006 and 2015 Firefighters' Pension Schemes (FPS) - these are unfunded schemes, which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall due. The Authority is required by legislation to operate a Pension Fund, with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The Authority set up a Pension Fund on 1 April 2006 from which pension payments are made and into which contributions, from the Authority and employees, are received. The Pension Fund receives a top-up grant from the Government equal to the deficit each year, with any surplus on the Fund being repaid to the Government. The Pension Fund is shown separately in the Accounts.

- the Local Government Pension Scheme (LGPS) for support staff, administered by the South Yorkshire Pensions Authority, is a funded scheme, which means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

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

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

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of service earned by employees in the current year. This is charged to services within the Comprehensive Income and Expenditure Statement;

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of Non Distributed Costs in the Comprehensive Income and Expenditure Statement; and
- net interest on the net defined benefit liability – the change during the period in the net defined benefit liability that arises from the passage of time. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. This is charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising:

  - the return on plan assets (LGPS only) – this excludes amounts included in net interest on the net defined benefit liability and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expendture.

- Contributions paid / benefits paid – cash paid as employer's contribution by the Authority either to LGPS or directly to pensioners to reduce the scheme liabilities.

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

g) Events After the Balance Sheet Date

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

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

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

h) Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Most grants and contributions will be given with stipulations as to how they are to be spent and the consequences if resources are not applied in the manner authorised. Conditions are stipulations that require that the grant or contribution must be returned if not deployed as specified.
Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

i) Intangible Assets

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

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

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

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

j) Property, Plant and Equipment

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

Recognition

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

Measurement

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

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

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

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

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

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Assets Held for Sale

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the

Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

k) Revenue Expenditure Funded from Capital under Statute

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

l) Charges to Revenue for Non-Current Assets

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

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

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

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

m) Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.
Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as a Lessee

Finance Leases

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

Lease payments under finance leases are apportioned between:

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

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

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

Operating Leases

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

The Authority as a Lessor

Operating Leases

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

n) Overheads and Support Services

The costs of overheads and support services are charged to the service segments in accordance with the Authority's arrangement for accountability and its financial performance arrangements.

o) Financial Instruments

Financial Liabilities

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

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

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

The Authority's trade debtors are not subject to internal credit rating and have been collectively assessed using provision matrices - based on historical data for defaults adjusted for current and forecast economic conditions. Debt write-off is considered when normal recovery procedures have been unable to secure payment. Prior to write-off, all possible action will have been taken to secure the debt, however the extent to which it is pursued is dependent on the amount of the debt and the financial circumstances of the debtor.

With the exception of trade debtors where the simplified approach has been adopted, impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The Authority does not hold any financial assets measured at Fair Value through Profit or Loss.

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

q) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

r) Inventories

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

s) Foreign Currency Translation

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

t) VAT

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

u) Interest in Companies

The Authority has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which may require it to prepare Group Accounts, where material. The Authority has one Trading Company recently set up to allow the Authority to trade more flexibly, in a commercial environment. Within the Authority's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost. The Authority deems that the value of the financial transactions going through the company as not material enough to produce group accounts.

v) Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

STATEMENT OF ACCOUNTS 2018/19

TECHNICAL ANNEX B

CRITICAL JUDGEMENTS AND ASSUMPTIONS / ESTIMATIONS MADE WITHIN THE ACCOUNTS

Critical Judgements in Applying Accounting Policies

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

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

The critical judgements made in the Statement of Accounts are:

1. Whether a lease is an operating or finance lease. A lease would normally be classed as a finance lease where it meets one of the following criteria:

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

2. Whether contractual arrangements have the substance of a lease;
3. Whether the substance of a relationship between the Authority and another entity indicates that the entity is controlled by the Authority; and
4. Whether financial instruments are expected to be fully receivable and the amount of expected credit losses to charge; and
5. Whether the Authority's exposure to possible losses is to be accounted for as a provision or a contingent liability.

Key Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Authority's Balance Sheet at 31st March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Ref	Item	Uncertainties	Effect if Actual Results Differ from Assumptions
1	**Property, Plant and Equipment**	Assets are depreciated over useful lives that are dependent on assumptions about the level of usage of individual assets and the repairs that will be incurred to maintain individual assets in the future. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending in either maintaining or replacing its assets, bringing into doubt the useful lives assigned to assets. Assets are also subject to regular revaluations by an independent professional valuer. There are many variables that determine the assets' valuation with equally as many assumptions therein.	If the useful lives of assets is reduced then depreciation increases and the carrying amount of the assets falls. The reverse occurs if the useful lives of assets are increased. It is estimated that the annual depreciation charge would change by approximately £0.166M for every year that useful lives increased or decreased.

2	**Insurance Provision**	The Authority has made a total provision of £0.150M for the settlement of outstanding insurance claims. It is difficult to predict the final outcome of claims until they are actually settled. MMI Ltd are the Authority's former insurers who ceased trading in 1992 and with whom there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. Further information is provided at Note 27.	There is a risk that existing claims are settled at higher or lower figures than estimated. In addition, since insurance claims develop over time, the requirement to make provisions could be increased by the identification in future years of additional liabilities incurred but not yet reported. The position with regard to MMI Ltd is being kept under review by the Administrators and there may be further levies announced in future. The Authority has earmarked sums in an Insurance Reserve to provide some cover should this occur.
3	**Pensions Liability**	Estimation of the net liability to pay pensions is extremely volatile as it depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied for each of its pension schemes.	Whilst the effects on the net pensions liability of changes in individual assumptions can be measured, the assumptions interact in complex ways. The Authority relies on actuaries to provide an assessment of expected liabilities and assets using a number of key assumptions around financial and demographic estimations. Note 30 provides further details in terms of sensitivity of some of those key assumptions.
4	**Fair Value**	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for *similar* assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities. Where Level 1 inputs are not available, the Authority employs or commissions relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for Surplus Assets & Assets Held for Sale, the Authority's commissions professional RICS valuers). Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities is disclosed in Notes 15, 17 and 20 respectively.	Non-Financial Assets: The Authority uses the Market Approach to measure the fair value of its Surplus Assets and its Assets held for Sale. The significant observable inputs used in the fair value measurement include the rental value of offices accommodation once renovated, market yields, renovation / demolition costs and commercial / industrial land values. Financial Assets: The Authority uses comparisons around the fixed term deposits and is used to compare the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit. Financial Liabilities: The Authority assesses fair value by calculating the present value of cash flows that take place over the remaining life of the instruments. Significant changes in any of the inputs would result in a significantly lower or higher fair value measurement for the Authority's assets and liabilities valued at fair value.

STATEMENT OF ACCOUNTS 2018/19

TECHNICAL ANNEX C

ACCOUNTING STANDARDS REFERENCED BY THE CODE OF PRACTICE

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

The requirements of International Financial Reporting Standards (IFRS) and other pronouncements by the International Accounting Standards Board in effect for accounting periods commencing on or before 1 January 2015 (as adopted by the EU) apply unless specifically adapted by the Code.

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

International Financial Reporting Standards comprise:

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

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

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

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

Financial Reporting Standards (FRS):

Accounting Standard	Link	Accounting Standard	Link
FRS 25 – Financial Instruments: Presentation	FRS 25	**FRS 26** – Financial Instruments: Recognition & Measurement	FRS 26
FRS 29 – Financial Instruments: Disclosures	FRS 27	**FRS 102** – The Financial Reporting Standard Applicable in the UK	FRS 102

International Accounting Standards (IAS)

Accounting Standard	Link	Accounting Standard	Link
IAS 1 – Presentation of Financial Statements	IAS 1	**IAS 2** – Inventories	IAS 2
IAS 7 – Statement of Cash Flows	IAS 7	**IAS 8** – Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8
IAS 10 – Events After the Reporting Period	IAS 10	**IAS 11** – Construction Contracts	IAS 11
IAS 12 – Income Taxes	IAS 12	**IAS 16** – Property, Plant and Equipment	IAS 16
IAS 17 – Leases	IAS 17	**IAS 18** – Revenue	IAS 18
IAS 19 – Employee Benefits	IAS 19	**IAS 20** – Accounting for Government Grants and Disclosure of Government Assistance	IAS 20
IAS 21 – Effects of Changes in Foreign Exchange Rates	IAS 21	**IAS 23** – Borrowing Costs	IAS 23
IAS 24 – Related Party Disclosures	IAS 24	**IAS 26** – Retirement Benefit Plans	IAS 26
IAS 27 – Consolidated and Separate Financial Statements	IAS 27	**IAS 28** – Investments in Associates & Joint Ventures	IAS 28
IAS 29 – Financial Reporting in Hyperinflationary Economies	IAS 29	**IAS 32 -** Financial Instruments: Presentation	IAS 32
IAS 36 – Impairment of Assets	IAS 36	**IAS 37** – Provisions, Contingent Liabilities and Assets	IAS 37
IAS 38 – Intangible Assets	IAS 38	**IAS 39 -** Financial Instruments: Recognition & Measurement	IAS 39
IAS 40 – Investment Property	IAS 40	**IAS 41** – Agriculture	IAS 41

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International Financial Reporting Standards (IFRS)

Accounting Standard	Link	Accounting Standard	Link
IFRS 2 – Share Based Payment	IFRS 2	**IFRS 3** – Business Combinations	IFRS 3
IFRS 4 – Insurance Contracts	IFRS 4	**IFRS 5** – Non-Current Assets Held for Sale and Discontinued Operations.	IFRS 5
IFRS 6 – Exploration for and Evaluation of Mineral Resources	IFRS 6	**IFRS 7** – Financial Instruments: Disclosures	IFRS 7
IFRS 8 – Operating Segments	IFRS 8	**IFRS 9** – Financial Instruments	IFRS 9
IFRS 10 - Consolidated Financial Statements	IFRS 10	**IFRS 11 -** Joint Arrangements	IFRS 11
IFRS 12 - Disclosure in Other Entities	IFRS 12	**IFRS 13 -** Fair Value Measurement	IFRS 13
IFRS 15 – Revenue from Contracts with Customers	IFRS 15		

International Financial Reporting Interpretations Committee (IFRIC)

Accounting Standard	Link	Accounting Standard	Link
IFRIC 1 - Changes in Existing Decommissioning, Restoration & Similar Liabilities	IFRIC 1	**IFRIC 4** – Determining Whether an Arrangement Contains a Lease.	IFRIC 4
IFRIC 5 - Rights to Interest Arising From Decommissioning, Restoration & Environmental Rehabilitation Funds	IFRIC 5	**IFRIC 6 -** Liabilities Arising From Participating in a Specific Market-Waste Electrical & Electronic Equipment	IFRIC 6
IFRIC 7 - Applying the Restatement Approach Under IAS 29	IFRIC 7	**IFRIC 12** – Service Concession Arrangements	IFRIC 12
IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (IAS 19 - Employee Benefits)	IFRIC 14	**IFRIC 21 -** Levies	IFRIC 21

Standing Interpretations Committee (SIC)

Accounting Standard	Link	Accounting Standard	Link
SIC 15 - Operating Leases: Incentives	SIC 15	**SIC 25 -** Income Taxes: Changes in the Tax Status of an Entity or its Shareholders	SIC 25
SIC 27 - Evaluating the Substance of Transactions Involving The Legal Form of a Lease	SIC 27	**SIC 29 -** Disclosure - Service Concession Arrangements	SIC 29
SIC 32 - Intangible Assets: Web Site Costs	SIC 32		

International Public Sector Accounting Standards (IPSAS)

Accounting Standard	Link	Accounting Standard	Link
IPSAS 1 - Presentation of Financial Statements	IPSAS 1	**IPSAS 2 -** Cash Flow Statements	IPSAS 2
IPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors	IPSAS 3	**IPSAS 4 -** Effects of Changes in Foreign Exchange Rates	IPSAS 4
IPSAS 5 - Borrowing Costs	IPSAS 5	**IPSAS 9 -** Revenue From Exchange Transactions	IPSAS 9
IPSAS 10 - Financial Reporting in Hyperinflationary Economies	IPSAS 10	**IPSAS 11 -** Construction Contracts	IPSAS 10
IPSAS 12 - Inventories	IPSAS 12	**IPSAS 13 -** Leases	IPSAS 13
IPSAS 14 - Events After the Reporting Period	IPSAS 14	**IPSAS 16 -** Investment Property	IPSAS 16
IPSAS 17 - Property, Plant and Equipment	IPSAS 17	**IPSAS 19 -** Provisions, Contingent Liabilities and Assets	IPSAS 19
IPSAS 20 - Related Party Disclosures	IPSAS 20	**IPSAS 21 -** Impairment of Non Cash Generating Assets	IPSAS 21
IPSAS 23 – Revenue From Non-Exchange Transactions (Taxes & Transfers)	IPSAS 23	**IPSAS 25 -** Employee Benefits	IPSAS 25
IPSAS 26 - Impairment of Cash Generating Assets	IPSAS 26	**IPSAS 27 -** Agriculture	IPSAS 27
IPSAS 28 - Financial Instruments: Presentation	IPSAS 28	**IPSAS 29 -** Financial Instruments: Recognition & Measurement	IPSAS 29
IPSAS 30 - Financial Instruments: Disclosures	IPSAS 30	**IPSAS 31 -** Intangible Assets	IPSAS 31
IPSAS 32 - Service Concession Arrangements: Grantor	IPSAS 32	**IPSAS 34 -** Separate Financial Statements	IPSAS 34
IPSAS 35 - Consolidated Financial Statements	IPSAS 35	**IPSAS 36 -** Investments in Associates and Joint Ventures	IPSAS 36
IPSAS 37 - Joint Arrangements	IPSAS 37	**IPSAS 38 -** Disclosure of Interests	IPSAS 38
IPSAS 39 - Employee Benefits	IPSAS 39		

TECHNICAL ANNEX D

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

An authority shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. An authority shall provide known, or reasonably estimable information, relevant to assessing the possible impact that application of the new IFRS will have on the Authority's financial statements, including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2019 for 2019/20).

The standards that may be relevant for additional disclosures that will be required in the 2018/19 and 2019/20 financial statements in respect of accounting changes that are introduced in the 2019/20 Code are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property;
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments; and
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

It is unknown at this time as to whether the above amendments will have a material effect on the Authority. Subsequent years' Statement of Accounts will detail any material change in accounting policy.

TECHNICAL ANNEX E

STATUTORY SOURCES

Great Britain Legislation
1 Local Government and Housing Act 1989 *(including HRA in England and Wales)*
2 Local Government Finance Act 1992 *(Council tax)*
3 Waste and Emissions Trading Act 2003 *(Landfill allowances)*
England & Wales Legislation
1 Local Government Act 1972
2 Superannuation Act 1972 *(Pension funds)*
3 Local Government Finance Act 1988 *(General Fund and Collection Fund)*
4 Local Government and Housing Act 1989
5 School Standards and Framework Act 1998 *(School balances)*
6 Transport Act 2000
7 Education Act 2002 *(Dedicated Schools Grant)*
8 Local Government Act 2003, Part 1 *(Capital finance and accounts)*
9 Local Government Act 2003, Part IV *(Business Improvement Districts)*
10 Waste and Emissions Trading Act 2003
11 Public Audit (Wales) Act 2004
12 National Health Service Act 2006
13 National Health Service (Wales) Act 2006
14 Planning Act 2008 *(Community Infrastructure Levy)*
15 Business Rate Supplements Act 2009
16 The Local Audit and Accountability Act 2014
17 The Accounts and Audit (Wales) Regulations 2014 (Welsh SI)

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TECHNICAL ANNEX F

GLOSSARY OF TERMS

Terms Used	Definition of Terms
Accrual	The accruals concept requires that the cost or benefit of a transaction is shown in the period in which the goods or services are received or provided, rather than when the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Amortisation	The term used to describe the charge made for the cost of using intangible assets. The charge for the year will represent the consumption of economic benefit.
Asset	Right or other access to future economic benefits.
Budgets	A statement of the Authority's forecast spend - i.e. net revenue expenditure for the year.
Capital Expenditure	Expenditure on the acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing non-current asset.
Capital Grant	A grant that is intended to fund capital expenditure.
Capital Receipts	Proceeds or money received from the sale of land or other capital assets.
Comprehensive Spending Review (CSR)	A governmental process in the carried out by HM Treasury firm expenditure limits and, through public service agreements and define the key improvements that the public can expect from these resources.
Contingent Liability	A condition which exists at the Balance Sheet date, which may arise in the future but where the outcome will be confirmed only on the occurrence or non-occurrence of one or more future events.
Defined Benefit Scheme	Also known as a final salary scheme. Pension scheme arrangement where the benefits payable to members are determined by the scheme rules. In most cases, there is a compulsory members' contribution but over and above this, all costs of meeting the quoted benefits are the responsibility of the employer.
Depreciation	The measure of the wearing out, consumption, or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.
De-recognition	The process upon assets are no longer deemed to be controlled by the Authority either by sale, demolition or any other form of disposal.
Earmarked Reserves	Reserve balances that have been set aside for future spending in a specific service area.
Exceptional Item	Events which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly.
Fair Value	Usually the amount that would be paid for an asset in an active market. However, where there is no market for a certain asset e.g. a fire station, other methods to determine fair value are used.
Finance Lease	A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Authority, in return for rental payments to the legal owner of the asset.
Non-Current Assets	These are tangible assets used by the Authority in the provision of services that yield benefits to the Authority for a period of more than one year.
General Fund Services	This comprises all services provided by the Authority. The net cost of General Fund services is met by Council Tax, Government Grants and Non-Domestic Rates.
Historic Cost	This represents the original cost of acquisition, construction or purchase of a non-current asset.
IFRS	'International Financial Reporting Standards' (IFRS) are statements issued by the International Accounting Standards Board (IASB) that seek to ensure consistency in the treatment of accounting issues.
Impairment	A reduction in the value of a non-current asset caused by general changes in market values or consumption of economic benefits.
Intangible Assets	Non-Current Assets which do not have physical form, such as software.
Liabilities	An obligation to transfer economic benefits.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statement as a whole.
Minimum Revenue Provision	This is the minimum amount that must be charged to the Authority's Comprehensive Income and Expenditure Statement each year to provide for the repayment of loans used to finance capital expenditure. The minimum amount is a percentage of the total Capital Financing Requirement.
Net Current Replacement Cost	This represents the cost of replacing or recreating a particular asset in its existing condition and in its existing use. That is the cost of replacing an asset, adjusted to reflect the current condition of the existing asset.
Net Realisable Value	The open market value of an asset in its existing use less any expenses incurred in realising the asset.
Non-Domestic Rates	These are business rates collected locally by the Authority but paid into a national pool. The rates are subsequently redistributed by Central Government as a grant to fund local authority services.
Operating Lease	A lease other than a finance lease.
Operational Assets	These are non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a responsibility.
Precepts	The proportion of total Council Tax that is due to local parishes and various authorities e.g. the Police, Fire and Civil Defence Authorities and which is collected on their behalf by the Authority.
Provisions	Potential costs that the Authority may incur in future years, based on a past event which is likely to be incurred and a reliable estimate can be made.
Public Works Loan Board	A Government agency that provides long term loans to local authorities at interest rates lower than prevailing market rates.
Recharges	The transfer of costs within the Authority from one account to another to reflect work undertaken on behalf of another service.
Recognition	The process upon which assets are deemed to belong to the Authority either by means of purchase, construction or other form of acquisition.
Reserves	Revenue reserves are amounts set aside from balances to meet specific items of future expenditure. Certain other reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources for the Authority.
Revenue Contributions	A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement.
Revenue Expenditure	This represents day to day running costs incurred in the provision of Authority services. Such costs include employee costs and supplies and services.
Revenue Support Grant	A grant paid to the Authority by Central Government to finance the Authority's general expenditure 'needs' and not specific services, after taking into account the level of Council Tax and NNDR income.