

NORTH WALES FIRE AUTHORITY

STATEMENT OF ACCOUNTS 2010-2011

C O N T E N T S

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EXPLANATORY FOREWORD

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

The North Wales Fire and Rescue Service produces annual action plans for managing down risks and improving services with an increasing emphasis on prevention and education. The Service is actively engaged in working with the communities it serves, an example of which is the number of Home Fire Safety checks carried out by the Service, 36,905 in 2010/11 compared to 32,802 in 2009/10. The Authority works in partnership with other emergency services, for example, the property portfolio is managed by a joint Facilities Management Department with North Wales Police and Fire Service Control is located in a shared facility with the Police at St Asaph. The Authority is also engaged in a number of other projects which reflect the objectives of the National Framework for example the Young Firefighters' Association operated by off duty firefighters with branches across North Wales; the Phoenix project which has proved very successful with youngsters in the area; and Road Safety Education in partnership with North Wales Police and the Welsh Ambulance Service through a number of 'Deadly Impact' events across North Wales.

The Authority's Statement of Accounts is a publication required by law; the prime purpose of which is to give clear information about the financial position and the financial performance of the North Wales Fire Authority for the financial year 2010-11.

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

(i) **Statement of responsibilities for the Statement of Accounts**

This sets out the respective responsibilities of the Council and its officers for the preparation and approval of the Statement of Accounts.

(ii) **Annual Governance Statement**

This statement provides a continuous review of the effectiveness of the Authority's governance framework including the system of internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses.

(iii) **Statement of Accounting Policies**

This sets out the principles and policies upon which the Authority's accounts have been prepared.

(iv) **The Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce contributions from the Constituent Authorities) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance which is funded by contributions from the six Constituent Authorities. The Net Increase / Decrease before Transfers to Earmarked

Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

(v) **The Comprehensive Income and Expenditure Account**

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 contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in the Movement in Reserves Statement. The statement shows that there was a surplus in the year of £28.577m (2009/10 deficit of £52.553m) due to the change in treatment of past service pension costs change from an RPI to a CPI basis. The adjustments to the accounts due to the change in treatment were as follows – Past Service costs credited to Non Distributed cost line was £24.056m (2009-10 £0.084 dr) and Actuarial Gain was £17.156m (2009-10 an Actuarial Loss £44.87m).

(vi) **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie 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 category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The net worth of the Authority as at 31 March 2011 amounted to a £179.684m deficit, an decrease in the deficit of £28.577m over the adjusted position at 31/3/2010, mainly due to the decrease in Pensions Liability.

(vi) **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 contributions 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 (ie borrowing) to the Authority.

(vii) **The Pension Fund Account**

From 1 April 2007 arrangements covering the Firefighters' Pension Schemes in Wales changed. The Authority is required to keep a separate Income and Expenditure Account and Net Assets Statement for all these transactions.

- 2(b). The Movement on Reserves Statement, Comprehensive Income and expenditure Statement, Balance Sheet, Cash Flow Statement and the Pension Fund Account are supported by notes which provide additional information. The Statement of Accounts meets the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11 (the Code) and the Best Value Accounting Code of Practice (BVACOP), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Accounts and Audit (Wales) Regulations 2005 and the 2007 Amendments to the Regulations.

3. **SUMMARY OF FINANCIAL YEAR 2010-2011**(i) **Revenue Expenditure 2010-2011**

The budget for the year was approved by Members of the Authority at £32,093,400. Further details on the operational spend, which is the actual expenditure for the Authority without the accounting adjustments, can be found in note 21. The actual expenditure was lower than budgeted and the Authority was able to set aside £223k in to a general reserve which will provide some assurance that there are funds available to assist in future years and will mean that the Authority can draw on these funds rather than having to request supplementary levies. The table below outlines the main areas of overspend and the underspends that have been used to offset them.

<i>Overspends</i>	<i>£'000</i>	<i>Underspends</i>	<i>£'000</i>
Transport Costs	40	Employee Costs	241
Emergency Planning Income	50	Debt Financing	313
Trading Deficit	37	IT and Communications	333
Special Service Calls Income	51	Discipline Officer	60
Income from Training Courses	69		
Operational Equipment	73		
Professional Fees on aborted Capital Projects	404		
Total	724		947
Net Underspend			223

A more detailed report on the financial activity for the year was presented to the Fire Authority on 20 June 2011 and is available on the Fire service website (www.nwales-fireservice.org.uk).

The Authority received a number of revenue grants from the Welsh Assembly during the year to promote various schemes within North Wales. The total value of the grants received was £1.78m (£2.17m 2009-10). Some of the larger grants received were for the following projects:

- Phoenix £172k
- Interventions £487k
- Arson Reduction £276k
- New Dimensions £293k
- Firelink £56k
- Resilience £134k

(ii) **Capital Expenditure 2010-2011**

During the year the Authority spent £6.322m on capital projects as follows:-

	£ '000
Buildings	
ICT Rhyl Fire Station	6
Purchase of Land - Nefyn	32
Remodel Betws y Coed	1
Dismantle Radio Station	1
Llangefni County Safety Offices	296
Dismantle Training Towers	49
Wrexham New Fire Station	401
Minor Building Works	595
DDA and Equality Compliance	828
Training Houses	75
Professional Fees Charged to Revenue	-404
Vehicles and Equipment	
Water Tenders	2,139
Light Vehicles	251
Other Vehicles and Upgrades	672
Power Boats	50
PPE Uniforms	803
IT and Other Equipment	527
TOTAL CAPITAL EXPENDITURE	6,322

Expenditure on the capital programme in 2010-2011 was less than forecast due to delays on the Wrexham project and on the build schedule for the Water Tenders. These schemes will be rolled over to 2011-2012.

Professional fees which were incurred in 2010-2011 and 2009-2010 on capital projects which are no longer feasible have been treated as abortive costs and the capital programme has been re-credited with the fees and the expenditure transferred to Revenue Expenditure.

The Authority was awarded grant funding from WAG, £251k, which was used to upgrade and improve training facilities at a number of properties and contributed towards IT equipment to be used on specific schemes.

Under the Prudential Code the Authority can finance the capital programme in accordance with whichever method of financing is most cost effective. In 2010-2011 the capital programme was financed mainly by loans from the Public Works Loan Board and other Local Authorities (£6,033k), grants (£251k) and Capital Receipts (£38k).

(iii) **Balance Sheet 2010-2011**

All buildings, vehicles and equipment that are owned by the Fire Authority are allocated an asset life and are depreciated over that expected life; this is shown in Note 9 to the Core Financial Statements.

The increase in borrowing is dependent upon a number of factors; the amount of capital expenditure to be financed by borrowing and the loan debt repaid as part of the Minimum Revenue Provision. The Authority's loan debt at 31 March 2011 was £19.39m.

IAS19 (previously FRS17) was introduced to ensure that financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding. A full charge is made to the revenue account for the current cost of service and an entry in the Balance Sheet to reflect the Authority's pension liability. The estimated pension liability for the North Wales Fire Authority at 31 March 2011 is £197m, a decrease of £29m. The decrease is due to the change in treatment of past service pension costs from an RPI to a CPI basis.

(iv) **Cash Flow**

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

(v) **Provisions and Reserves**

The Authority holds provisions to meet known future liabilities which have arisen due to past events. The balance at the beginning of the year was £0.65m and at the end of the year £0.48m. The movement in the year was due to monies held in the Pension Provision being transferred to an earmarked reserve to cover future pension costs - this is in line with correct accounting procedures. It is expected that the provisions will be utilised in 2011-2012 and will be sufficient to meet the expected costs.

Legislation was passed to allow Fire Authorities in Wales to hold reserves and this is the second year this can be exercised. Money has been set aside in to general reserve as it is prudent for the Authority to build up a General Reserve and it is anticipated that the areas where it will be used will be:-

- any transitional costs involved with the Officer Cover Review;
- to offset fuel increases not budgeted for;
- to cover any contingent liabilities that may arise; and
- to cover the costs of any early retirements on the grounds of efficiency.

Further details of the provisions and reserves held are included in notes 15 and 16 to the core financial statements.

(vi) **Capital Financing Costs**

The charge made to the service revenue accounts to reflect the cost of fixed assets used in the provision of services was £2.037m. This is a notional charge for depreciation and an adjustment is made to the year end balance so the contributions required to fund the service are not affected. The actual cost to the service for financing capital is £424k loan interest and £1,544k Minimum Revenue Provision and Voluntary Revenue Provision.

4. **International Financial Reporting Standards (IFRS)**

(i) **Background**

In 2007 HM Treasury's budget report announced that public sector bodies would adopt IFRS. This was 'to bring benefits in consistency and comparability between financial reports in the global economy and to follow private sector best practice' (*HM Treasury, Economic and Fiscal Strategy Report and Financial Statement and Budget report, March 2007*). NHS, probation and central government bodies have already adopted IFRS in their 2009/10 accounts.

Local Authorities adopted IFRS to a slightly later timetable and are the last major part of the public sector to adopt IFRS fully in preparing the 2010-2011 accounts.

(ii) Impact of the implementation of IFRS

The implementation of IFRS involved fundamental changes to the way the accounts are prepared and presented. The changes to the accounts involve significant amendments and additions to the Accounting Principles and Policies. The main changes between accounts prepared under UK GAAP rules as compared to IFRS are as follows:-

- The order and content of the core Financial Statements.
- Re-classification of assets – tangible Fixed Assets are re-classified as Property, Plant & Equipment. More emphasis on component accounting. New class of assets held for sale under Current Assets.
- PFI – The assets and liabilities under PFI schemes are included in the Balance Sheet whereas under the previous accounting rules they were excluded (change required by SORP 2009 ahead of full IFRS implementation in 2010/11).
- Leases – Lease agreements have been reviewed and brought on to/removed from the balance Sheet in the case of finance leases. Other arrangements have been reviewed to assess whether they contain the substance of a lease.
- Employee Benefits – Holiday pay and other short term benefits are accounted for on an accrued basis, therefore a creditor has been established in this respect offset by a negative reserve.
- Capital Government Grants and Contributions – These are credited to the Revenue Account on receipt (unless there are conditions) and transferred to the capital Adjustment Account.

The changes to the accounts under UK GAAP required by the transition to IFRS compliant accounts are shown in detail in the Annex to the Statement of Accounts 2010/11.

In accordance with IFRS1 First-Time Adoption of International Financial Reporting Standards, the Statement of Accounts 2010-2011 includes three Balance Sheets and notes as follows:-

- 31 March 2011
- 31 March 2010 (comparatives)
- 1 April 2009 (transition to IFRS)

5. **ADDITIONAL INFORMATION**

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

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

CHAIRMAN'S CERTIFICATE **STATEMENT OF ACCOUNTS 2010/2011**

Audited accounts approved at the meeting of the North Wales Fire Authority Audit Committee.

SIGNED: _____ DATED: _____

Chairman, North Wales Fire Authority

THE TREASURER'S RESPONSIBILITIES

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statement of Accounts is required to give a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2011

In preparing the Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

TREASURER'S CERTIFICATE **STATEMENT OF ACCOUNTS 2010/2011**

A Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations (Wales) 2005 and the 2010 Amendments to the Regulations.

SIGNED: _____ DATED: _____

K W FINCH CPFA IRRV

Treasurer, North Wales Fire Authority

NORTH WALES FIRE AND RESCUE SERVICE**ANNUAL GOVERNANCE STATEMENT****2010/2011****1. INTRODUCTION**

Corporate governance is the system by which organisations are directed and controlled. Corporate governance concerns the way in which the affairs of the Authority are handled by elected members and officers and how we engage with stakeholders and partners.

To demonstrate good governance the Authority must demonstrate that it is complying with the core (and supporting) principles contained within the Framework for Delivering Good Governance in Local Government issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) in 2001.

The governance assurances contained in this statement are structured around each of the core governance principles contained in the above Framework.

2. Scope of Responsibility

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

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework, *Delivering Good Governance in Local Government*.

This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2005 as amended in relation to the publication of a statement on internal control.

3. The purpose of the Governance Framework

The Governance Framework comprises of the systems and processes, and the culture and values, by which the Authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have lead to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The Authority's system of internal control is based on an ongoing process designed to:

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

The Governance Framework has been put in place at the Authority for the year ended 31 March 2011 and up to the date of approval of the annual report and statement of accounts.

4. The Governance Framework

The Governance Framework describes the key elements of the systems and processes that comprise the Authority's governance arrangements in accordance with the six principles of corporate governance included in our code and include:-

- Focus on the purpose of the Authority and outcomes for the community and creating and implementing a vision for North Wales.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting the values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Take informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Develop the capacity and capability of members and officers to be effective.
- Engage with local people and other stakeholders to ensure robust public accountability.

5. Review of Effectiveness

The Authority has the responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. The review of effectiveness is informed by the work of Executive Group and its officers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditors annual report and also by comments made by external auditors and other reviews undertaken.

As the provider of Internal Audit services to North Wales Fire and Rescue Service, Conwy County Borough Council Internal Audit section provide the Authority through its Audit Committee an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements.

The Audit Committee receive regular reports from the internal auditors on their progress against the annual audit plan which provides details on the assurance levels that can be placed against the various systems and processes in place.

In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following has been considered:-

A. The Authority operates a committee structure covering the key areas aligned to its strategic objectives, with agreed Terms of Reference as:-

The Fire and Rescue Authority

The Fire and Rescue Authority is made up of 28 elected members from the 6 Unitary Authorities covered by the Fire and Rescue Service area in accordance with the North Wales Fire Service (Combination Scheme) Order 1995.

The role of the Authority is defined with its Standing Orders:

- To perform all the duties and responsibilities of a Fire and Rescue Authority in accordance with appropriate legislation and regulations, in particular the [Fire and Rescue Services Act 2004](#), and the [Regulatory Reform \(Fire Safety\) Order 2005](#) - which came into force on 1 October 2006, and the [1995 Combination Scheme](#).
- To agree the annual service plans the revenue and capital budgets and the contribution for the constituent councils.

- To monitor the revenue and capital budgets and deal with any significant variations, including decisions on any supplementary contributions.

The full Authority meets four times per year in March, June, October and December and considers such topics as service plans, routine business matters, budgets and spending, and to take or approve policy decisions as appropriate. Extraordinary meetings of Authority can be called at any time if urgent business requires to be transacted.

The Chairman and Vice-Chairman are elected at the Annual Meeting held in June.

The Authority's correct functioning is further supported by its Clerk and Treasurer. Meetings are open to the public, and records of the Authority's transactions are available from the Authority's website.

The Executive Panel

The Executive Panel has a varied role dealing with such topics as the appointment of senior officers, examining the detail of improvement and financial plans, dealing with certain audit matters and with policy and constitutional issues as the need arises.

It usually deals with responses to consultation papers and other policy developments, and makes recommendations to the Fire and Rescue Authority on its key policies including the Risk Reduction Plan. The Panel usually deals with senior appointments by setting up a special sub-committee for the purpose.

The Panel's Terms of Reference were set in 2001 and are reviewed as and when required, the last review was in 2009 when the Audit Committee was appointed. It consists of the Chair and Vice Chair and two members from each constituent authority (fourteen members in total). It is chaired by the Chairman or, in his absence, the Vice-Chairman.

It meets four times a year, between each meeting of the Fire and Rescue Authority, although additional meetings may be held depending on workload.

Audit Committee

Following a constitutional review, it was agreed at the December 2008 Authority meeting that an audit committee be appointed with effect from the 2009/10 municipal year.

The Committee has four primary roles of governance audit and scrutiny, financial and resource management audit and scrutiny, risk management and assurance audit and scrutiny and performance audit and scrutiny.

The Committee's membership consists of all non-executive panel members and meets a minimum of twice per year. The Chair and Vice Chair are appointed from different constituent authorities in the interests of representations of the communities of North Wales.

Standards Committee

The Standards Committee was established in accordance with the requirements of the Local Government Act 2000 and its Terms of Reference were set in 2003. Its duties include the consideration of complaints against Authority members referred to it by the Ombudsman and the granting of dispensations. It also advises the Authority on issues to do with standards.

The committee consists of 6 members, four of whom are independent. The Fire and Rescue Authority representatives on this Committee cannot be an office holder on the Authority. The Chairman and Vice-Chairman are drawn from the independent members.

The committee has to meet at least once a year, but may meet more frequently if necessary.

B. Included within the day to day management of the organisation are a number of key structures in place designed to maintain & review effectiveness of systems:

The Executive Group

This strategic group consists of the Chief Fire Officer, Deputy Chief Fire Office and 3 Assistant Chief Fire Officers who meet every six weeks to review standing items including performance, risk and financial management and development of internal policy and procedures.

Financial Management

Robust arrangements are in place to ensure that the Authority's financial management is sound, approved budgets are realistic and affordable and supported by effective expenditure monitoring systems in order to provide information to all levels of the organisation for decision making. These arrangements include:

- The Fire and Rescue Authority annually reviews and approves a 3 year medium term financial plan for both revenue and capital, which has been developed and informed by officers, in consultation with heads of departments and links with the strategic objectives. It enables the Service to have a short, medium and long term approach to both revenue and capital planning.
- The Fire and Rescue Authority receives quarterly budget monitoring reports, and the Executive Group reviews the budget in detail every 6 weeks;
- In addition, an officer led budget monitoring group meets quarterly with all heads of department to discuss their progress to date against their departmental plans and their devolved budgets, in order to ensure any deviation from agreed targets is highlighted as soon as possible and action can be taken.
- There is a clear segregation of responsibilities between the management accountancy function, undertaken in Fire Service headquarters and the financial accountancy function, which is undertaken through the Service Level Agreement (SLA) with Conwy County Borough Council.

Performance Management

The Authority is committed to continuously developing its performance management framework and has implemented important components of a framework. It realises that this is an ever developing area and are confident of continuing to make progress in this area. In doing so, following arrangements are in place:

- The Service's strategic objectives are formally set by the full Fire and Rescue Authority and are published following a 12 week consultation period in the Combined Risk Reduction and Improvement Plan. Reports on progress in delivering these strategic objectives are routinely considered at Fire and Rescue Authority meeting and by the Executive Group.
- Through planning discussions between heads of departments/functions and the relevant Executive Group member, these high-level objectives are translated into departmental plans and strategies that define in more detail how they will be achieved within expected timescales and with allocated budgets. Final approval and quarterly monitoring of the delivery of these plans is the responsibility of the Deputy Chief Fire Officer (DCFO), who has the senior management responsibility for both Finance and Corporate Planning. Quarterly meetings with the Performance & Budget Monitoring group allow focus in greater detail on the progress of the delivery of planned actions.
- Throughout the year the Service collects and monitors a suite of performance indicators. Routine reports of activity and performance compared to previous years are considered by the Executive Group (6 weekly) and the Executive Panel (quarterly) to monitor progress; Consideration of these reports can trigger further investigation of specific issues or corrective action being taken if activity or performance levels are off target

or cannot be explained (e.g. by prevailing weather conditions). All Fire and Rescue Authority reports are available on the Service's website.

- Data feeding into outcome-based National Strategic Indicators and other Core Indicators set by the Welsh Assembly Government (WAG) is routinely collected, checked, analysed, submitted to the WAG and reported publicly throughout the year. The WAG also publishes much of this information on its own websites.

- Strategic Indicator data are audited annually by the Wales Audit Office. Effective performance management is further supported by local measures and indicators with associated targets where relevant (e.g. the number of Home Fire Safety Checks delivered per fire station).

- Incident data is collected and quality assured internally before being submitted via a new (2009) web-enabled Incident Reporting System (IRS) to the UK Government. Internal electronic systems similarly store data on, for example: fire safety and prevention activity; and financial information.

- In addition, the Service participated once more in a reciprocal process of Operational Assurance of Service Delivery between the three Welsh fire and rescue services. The Key Lines of Enquiry in 2010-11 were around Prevention (Community Safety) and Community Risk Management. Having completed a self-assessment, the Service invited a team from the other two Welsh FRS's to undertake a peer review and to make improvement recommendations based on their findings.

Risk Management & Business Continuity Planning

The Executive Group is responsible for the high level corporate business continuity risk register, developed for the Authority and its review. In conjunction with heads of department, the Authority has also developed a comprehensive corporate risk register which is subject to regular review.

In addition the Authority has published a Business Continuity Management policy. As part of the Combined Improvement and Risk Reduction Plan for 2011-2012 the Service will ensure that the business continuity arrangements are comprehensive and secure. To do this the Service will promote renewed emphasis on progressing plans and continuously developing new ones and giving equal importance to corporate and operational business continuity management to ensure that no area has been overlooked and that recovery plans are robust.

To do this the Service will:

- Have clearly defined and allocated responsibility for Business Continuity Management within the Service.
- Develop a programme of testing and exercising to check the validity of existing plans.

Combined Risk Reduction & Improvement Plan

Through a formal process of developing an annual Improvement and Risk Reduction Plan containing the Fire and Rescue Authority's strategic objectives, Members and Officers consider a range of relevant information, such as:

- past performance levels and activity levels;
- anticipated future challenges and changes;
- known risks from previous and new risk assessments;
- recommendations from external audit reports, internal audit reports, self-assessments and peer reviews; and specific inspectorates (e.g. Health and Safety Executive) and bodies (e.g. Welsh Language Board).

Both Corporate Risks and Community Risks are considered in an integrated way during this process.

In October 2010, the Authority published its Combined Improvement and Risk Reduction plan under new statutory guidance issued following the introduction of the Local Government (Wales) Measure 2009. This

plan contained a retrospective account of performance in 2009-10, an account of the current year's service plans and the seven Improvement Objectives set by the Authority for 2011-12.

ICT Steering Group

An external review of the ICT department led to the formation of the ICT Steering Group. It is chaired by the Assistant Chief Fire Officer responsible for ICT and also includes the Deputy Chief Fire Officer and the two other Assistant Chief Fire Officers as well as the ICT Manager. Its terms of reference include:

- Responsibility for the definition of Service IT policies and procedures including the security policy.
- Monitoring the deployment and implementation of IT Policy and the performance of IT within the Service
- Development of the IT strategy and responsible for reviewing and accepting business cases for IT investment from various departments.
- Responsibility for the review and approval of major IT procurements and overseeing the implementation of major IT projects.

C. In addition to its internal committee structures and day to day management the Service is also subject to external review of its key systems in order to ensure the effectiveness of its systems:

Internal Audit

Section 151 of the Local Government Act 1972 implies the need for an Internal Audit function, which requires authorities to "make arrangements for the proper administration of their financial affairs." The Accounts and Audit Regulations (Wales) 2005 specifically requires that "a relevant body shall maintain an adequate and effective system of internal control in accordance with proper internal audit practices."

The Authority outsources its Internal Audit function to Conwy Council Borough Council as part of its Treasury and Financial Services SLA. The Service, which is independent in its planning and operation, complies with CIPFA's Code of Internal Audit Practice and is designed to give assurance that the Authority maintains adequate systems of internal control and makes recommendations on the ways to enhance these where it feels necessary.

The Head of Audit Services has direct access to the Chief Fire Officer, all levels of management and elected members.

The Internal Audit service is delivered on the basis of a needs assessment, a risk based approach to determining the needs of the Authority at the start of each year and detailed in operational plans which are presented to the Audit Committee on an annual basis for approval.

At the Audit Committee on 6th June 2011 a ' Summary of Internal Audit Activity for 2010/11 was presented showing the work undertaken during that year, along with the 'Draft Audit Plan for 2011/12.'

During 2010/11 the Internal Audit department completed 50 days of review, which were spent undertaking 4 audits in the following areas:

	Audit	Critical	Major	Moderate	Minor	Total	Agreed by Mgmt	Opinion
Retained Stations - Denbighshire	Regularity	0	0	3	5	8	8	Adequate
Freedom of Information	Regularity	0	0	1	3	4	4	Satisfactory
Partnership Working - Community Safety	Regularity	0	0	14	6	20	20	Adequate
IT Security	Regularity	0	0	7	0	7	7	Satisfactory
							Good	0
							Satisfactory	2
							Adequate	2
							Unsatisfactory	0
								4

Every audit carried out is followed up with a review audit six months later to ascertain if the recommendations in the report have been followed, in 2010/11 follow up audits were carried out for:

	Description	File Ref.	Audit Date	Follow-up Due Date	Follow-up Date	No. Recs	Recs Outstanding	Revised Audit Opinion
1	NWF&RA Income	VF0 224	Sep-09	Apr-10	Aug-10	7	0	Good
2	Data Protection	VF0 194	Mar-10	Sep-10	Nov-10	4	1	Good
3	E Government	VF0 263	Jun-10	Dec-10	Mar-11	1	0	Good
4	NFI	VF0 261	Feb-10	N/A	N/A	0	N/A	N/A

The outcomes of these audits including the reviews are reported to the Chief Fire Officer, the Deputy Chief Fire Officer, Finance Manager and the appropriate manager for action if necessary.

At the same meeting the Internal Audit department also issued its Annual Statement of Assurance, as required by CIPFA's Code of Practice for Internal Audit in Local Government 2006. The Head of Audit concluded in his audit opinion that North Wales Fire & Rescue Service has satisfactory internal control and corporate governance processes to manage the achievement of the Authority's objectives.

External Audit

KPMG LLP, on behalf of the Wales Audit Office, has continued to provide an external audit service to the Authority in 2010/11 and as such the effectiveness of internal controls is also informed by their work.

In September 2010, the Wales Audit Office and KPMG LLP presented to the Audit Committee its Audit of Accounting Statements Report, which stated their intention to issue an unqualified Auditor's Report on the accounting statements and related notes for 2009/10. The detailed report confirmed that the Authority's accounting statements give a true and fair view of the financial position as at 31 March 2010.

Following the introduction of the Local Government Measure 2009, the Authority underwent its first Annual Improvement Assessment by the Wales Audit Office in 2010/11, resulting in the publication of an Annual Improvement Report in January 2011. The Report looks at how the Authority is improving its services.

It asks:

- is well managed
- is helping to reduce the likelihood and impact of fires and road traffic collisions is responding well to fires and other threats to safety; and
- knows what it needs to do to improve

The report focuses on the Authority's own priorities for improvement, setting out what the Authority needs to do to improve its services. Each year the WAO is set to produce a report looking into what progress the Authority has made.

The report's main message was that stable leadership and improvements to corporate governance are likely to support improvement in the future although the Authority faces some challenges. A summary of key conclusions were:

- The Authority is well run in terms of leadership and people management. It is working well with others in partnership; however, there are some weaknesses in performance management and business processes need to be developed further
- The Authority's budget has been well managed and money has been spent in a proper way and The Authority's accounting statements present a true and fair view of its financial transactions.
- The Authority's published improvement objectives are clear and many have defined measures of success. The Authority recognises that some of its improvement objectives will be difficult to measure and will develop and introduce further local performance indicators.
- The Authority is doing many of the right things to reduce the likelihood and impact of fires but recognises there is room for improvement. The Authority's approach is based upon an understanding of the contributory factors that make some people more likely than others to have fires in their homes. It has been working with key partners to identify and mitigate risk and the number of fires attended is reducing. But, it still faces challenges, particularly in reducing fire deaths in homes.
- The Authority has responded to a wide range of fire and other threats to safety. It received approximately 17,000 calls related to emergency incidents in 2009-10. The number of malicious calls that the Authority received and attended has decreased since 2004-05, mainly due to suspect calls being challenged by control operators and action being taken against people making malicious calls.
- The Authority has been working to make changes to health and safety arrangements following a Health and Safety Executive inspection in December 2009 but even so personnel injuries 'on duty' and sickness absence have increased since 2007-08.
- The Authority is taking steps to improve training and has a comprehensive operational learning process in place, allowing staff to observe incidents and gather information for training and health and safety purposes

Following the introduction of the Annual Improvement Assessment, the Annual Audit Letter from its external auditors is now included within the report. The letter sets out key messages arising from their audit inspection work that it has undertaken in the last twelve months. The report received was reported to the Audit Committee on 31st January 2011.

The headline findings arising from the letter and reiterated within the Welsh Audit Office report concluded that the Fire and Rescue Authority complied with its financial and performance improvement reporting requirements, receiving an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Authority's and the Pension Fund financial transactions. The following areas were noted during the account audit:

- the accounting statements preparation processes have continued to improve, resulting in good quality draft statements supported by comprehensive working papers;
- effective budgetary control arrangements are in place and medium term financial planning is under development, but the Authority faces significant financial pressures in the future;
- The Authority's Improvement Plan 2010-11 meets all of the statutory requirement with the exception that although the Improvement Plan was finalized by 31 October 2010, it was not published until 1 November 2010 and provides a balanced view of its performance in 2009-10.

6. Key Governance Issues

It is the view of Officers that the review of the governance arrangements for the financial year 2010/11 has not highlighted any areas of major concern. The existing arrangements are fit for purpose and are adequate to meet the Authority's corporate aims.

Several minor issues highlighted below and detailed within the review are being dealt with by the appropriate officers and progress will be monitored via the Audit Committee in the forthcoming year 2011/12 and reported to the full Fire and Rescue Authority during next year's review.

Issues to be addressed in 2011/12:

1. Formalisation of the Authority's Risk Management Policy
2. Formalisation of the Authority's Partnership Policy
3. Scheme of delegation to be reviewed.
4. Active promotion amongst staff of the Whistle Blowing Policy.

SIGNED

Chair of the North Wales Fire
and Rescue Authority

Dated:

Simon Smith
Chief Fire Officer of North Wales Fire and
Rescue Authority

Dated:

Colin Everett
Clerk to the North Wales Fire and Rescue
Authority

Dated:

Ken Finch
Treasurer to the North Wales Fire and Rescue
Authority

Dated:

STATEMENT OF ACCOUNTING POLICIES

1. **GENERAL**

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2005, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code) and the Best Value Accounting Code of Practice 2010/11 (BVACOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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.

2. **CHANGES IN ACCOUNTING POLICIES: TRANSITION TO IFRS**

The Statement of Accounts has been prepared in accordance with International Financial Reporting Standards (IFRS) and includes a Movement in Reserves Statement, Comprehensive Income and Expenditure Statement (with service information analysed on a BVACOP basis), Balance Sheet, Cash Flow Statement and Notes to the Accounts (including additional segment reporting based on internal financial management arrangements, and including a subjective analysis and reconciliations-note 21). A third balance sheet as at 1 April 2009 is reported in the Balance Sheet. In the Annex to the accounts statements have been prepared showing the transition from UK GAAP accounts to those prepared in the new IFRS format and include the balance sheets for 2008-09 and 2009-10 and the Income & Expenditure Account for 2009-10.

In the opening IFRS Statement of Accounts as a starting point for accounting under IFRS, the following has been done:-

- All the required assets and liabilities have been recognised.
- The appropriate assets and liabilities have been derecognised.
- Items have been reclassified that were recognised under UK GAAP as one type of asset, liability or component of equity, but are different types under IFRS.
- The Code has been applied in measuring all assets and liabilities.
- Generally, changes have been applied retrospectively except for certain exemptions.

Operating segments are defined on the same basis as for the "chief operating decision maker" and an explanation of the basis used for segment reporting, together with a reconciliation of the related amounts in the Statement of Accounts are included (note 21).

3. **PROPERTY PLANT AND EQUIPMENT**

Non-Specialised Operational and Non-Operational Assets

Non-specialised operational and non-operational land and buildings are carried at Fair Value normally determined from market based evidence, which is generally taken to mean open market value, but the Code allows these assets to be carried forward at the existing use value.

Assets of a Specialised Nature

For assets of a specialised nature where there is no market evidence, an estimate of fair value has been based on Depreciated Replacement Cost (DRC), the valuation being that of a Modern Equivalent Asset (MEA) using the "instant build" approach. Fire stations are included under this category.

Land and Buildings

Land and buildings have been accounted for separately, and land is assumed to have an infinite life.

Assets Under Construction

Assets under construction have been valued at historic cost.

Surplus Assets

Surplus assets have been valued at Fair Value that is considered to be open market value. Where the asset is not held for generating cashflows, the value in use is the PV of the asset's remaining service potential, assumed to be at least equal to the cost of replacing that service potential and used as a measure of fair value.

If the surplus asset is of a specialised nature, then DRC has been used as an estimate of fair value. Surplus assets have been depreciated, with the depreciation being shown against "non-distributed costs" rather than a specific service.

Component Accounting

A component of property, plant and equipment is an item that has a cost that is significant in relation to the total cost of the asset. Components should be depreciated individually over their useful lives. However, on transition to the Code, component accounting has only been applied when a component is replaced or part enhanced, and the old component has been derecognised, and so there is no adjustment to the 31 March 2009 or 31 March 2010 balance sheets.

Revaluation

When an asset is re-valued, an entry has been made between the Revaluation Reserve and the Capital Adjustment Account which represents the difference between depreciation based on historic cost and the re-valued amount.

Revaluation Losses

A revaluation loss that is due to a clear consumption of economic benefit, if there is a previous revaluation surplus on that asset, is first charged against the surplus to the extent of the surplus, with the balance of the loss being charged to the Comprehensive Income and Expenditure Account.

The latest full property valuation was carried out by Wilks Head and Eve, a firm of valuers based in London, on 1 April 2009. A number of properties were re-valued on 1 April 2010 due to works undertaken on these properties. From 2010-11 the Authority has introduced a policy of valuing their property on a rolling basis rather than carry out a full valuation every 5 years. Office accommodation has been valued at existing use value and fire stations at depreciated replacement cost. To comply with the Code of Practice the valuer estimated residual lives for all the Authority's buildings so that a charge for depreciation could be calculated. Other assets are recognised at historic cost which is a proxy for current cost on short life assets and depreciated over their useful lives.

4. **IMPAIRMENT OF ASSETS**

Assets are carried at no more than their recoverable amount, and impairment is measured by comparing the carrying value with the higher of fair value less costs to sell (equivalent to net selling price) and value in use. Impairment is assessed annually, and the indicators to reverse an impairment are the same for tangible and intangible assets. All impairment losses on re-valued assets are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each individual asset.

5. **INTANGIBLE ASSETS**

Internally generated intangible assets are capitalised where the recognition criteria are met. The criteria are as follows: it must be possible to separate the asset from the entity, the entity must control the asset, there must be future economic benefit from the asset, it must be probable that the economic benefits will flow to the entity, and the cost of the asset can be measured reliably. The intangible asset will be initially measured at cost, all revaluations are charged initially to the revaluation reserve, and there is no maximum useful life for the asset.

6. **LEASES**

Property leases have been classified and accounted for as separate leases of land and buildings. The land element is treated as an operating lease unless title is expected to pass to the lessee at the end of the lease term. The Code requires the Council to account for leases under IFRS in its opening balance sheet as at 1 April 2009.

Where an operating lease has been reclassified as a finance lease, an asset and a liability have been recognised equal to the fair value of the asset. If the fair value is not known, it has been estimated as the present value of the minimum lease payments.

Arrangements have been assessed to determine whether they contain the substance of a lease. The assessment considered whether fulfilment of the arrangement is dependent on the use of a specific asset(s) and whether the arrangement conveys the right to use the asset. Where this is the case, a lease has been recognised and accounted for in accordance with the lease provisions.

7. **EMPLOYEE BENEFITS**

Short-term benefits have been accrued as earned, and they include wages and salaries, compensated balances, bonuses, and non-monetary benefits considered to fall due wholly within 12 months following the period when the service was rendered by the employee. An accrued expense has been recognised where there is a liability to pay wages, salaries and social security benefits at the year end. The cost of all benefits during employment has been accounted for in the period in which the benefit is earned by the employee. The main impact has been in relation to holiday pay which has been accrued where material.

8. **CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:-

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise contributions to fund 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 – Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

9. **DEPRECIATION**

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

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

Buildings	15-80 years
Infrastructure	5-20 years
Vehicles, Plant and Equipment	3-20 years
Intangible Assets	5-15 years

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

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

11. **RESERVES & PROVISIONS**

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

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

This is the second year the Authority can hold reserves due to changes in legislation. A reserve can be defined as a voluntary action by the Authority to set resources aside for future schemes. Expenditure will be charged to the revenue account and a contribution from the reserve will be made to offset the cost.

12. **INVENTORIES**

Inventories have been valued using FIFO or weighted average cost formulae. Where there are deferred payment terms for the purchase of inventories, this is regarded as a financing arrangement and the difference between the price that would have been paid for "normal" credit terms and the actual amount paid has been recognised as an interest expense over the period of the financing.

13. **BORROWING COSTS**

The option exists to capitalise borrowing costs relating to qualifying assets, but this option has not been exercised.

14. **ACCOUNTING FOR GOVERNMENT GRANTS**

Government grants cannot be offset against fixed assets, but government grants (and other contributions) are immediately recognised in the Comprehensive Income and Expenditure Account when the required conditions have been satisfied. The income is subsequently transferred to the Capital Adjustment Account or Capital Grants Unapplied Account, dependent upon whether it has been applied. In essence Government Grants awarded for capital schemes are used as a source of financing for the capital programme.

15. **PENSION COSTS**

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

(i) **Firefighters**

This is an unfunded scheme meaning that there are no investment assets built up to meet pension liabilities. Cash has to be generated by the Authority to meet actual pension payments as they fall due. Employees and employers contributions are based on the percentage of pensionable pay set nationally by the Welsh Assembly Government (WAG) and subject to triennial revaluation by the Government Actuary's Department. Any difference between benefits payable and contributions receivable is met by a grant from WAG. WAG changed the funding mechanism for the scheme in 2007-2008 which has alleviated concerns about the possibility of large year on year fluctuations on local tax payers with the creation of a pension fund account.

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

These employees are eligible to join the Local Government Pension Scheme this is a funded scheme with the pension paid from underlying investment funds managed by the Clwyd pension fund. The pension costs that are charged to the Authority's account in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

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

(iii) **IAS 19**

IAS 19 prescribes the disclosure of the long-term commitments entered into relating to pension costs. The accounts of the Authority have been adjusted in line with the Code and that provides that the adjustments made to implement IAS 19 do not have any effect on the Contributions made by the Local Authorities. In line with IAS 19 actuarial gains or losses on the outstanding pension liability are charged directly to the Pension Reserve.

In assessing liabilities for retirement benefits at 31 March 2010 for the 2009- 2010 Statement of Accounts the actuary was required by the Code to use a discount rate of 3.9% real (5.8% actual), a rate based on the current rate of return on a high-quality corporate bond of

equivalent currency and term to scheme liabilities was used. For the 2010-2011 Statement of Accounts the actuary has advised that a rate of 3% real (5.7% actual) is appropriate.

16. **ALLOCATION OF CENTRAL ADMINISTRATIVE CHARGES**

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

17. **DEBTORS AND CREDITORS**

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

18. **INVESTMENTS**

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

19. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours and are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

20. **CAPITAL RECEIPTS**

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

21. **VALUE ADDED TAX**

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

22. **FINANCIAL INSTRUMENTS**

A Financial Instrument is defined as 'any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another'. Financial liabilities (loans) and financial assets (investments) are initially measured at fair value and carried at their amortised cost. The annual interest paid and received in the Income and Expenditure account is based on the carrying amount of the loan or investment multiplied by the effective rate of interest for the instrument. For all of the loans and investments the Authority has, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

23. **ERRORS**

All material errors have been retrospectively corrected. Material omissions or misstatements are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. The nature and amount of a change that has an effect in the current period or is expected to have an effect in future periods (except where impracticable) have been disclosed.

24. **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.

CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

<u>Movement in Reserves Statement for the years ended 31 March 2010 & 2011</u>	Note	General Fund Balance	Earmarked and Grant Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2009		0	347	0	347	(156,220)	(155,873)
Movement in Reserves during 2009/10							
Surplus or (Deficit) on the Provision of Services		(10,662)	0	0	(10,662)	0	(10,662)
Other Comprehensive Income & Expenditure		0	0	0	0	(41,892)	(41,892)
Total Comprehensive Income & Expenditure		(10,662)	0	0	(10,662)	(41,892)	(52,554)
Adjustments between accounting basis & funding basis under regulations	4	11,034	0	(13)	11,021	(11,021)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	16	372	0	(13)	359	(52,913)	(52,554)
Adjustment						1	1
Transfers to/(from) Earmarked Reserves	5	46	(59)	13	0	0	0
(Increase)/Decrease in 2009/10		418	(59)	0	359	(52,912)	(52,553)
Balance as at 31 March 2010		418	288	0	706	(209,132)	(208,426)

<u>Movement in Reserves Statement</u>	Note	General Fund Balance	Earmarked and Grant Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2010		418	288	0	706	(209,132)	(208,426)
Movement in reserves during 2010/11							
Surplus or (deficit) on the provision of services		11,272	0	0	11,272		11,272
Other Comprehensive Income & Expenditure		0	0	0	0	17,470	17,470
Total Comprehensive Income & Expenditure		11,272	0	0	11,272	17,470	28,742
Adjustments between accounting basis & funding basis under regulations	4	(10,820)	0	(39)	(10,859)	10,859	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	16	452	0	(39)	413	28,329	28,742
Adjustment				1	1		
Transfers to/(from) Earmarked Reserves	5	(229)	191	38	0	0	0
(Increase)/Decrease in 2010/11		223	191	0	414	28,329	28,742
Balance as at 31 March 2011		641	479	0	1,120	(180,803)	(179,684)

THE COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT

2009/10				2010/11			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
1,985	(124)	1,861	Community Fire Safety - Inspection & Certification		2,373	(42)	2,331
3,783	0	3,783	Community Fire Safety - Prevention & Education		4,523	0	4,523
20,709	(371)	20,338	Fire Fighting - Operational Responses		23,274	(139)	23,135
3,234	0	3,234	Fire Fighting - Communications & Mobilising		3,521	0	3,521
194	0	194	Fire Fighting - Securing Water Supplies		175	0	175
215	0	215	Corporate & Democratic Core Costs		194	0	194
118	0	118	Non Distributed Costs	2.2	(24,043)	0	(24,043)
30,238	(495)	29,743	Cost of Services		10,017	(181)	9,836
12,478	(540)	11,938	Other Operating Expenditure	6	12,744	(2,113)	10,631
320	(27)	293	Financing & Investment Income & Expenditure	7	389	(35)	354
0	(31,312)	(31,312)	Contributions from Constituent Authorities	8	0	(32,093)	(32,093)
		10,662	(Surplus) or Deficit on Provision of Services				(11,272)
		(2,978)	Surplus or Deficit on Revaluation of Property, Plant & Equipment Assets				(314)
		44,870	Actuarial Gains/Losses on Pension Assets/Liabilities				(17,156)
		41,892	Other Comprehensive Income & Expenditure				(17,470)
		52,554	Total Comprehensive Income & Expenditure				(28,742)

BALANCE SHEET

1 April 2009	31 March 2010		Notes	31 March 2011
£'000	£'000			£'000
31,106	32,211	Property, Plant & Equipment	9	36,384
28	19	Intangible Assets	9	9
31,134	32,230	Long Term Assets		36,393
0	1,001	Short Term Investments	10	0
336	354	Inventories	11	275
2,690	1,815	Short Term Debtors	12	1,157
1,313	2,032	Cash & Cash Equivalents	13	3,303
4,339	5,202	Current Assets		4,735
4,448	7,220	Short Term Borrowing	10	9,126
3,379	3,320	Short Term Creditors	14	3,765
100	507	Provisions	15	482
7,927	11,047	Current Liabilities		13,373
171,690	225,467	Pension Liability	17	196,832
416	140	Provisions	15	0
10,857	8,891	Long term Borrowing	10	10,391
456	313	Other Long term Liabilities	28	216
183,419	234,811	Long Term Liabilities		207,439
(155,873)	(208,426)	Net Assets		(179,684)
347	706	Usable Reserves	16	1,120
(156,220)	(209,132)	Unusable Reserves	17	(180,804)
(155,873)	(208,426)	Total Reserves		(179,684)

CASH FLOW STATEMENT

2009/10		Note	2010/11
£'000			£'000
10,662	Net Surplus/Deficit on the Provision of Services		(11,272)
(13,172)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements		8,595
(291)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities		(260)
(2,801)	Net Cash Flows From Operating Activities	18	(2,937)
1,625	Investing Activities	19	5,766
457	Financing Activities	20	(4,100)
(719)	Net (Increase) or Decrease in Cash and Cash Equivalents		(1,271)
(1,313)	Cash and Cash Equivalents at the beginning of the reporting period		(2,032)
(2,032)	Cash and Cash Equivalents at the End of the Reporting Period	13	(3,303)

NOTES TO THE CORE FINANCIAL STATEMENTS

This is the first year that the accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). To enable comparison with previous year accounts transition statements showing prior year adjustments have been included as an Annex to the accounts.

The Authority was not allowed to hold reserves as at 1 April 2009 however due to the change from UK GAAP to IFRS the new requirement is that any grants that have been received by the Authority for specific schemes but have not yet been utilised in year are shown under Usable Reserves where previously they would have been treated as Receipts in Advance under Current Liabilities. The accounts have been adjusted to reflect the change from 1 April 2009 in order to comply with the new accounting regulation and to provide a fair comparison.

1. 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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
PENSIONS LIABILITY	Estimation of the net liability to pay pensions 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. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The emergency budget changed the pension increase to be in line with CPI rather than RPI. This has meant the introduction of a past service credit reducing the net liability in the balance sheet. The actuaries expect the introduction of CPI to reduce future pension payments, however current estimates of the level of CPI as compared with RPI could prove to be incorrect.

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 main item in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:-

2. Material Items of Income and Expenses

2.1 Capital Expenditure Charged to Revenue

The capital programme has provision for building a new Fire Station for the Wrexham area and a number of sites have been investigated as to their suitability. The fees that have been incurred on the first two sites can no longer be matched to an ongoing project and as such have to be treated as aborted capital fees and charged to the revenue account. The expenditure written off to revenue is £404k.

2.2 Pensions Liability

In 2010/11 there was a disproportionate reduction in the value of the liabilities of the fund from £225m to £197m, due to positive asset returns and falling long term inflation expectations coupled with the pension increase change from RPI to CPI.

This reduction is included on the face of the Comprehensive Income and Expenditure Statement within the expenditure for non-distributed costs, £24.056m credit.

3. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Treasurer to the Fire Authority. 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 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4. Adjustments between Accounting Basis and Funding Basis under Regulation

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

2010/11	Useable Reserves				Unusable Reserves
	General Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(3,598)	0	0	(3,598)	3,598
Revaluation losses on Property, Plant and Equipment					
Amortisation of Intangible assets	(9)			(9)	9
Capital grants and contributions applied	251	0	0	251	(251)
Movement in the Donated Assets Account	1,135	0	0	1,135	(1,135)
Adjustment	1	0	0	1	(1)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	1,544	0	0	1,544	(1,544)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		0	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	39	39	(39)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	0	0	0
Adjustment primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 30)	8,139	0	0	8,139	(8,139)
Employer's pensions contributions and direct payments to pensioners payable in the year	3,340	0	0	3,340	(3,340)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	17	0	0	17	(17)
Total Adjustments	10,820	0	39	10,859	(10,859)

2009/10 Comparative Figures	Useable Reserves				Unusable Reserves
	General Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustment primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(4,447)	0	0	(4,447)	4,447
Revaluation losses on Property Plant and Equipment					
Amortisation of intangible assets	(9)			(9)	9
Capital grants and contributions applied	925	0	0	925	(925)
Movement in the Donated Assets Account					
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	1,388	0	0	1,388	(1,388)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	13	13	(13)
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 30)	(12,118)	0	0	(12,118)	12,118
Employer's pensions contributions and direct payments to pensioners payable in the year	3,211	0	0	3,211	(3,211)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	16	0	0	16	(16)
Total Adjustments	(11,034)	0	13	(11,021)	11,021

5. Transfers to/from Usable Reserves

This note sets out the transfers to and from reserves from 1 April 2009.

Date	General Fund	Earmarked Reserves	Total
Opening Bal 1 Apr 09	0	(347)	(347)
Transfers (in)/out 2009-2010	(418)	59	(359)
Balance 31 March 2010	(418)	(288)	(706)
Transfers (in)/out 2010-2011	(223)	(191)	(414)
Balance 31 March 2011	(641)	(479)	(1,120)

6. Other Operating Expenditure & Income

2009/10 £000		2010/11 £000
132	Transfer to/(from) Provisions	(165)
19	Deficit on Trading Operations	37
12,268	Pension Interest Costs	12,707
(13)	Gains/losses on the disposal of non-current assets	(39)
(11)	Transfer from Bad Debt Provision	0
(516)	Return on Pension Assets	(749)
0	Donated Assets	(1,135)
59	Transfers (in)/out of Earmarked Grant Reserve	(26)
0	Adjustment	1
11,938	Total	10,631

7. Financing and Investment Income and Expenditure

2009/10 £000		2010/11 £000
320	Interest payable & similar charges	389
-27	Interest	-35
293	Total	354

8. Contributions from the Constituent Authorities

Authority	2009/10 £'000	2010/11 £'000
Conwy County Borough Council	5,155	5,280
Anglesey Council	3,184	3,253
Gwynedd Council	5,464	5,573
Denbighshire County Council	4,477	4,602
Flintshire County Council	6,945	7,119
Wrexham County Borough Council	6,087	6,266
TOTAL	31,312	32,093

Contributions to the Fire Authority to cover operating costs are made from the six Local Authorities in North Wales. The amount paid by each Authority is based on the latest population estimate for the area.

9. Property Plant and Equipment and Intangible Assets

Assets are valued as outlined in Note 11 and Note 12 of Accounting Policies. Details of the value of assets held at 31 March 2011 and comparative figures for 31 March 2010 are shown below, together with details of movement in the year:-

2010-2011	<i>Land and Buildings</i>	<i>Vehicles and Equipment</i>	<i>Infra - structure</i>	<i>Non-Operational Assets</i>	<i>Property Plant & Equipment Total</i>	<i>In-Tangible Assets Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value at 1 April 2010	23,170	16,339	260	591	40,360	65
VALUE AT 1 APRIL 2010	23,170	16,339	260	591	40,360	65
Donated Assets	0	1,135	0	0	1,135	0
Additions	1,882	2,303	0	2,137	6,322	0
Revaluations	158	0	0	0	158	0
Commissioned Expenditure	553	0	0	(553)	0	0
Disposals	0	-12	0	0	(12)	0
Impairment/Capitalised Under Statute	(1,570)	0	0	0	(1,570)	0
GROSS BOOK VALUE AT 31 MARCH 2011	24,193	19,765	260	2,175	46,393	65
Accumulated Depreciation at 1 April 2010	(586)	(7,330)	(233)	0	(8,149)	(46)
Revaluation	156	0	0	0	156	0
Depreciation for Year	(734)	(1,289)	(5)	0	(2,028)	(9)
Adjustment	0	0	0	0	0	(1)
Disposals	0	12	0	0	12	0
Accumulated Depreciation at 31 March 2011	(1,164)	(8,607)	(238)	0	(10,009)	(56)
NET BOOK VALUE AT 31 MARCH 2011	23,029	11,158	22	2,175	36,384	9
NET BOOK VALUE AT 31 MARCH 2010	22,584	9,009	27	591	32,211	19

Comparative Data 2009-2010	<i>Land and Buildings</i>	<i>Vehicles and Equipment</i>	<i>Infra - structure</i>	<i>Non- Operational Assets</i>	<i>Property Plant & Equipment Total</i>	<i>In- Tangible Assets Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value at 1 April 2009	23,546	15,358	260	65	39,229	65
VALUE AT 1 APRIL 2009	23,546	15,358	260	65	39,229	65
Additions	718	1,318	0	538	2,574	0
Revaluations	1,468	0	0	0	1,468	0
Commissioned	12	0	0	(12)	0	0
Expenditure						
Disposals	0	(337)	0	0	(337)	0
Impairment/Capitalised Under Statute	(2,574)	0	0	0	(2,574)	0
GROSS BOOK VALUE AT 31 MARCH 2010	23,170	16,339	260	591	40,360	65
Accumulated Depreciation at 1 April 2009	(1,510)	(6,386)	(227)	0	(8,123)	(37)
Revaluation	1,510	0	0	0	1,510	0
Depreciation for Year	(586)	(1,281)	(6)	0	(1,873)	(9)
Disposals	0	337	0	0	337	0
Accumulated Depreciation at 31 March 2010	(586)	(7,330)	(233)	0	(8,149)	(46)
NET BOOK VALUE AT 31 MARCH 2010	22,584	9,009	27	591	32,211	19
NET BOOK VALUE AT 31 MARCH 2009	22,036	8,972	33	65	31,106	28

CAPITAL COMMITMENTS 2010-2011 Onwards

Major capital commitments entered into at 31 March 2011 were £3,759,350 and are detailed in the table below.

<i>Scheme</i>	<i>Contracted Future Cost £'000</i>
Various Properties	367
Water Tenders, Vehicles and Equipment	3,392
TOTAL	3,759

INFORMATION ON ASSETS HELD

Fixed assets owned by the Authority include the following:-

	<i>Number at 31 March 2011</i>	<i>Number at 31 March 2010</i>
<u>LAND AND BUILDINGS</u>		
Fire Stations	44	44
Brigade Headquarters	0	0
Divisional Headquarters	0	0
County Safety Offices	5	5
Control Rooms	1	1
Training Establishments	4	2
Vehicle Workshops	1	1
Stores	1	1
<u>VEHICLES AND EQUIPMENT</u>		
Operational Vehicles	78	72
Ancillary Vehicles	97	75

The increase in the number of ancillary vehicles is due to the change in financing from leasing to purchasing - as lease vehicles are returned they are replaced with ones owned by the Authority.

10. Financial Instruments**Categories of Financial Instruments**

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

	Long-term			Current		
	31 March 2011	31 March 2010	1 April 2009	31 March 2011	31 March 2010	1 April 2009
	£'000	£'000	£'000	£'000	£'000	£'000
Investments						
Loans and receivables	-	-	-	3,350	4,020	1,650
Available-for-sale financial assets	-	-	-	-	-	-
Total Investments	0	0	0	3,350	4,020	1,650
Debtors						
Loans and receivables	-	-	-	-	-	-
Financial assets carried at contract amounts	-	-	-	164	178	352
Total Debtors	0	0	0	164	178	352
Borrowings						
Financial liabilities at amortised cost	10,391	8,891	10,857	9,001	7,116	4,344
Total Borrowings	10,391	8,891	10,857	9,001	7,116	4,344
Creditors						
Financial liabilities carried at contract amount	-	-	-	1,486	1,235	1,156
Total Creditors	-	-	-	1,486	1,235	1,156

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Reconciliation of short term Investments with the Balance Sheet

	31 March 2011 £'000	31 March 2010 £'000	1 April 2009 £'000
Financial Assets - Investments	0	1,001	0
Cash Equivalents	3,303	2,032	1,313
Cash Overdrawn	51	988	360
Accruals	(4)	(1)	(23)
Investments	3,350	4,020	1,650

Reconciliation of long and short term balances with actual debt outstanding:

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Financial Liabilities: Borrowing	19,517	16,111	15,305
Less PWLB Interest Accruals	(101)	(104)	(124)
Market Loans Interest Accruals	(24)	-	-
Discount adjustment to modified Loan	-	(35)	(168)
Debt Outstanding	19,392	15,972	15,013

EXTERNAL BORROWING

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

<i>Source of Loan</i>	<i>Interest Rate Payable 2010/11 %</i>	<i>Total Outstanding at 31 March 2011</i>		<i>Total Outstanding at 31 March 2010</i>	
		£'000		£'000	
Public Works Loans Board	0.65 – 4.8		12,892		15,972
Market Loans	0.70 – 0.75		6,500		
<u>ANALYSIS OF LOANS BY MATURITY</u>					
Within 1 Year			9,001		7,081
Between 1 and 2 years		4,187		2,667	
Between 2 and 5 years		4,000		4,020	
Between 5 and 10 years		0		0	
Over 10 years		2,204		2,204	
TOTAL			19,392		15,972

Under IAS39, IAS32 and IFRS7, accounting for Financial Instruments, it is a requirement that any interest outstanding on loans and any discounts should be recognised on the Balance Sheet as part of the loan the breakdown is included in the above table. The fair value of the loan portfolio is now disclosed in a note to the accounts.

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date. The fair value of PWLB loans as at 31 March 2011 was £13,394,425 (31 March 2010, £16,482,066). The Market Loans mature within 1 year so the carrying amount is assumed to approximate fair value.

11. Inventories

An analysis of the stocks held and the movements during the year as at 31 March 2010 and 31 March 2011 is shown below. The amount of stock held by the Authority has reduced due to a change in working practices to the 'Just in Time Delivery' system for some items which were previously held in stock.

	<i>Main Stores</i>		<i>Transport Van Stock</i>		<i>Totals</i>	
	<i>2010-11 £'000</i>	<i>2009-10 £'000</i>	<i>2010-11 £'000</i>	<i>2009-10 £'000</i>	<i>2010-11 £'000</i>	<i>2009-10 £'000</i>
Balance at start of year	335	320	19	16	354	336
Purchases	287	289	29	29	316	318
Recognised as an Expense in year	(345)	(271)	(36)	(26)	(395)	(300)
Write Offs in year	(14)	(3)	0	0	(14)	(3)
Balance outstanding at year end	263	335	12	19	275	354

12. Short Term Debtors

	<i>31 March 2011 £'000</i>	<i>31 March 2010 £'000</i>	<i>31 March 2009 £'000</i>
Central Government Bodies	955	1,485	2,172
Other Local Authorities	18	114	158
NHS Bodies	25	12	0
Public Corporations and Trading Funds	115	77	92
Other Entities and Individuals	44	127	268
TOTAL DEBTORS	1,157	1,815	2,690

13. Cash and Cash Equivalents

The actual cash in hand represented the cash shown in the Balance Sheet, together with transactions not effected within the cleared bank balance at 31 March 2011. The following table summarises the position:-

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Bank Call Accounts	1,350	2,020	1,650
Short Term Investments	2,004	1,000	0
Bank Current Accounts	(57)	(993)	(365)
Petty Cash Imprests	6	5	28
Total Cash and Cash Equivalents	3,303	2,032	1,313

14. Creditors

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Central Government Bodies	1,347	1,218	462
Other Local Authorities	71	117	302
NHS Bodies	0	0	0
Public Corporations and Trading Funds	31	8	0
Other Entities and Individuals	2,369	1,977	2,615
TOTAL CREDITORS	3,818	3,320	3,379

15. Provisions

At 31 March 2011 the Authority held a number of provisions. The provisions held and the movement on the provisions is as follows.

Pension Provision

A provision has been set aside for lump sum payments in to the Pension Fund due to full time Firefighters retiring on ill health grounds. The level of the provision is based on the known liability of the future payments in to the pension fund. The balance on the provision at 31 March 2011 is £75,000 (31 March 2010, £240,000, 31 March 2009, £266,397).

Equal Pay Provision

A provision has been recognised to offset the financial consequences of retained firefighters becoming entitled to the same conditions of service as whole-time firefighters. In 2009-10 the provision was increased to £406,565 (31 March 2009, £200,000). The decision to increase the provision was based on the latest developments of the Employment Tribunal, it is envisaged that all the provision will be utilised in 2011-12 when the case is finally settled.

Pension Underpayments Provision

The underpayments on pensions have been met from the revenue account so it was no longer necessary to hold this provision as at March 2010 (31 March 2009, £50,000). The funds were transferred to the Equal Pay Provision.

	<i>Pension Provision</i>	<i>Equal Pay Provision</i>	<i>Pension Underpay</i>	<i>Less than 1 Year Totals</i>	<i>Pension Provision</i>	<i>Equal Pay Provision</i>	<i>More than 1 year Totals</i>
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Closing Bal 31/03/09	(50)	0	(50)	(100)	(216)	(200)	(416)
Transfers (in)/out, additional provision for Equal Pay £207k, decrease other provisions £76k, 09-10	(50)	(407)	50	(407)	76	200	276
Closing Bal 31/03/10	(100)	(407)	0	(507)	(140)	0	(140)
Transfer to Reserve 2010-11	25	0	0	25	140	0	140
Closing Bal 31/03/11	(75)	(407)	0	(482)	0	0	0

16. Usable Reserves

General Reserves

This is the second year the Authority can hold reserves due to changes in legislation. Money has been set aside in to general reserve as it is prudent for the Authority to build up a General Reserve and it is anticipated that the areas where it will be used will be:-

- any transitional costs involved with the Officer Cover Review;
- to offset fuel increases not budgeted for;
- to cover any contingent liabilities that may arise; and
- to cover the costs of any early retirements on the grounds of efficiency.

The balance on the reserve at 31 March 2011 is £641,451 (31 March 2010, £418,513).

Earmarked and Grant Reserves

An earmarked reserve has been set up to cover future pension costs that may not be covered by budgetary provision, for example ill health lump sum payments for retained firefighters. An estimate of the possible future costs has been made based on past experience, the balance on the reserve is £165,000. This is a new reserve this year as previously the money was held in a provision.

Under IFRS any grants that have been received by the Authority for specific schemes but have not yet been utilised in year are now shown under Usable Reserves. The previous treatment would have been as Receipts in Advance under Current Liabilities. The accounts have been adjusted to reflect the change from 1 April 2009. Grants that have been carried forward relate to various schemes and include New Dimensions grants, Phoenix, and Resilience grants. The balance on the reserve as at 31 March 2011 is £314,294 (31 March 2010 - £287,636, 1 April 2009 - £347,063).

17. Unusable Reserves

	31 March 2011 £'000	31 March 2010 £'000	1 April 2009 £'000
Revaluation Reserve	3,121	2,914	17
Capital Adjustment Account	13,239	13,770	15,818
Pensions Reserve	(196,832)	(225,467)	(171,690)
Accumulated Absences Account	(332)	(349)	(365)
Total Unusable Reserves	(180,804)	(209,132)	(156,220)

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 1 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.

2009/10 £'000	Revaluation Reserve	2010/11 £'000
17	Balance at 1 April	2,914
2,995	Upward revaluation of assets	314
(17)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-
(81)	Difference between fair value depreciation and historical cost depreciation	(107)
2,914	Balance at 31 March	3,121

Capital Adjustment Account

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

the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2009/10		2010/11
£'000		£'000
15,819	Balance at 1 April	13,770
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	0
(2,357)	▪ Charges for depreciation & impairment of non-current assets	(3,065)
(2,009)	▪ Revaluation losses on Property, Plant & Equipment	(426)
(9)	▪ Amortisation of Intangible Assets	(9)
(4,375)		(3,500)
(4,375)	Net written out amount of the cost of non-current assets consumed in the year	(3,500)
	Capital financing applied in the year:	
13	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	39
925	▪ Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	251
1,388	▪ Statutory provision for the financing of capital investment charged against the Council Fund	1,544
(2,049)		(1,666)
0	Movements in the Donated Assets Account credited to the Comprehensive Income & Expenditure Statement	1,135
13,770	Balance at 31 March	13,239

The opposite entries for Depreciation, Impairment charges and Revaluations are posted to either the Revaluation Reserve or the Capital Adjustment Account according to the criteria detailed above. The table below shows the transactions that have been posted to the Revaluation Reserve and the Capital Adjustment Account.

2010-11	Fixed Asset Statement (note 9)	Revaluation Reserve	Capital Adjustment Acct	Totals
Depreciation & Impairment	(2,028)	(107)	(3,065)	(3,172)
Impairment	(1,570)	0	(426)	(426)
Revaluations	158	314	0	314
Revaluations Depreciation	156	0	0	0
Total	(3,284)	207	(3,491)	(3,284)

2009-10	Fixed Asset Statement (note 9)	Revaluation Reserve	Capital Adjustment Acct	Totals
Depreciation & Impairment	(1,873)	(81)	(2,357)	(2,438)
Impairment	(2,574)	(17)	(2,009)	(2,026)
Revaluations	1,468	2,995	0	2,995
Revaluations Depreciation	1,510	0	0	0
Total	(1,469)	2,897	(4,366)	(1,469)

Pensions Reserve

In accordance with IAS19 (previously FRS17) the current cost of pensionable service is allocated to gross expenditure in the Comprehensive Income and Expenditure Account (I & E). Actual pension payments on behalf of employees in current service are removed from the I & E, an adjustment is then applied below the line so there is no effect on the overall expenditure of the Authority. Actuarial valuations have been carried out on the Firefighters' scheme by the Government Actuary's Department, and the Local Government Pension Scheme by Mercers. The table below analyses the transactions that have been made in the I & E and shows the movement on the Pension Reserve. A further analysis of the transactions below can be found in note 30.

The Employer's pension contributions and direct payment to pensioners payable in the year shown below are only those payments that are the responsibility of the Fire Authority and do not include the majority of the pension payments for Fire fighters that are paid through the Pension Fund Account. The Pension Fund Account is presented in the accounts as a separate Fund Account and can be found after the notes to the accounts on page 56.

MOVEMENTS on PENSION RESERVE	2010/11 £'000	2009/10 £'000
Opening Balance 1 April	(225,467)	(171,690)
Reversal of Items debited to the Provision of Service in the Comprehensive Income & Expenditure Statement	8,139	(12,118)
Employer's pensions contributions and direct payments to pensioners payable in the year	3,320	3,211
Adjustment Previous Year	20	0
Actuarial Gains or Losses on pensions assets and liabilities	17,156	(44,870)
MOVEMENT ON PENSION RESERVE	28,635	(53,777)
CLOSING BALANCE	(196,832)	(225,467)

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 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10 £'000	<i>Accumulated Absences Account</i>	2010/11 £'000
(65)	Balance at 1 April	(349)
365	Settlement or cancellation of accrual made at the end of the preceding year	349
(349)	Amounts accrued at the end of the current year	(332)
(349)	Balance at 31 March	(332)

18. Cash Flow Statement – Operating Activities

2009/10 £'000		2010/11 £'000
10,662	Net (Surplus)/Deficit on the Provision of Services	(11,272)
	Adjustments to Net (Surplus)/Deficit for Non Cash Movements	
(18)	(Increase)/Decrease in Stock	79
875	(Increase)/Decrease in Debtors	658
(59)	Increase/(Decrease) in Creditors	445
1,882	Depreciation Charge	2,037
(925)	Government Grants Deferred	(251)
8,907	IAS 19 Pension Adjustments	(11,479)
550	IAS 19 Previous Year Adjustment	0
2,574	Impairment Charge	1,570
0	Donated Assets	(1,135)
(108)	Adjustment for Finance Leases	(88)
(131)	Contribution to/(from) Various Provisions	(165)
(359)	Transfers to/(from) Earmarked Reserves	(249)
(16)	Accumulated Absences Reserve	(17)
13,172	Less Total Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	(8,595)
340	Interest paid	292
(49)	Interest Received	(32)
291	Less Total	260
(2,801)	Net Cash Flow From Operating Activity	(2,937)

19. Cash Flow Statement – investing Activities

2009/10 £'000		2010/11 £'000
2,574	Purchase of property, plant and equipment, investment property and intangible assets	6,055
(13)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(39)
(936)	Other receipts from investing activities	(250)
1,625	Net cash flows from investing activities	5,766

20. Cash Flow Statement – Financing Activities

2009/10 £'000		2010/11 £'000
(5,395)	Cash receipts of short-term and long-term borrowing	(11,500)
4,437	Repayments of short –term and long-term borrowing	8,081
1,024	Increase in short –term investments	(1,000)
391	Other payments for investing activities	319
457	Net cash flow from financing activities	(4,100)

21. Amounts Reported for Resource Allocation Decisions

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

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

The Fire Authority budget reporting is based on a subjective analysis of expenditure and income e.g. Employee costs, Premises, Transport etc. rather than on the objective basis that is reported in the accounts e.g. Fire Fighting – Operational Response, Community Fire Safety – Inspection & Certification.

A summary of the budget report presented to Members reporting the financial position is as follows:-

North Wales Fire & Rescue Service
Management Accounts Summary 2009/10 and 2010/11

2009/10		2010/11
	EXPENDITURE	
	EMPLOYEE COSTS	
14,790,858	Uniformed Staff - Wholetime	14,494,794
4,276,374	Uniformed Staff - Part time	4,502,835
3,394,319	Support Services Staff	3,672,489
595,579	Training Costs	621,748
33,495	Supplementary Payments to Pension Funds	12,667
408,763	Pension payments	471,573
95,600	Other Staff Costs	66,587
23,594,988	TOTAL EMPLOYEE COSTS	23,842,694
	PREMISES COSTS	
859,696	Utilities & Taxation	798,570
334,107	Maintenance	243,056
155,430	Rents	193,575
0	Other	37,483
1,349,233	TOTAL PREMISES COSTS	1,272,684
	TRANSPORT	
735,296	Maintenance & Running Expenses	856,694
275,762	Travelling Expenses & Lease Car Scheme	251,559
451,980	Operating Lease Payments	354,996
1,463,038	TOTAL TRANSPORT COSTS	1,463,249
	SUPPLIES & SERVICES	
348,183	Equipment	471,883
1,239,270	IT & Communications	1,258,103
1,176,414	Other Supplies & Services	1,426,749
2,763,867	TOTAL SUPPLIES & SERVICES	3,156,735
	SUPPORT SERVICES	
304,210	Agency Payments	314,113
355,945	Support Service Agreements	308,044
660,155	TOTAL SUPPORT SERVICES	622,157
1,540,459	CAPITAL FINANCING COSTS	1,765,963
31,371,740	TOTAL EXPENDITURE	32,123,482
	INCOME	
-455,004	Sales, Fees & Charges	-218,440
-102,652	Other Income	-34,581
-557,656	TOTAL INCOME	-253,021
30,814,085	NET OPERATING COSTS	31,870,461
497,478	Contribution to Provisions and Reserves	222,939
-31,311,563	Income From Contributions	-32,093,400
0	SURPLUS/DEFICIT FOR YEAR	0

Reconciliation of Service Income and Expenditure presented in the Management Accounts to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the Management Accounts relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	<i>2010/11</i> <i>£'000</i>	<i>2009/10</i> <i>£'000</i>
Net expenditure in the Service Analysis	31,870	30,814
Amounts in the Comprehensive Income & Expenditure Statement not reported to management in the Analysis		
Depreciation	2,037	1,882
Lease Adjustment	(168)	4
Government Grant Deferred	(251)	(925)
IAS 19 – Pensions Adjustment	(23,437)	(2,845)
Impairment	1,570	2,574
Accumulated Absences	17	16
Amounts included in the Analysis not included in the Comprehensive Income & Expenditure Statement	(20,232)	706
Debt Repayment (MRP and VRP)	(1,401)	(1,252)
Interest Paid	(400)	(419)
Interest Received	34	27
Discount Applied	(35)	(133)
Cost of Services in the Comprehensive Income & Expenditure Statement	(1,802)	(1,777)
	9,836	29,743

22. Trading Operations

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

	<i>2010/11</i> <i>£'000</i>	<i>2009/10</i> <i>£'000</i>
Turnover	(45)	(53)
Expenditure	82	72
Deficit/(Surplus)	37	19

23. Members' Allowances

During 2010-2011 the sum of £55,295 (£58,654 in 2009-2010) was paid to Members in the form of Members Allowances and travel expenses.

24. Officers' Remuneration

The number of employees whose remuneration was £60,000 or more in bands of £5,000 was:-

REMUNERATION BAND	2010/11 NUMBER OF EMPLOYEES	2009/10 NUMBER OF EMPLOYEES
£70,000 - £74,999	2	2
£65,000 - £69,999	1	1
£60,000 - £64,999	0	2

Remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The above data does not include employer's pension contributions.

Senior Officers' Emoluments are not included in the above table.

SENIOR OFFICERS' EMOLUMENTS 2010-2011 – SALARY BETWEEN £60,000 AND £150,000

POST TITLE	SALARY (inc fees and allowances)	EXPENSES REIMBURSED	TOTAL (excl pension contributions)	PENSION CNTRBTNS	TOTAL REMUNERATION 2010/11	2009/10
	£	£	£	£	£	£
Chief Fire Officer	114,410	0	114,410	0	114,410	115,715
Deputy Chief Officer	86,355	0	86,355	18,108	104,463	108,025
Assistant Chief Fire Officer (Operations)	82,556	0	82,556	17,558	100,114	99,004
Assistant Chief Fire Officer	82,556	160	82,716	17,310	100,026	100,602
Assistant Chief Officer	84,472	134	84,606	17,713	102,318	0

The Authority does not have any employees with a salary in excess of £150k. The Assistant Chief Officer costs for 2009-2010 is not included in the above table as the post was occupied by a person on secondment from another Fire Authority so could not be classed as an employee. The Treasurer to the Authority is not included in the above table as he is not an employee of North Wales Fire Authority.

25. Audit Fees

The total fee paid to the Wales Audit Office for external audit services was £53,534 (2009/10, £53,534). Fees payable with regard to external audit services carried out in accordance with Section 16 of the Public Audit Wales Act 2004 were £42,904 (2009/10 £42,904). Fees payable in respect of statutory inspection under Section 10 of the Local Government Act 1999 were £10,630 (2009/10 £10,630).

26. Related Parties

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

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

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

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

	£'000
Conwy CBC – Treasurer and Financial Services	100
Conwy CBC – Legal Services	8
Flintshire CC – Monitoring Officer	17
Carmarthenshire CC – Superannuation Service	27
Welsh Local Government Association	24
North Wales Police – Facilities Management	122

There were no balances outstanding at the year end.

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

27. Capital Expenditure and Financing

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

	2010/11 £'000	2009/10 £'000
Opening Capital Financing Requirement	15,122	14,738
Capital Investment in Year		
• Intangible Assets	0	0
• Fixed Assets	6,322	2,574
Sources of Finance		
• Grants & Contributions	(251)	(925)
• Revenue and Other Provisions	(1,439)	(1,265)
Closing Capital Financing Requirement	19,754	15,122
Change in Capital Financing Requirement	4,632	384
Explanation of change:		
Increase in underlying need to borrow	4,632	384

28. Leases

Operating Leases

The operating lease payments outstanding as at 31 March 2011 are £289,004 (31 March 2010, £451,277), with payment of operating leasing charges during the year of £162,272 (2009/10, £220,604). All operating leases are for vehicles and equipment. Annual commitments arising on operating leases can be analysed as follows.

LEASING OBLIGATIONS	£'000
Expires within 12 months	64
Expires between 2 and 5 years	225
Expires after 5 years	0
TOTAL for 2010/11	289

Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2011 £'000	31 March 2010 £'000
Vehicles, Plant, furniture & Equipment	377	501
Total	377	501

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2011 £'000	31 March 2010 £'000
Finance lease liabilities (NPV of minimum lease payments)		
▪ Current	208	143
▪ Non-Current	105	313
Finance costs payable in future years	29	54
Minimum Lease Payments	342	510

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2011 £'000	31 March 2010 £'000	31 March 2011 £'000	31 March 2010 £'000
No later than one year	168	168	98	143
No later than one year and not later than 5 years	174	342	216	313
Total	342	510	314	456

29. Pensions

(i) Local Government Services & Control Staff

In 2010-2011 the Authority paid an Employer's Pension contribution of £899,492 (2009-2010, £898,532) representing 21% (2009-2010, 21%) of employees' pensionable pay into the Clwyd Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31 March 2010. Under current Pensions Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund. During 2010-2011 added years benefits and early retirement costs due to redundancies of £10,020 (2009-2010, £64,713) were paid to employees which represents 0.23% (2009-2010, 1.65%) of employees' pensionable pay. Pension contributions to be paid in to the scheme for the financial year 2011-12 are estimated to be £897,000 for the employer.

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

(ii) **Firefighters**

The Firefighters' pension scheme is an unfunded scheme with defined benefits. In 2010-2011 the Authority paid an Employer's Pension contribution of £2,006,508 (2009-10, £2,000,237). Pensions paid from revenue amounted to £466,970 (2009-2010, £403,318). In 2011-12 the employers contribution to the scheme is estimated to be £1,973,000 and the estimate for Pensions paid from revenue is £283,000. The majority of pension payments to retired firefighters is paid from a separate Pension Fund account administered by the Authority, details of the Fund and how it operates can be found on page 56.

30. Transactions Relating to Post-employment Benefits

In accordance with the requirements of International Accounting Standard No 19 - Retirement Benefits (IAS19) the Authority has to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in Note 29 the Authority participates in two schemes, the Firefighters' Pension Scheme for full time Firefighters which is unfunded, and the Local Government Pension Scheme (Clwyd Pension Fund) for other employees which is administered by Flintshire County Council. In addition, the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

To comply with IAS19 the Authority appoints actuaries on an annual basis to assess the assets and liabilities of both schemes. Mercer were appointed to assess the Local Government Pension scheme and the Government Actuary's Department the firefighters scheme as they relate to past and current employees of North Wales Fire Authority. For the Local Government Pension scheme the actuary assessed that the net liability to the Authority as at 31 March 2011 was £6.942m (31 March 2010, £8.657m) and for the Firefighters scheme the liability was £189.89m as at 31 March 2011 (31 March 2010 £216.81m). A breakdown of the assets and liabilities of both schemes and the assumptions used in the actuarial calculations can be found below.

Movements on the Pension Fund

MOVEMENTS on PENSION RESERVE	2010/11 £'000	2009/10 £'000
Opening Balance 1 April	(225,467)	(171,690)
Income & Expenditure Account		
Net Cost of Service		
Current Service Cost		
– Firefighters	(5,140)	(3,250)
– Local Government Pension Scheme	(739)	(370)
Past Service Cost		
– Firefighters	22,850	0
– Local Government Pension Scheme	1,206	(84)
Net Operating Expenditure		
Interest Cost		
– Firefighters	(11,580)	(11,370)
– Local Government Pension Scheme	(1,127)	(898)
Expected Return on Pension Assets		
– Local Government Pension Scheme	749	516
Difference between Actuarial Estimate and Actual Contributions		
– Firefighters	1,920	3,338
Net Change to I&E Account	8,139	(12,118)
Reversal of net Changes for IAS19	(8,139)	12,118
Actual Amount Charged		
Employers contributions		
– Local Government Pension Scheme	910	899
– Pensions Paid Firefighters	410	312
– Firefighters Pension Fund	2,000	2,000
Adjustment	20	
Actuarial Adjustments to Balance Sheet	17,156	(44,870)
MOVEMENT ON PENSION RESERVE	28,635	(53,777)
CLOSING BALANCE	(196,832)	(225,467)

Scheme History

The actuarial gains and losses identified as movements on the Pensions Reserve in 2010-11 can be analysed into the following categories.

CATEGORY	2010/11		2009/10		2008/09		2007/08		2006/07	
	£'000	Asset/ Liability %	£'000	Asset/ Liability %	£'000	Asset/ Liability %	£'000	Asset/ Liability %	£'000	Asset/ Liability %
Difference between expected and actual return on Assets	(35)	0.3	0	0	0	0	(627)	7.4	(4)	0.1
Difference between actuarial assumptions about liabilities and actual experience	16,309	7.8	25,330	10.73	30	0.6	5,589	3.7	570	0.8
Changes in the demographic and financial assumptions used to estimate liabilities	902	0.43	(72,227)	30.59	17,072	10.59	26,012	17.26	10,916	6.4
Totals	17,176		(46,897)		17,102		30,974		11,482	

The Authority's assets and liabilities from 31 March 2007 to 31 March 2011 were as follows:

	31 March				
	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Estimated liabilities in the Firefighters' Pension Scheme	189,890	216,810	135,040	144,340	166,510
Estimated share of liabilities in Clwyd Pension Fund	19,447	19,250	12,515	14,797	12,614
Total liabilities	209,337	236,060	147,555	159,137	179,124
Share of assets in Clwyd Pension Fund	12,505	10,593	7,255	8,516	7,856
Net Pensions Deficit	196,832	225,467	140,300	150,621	171,268

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The Firefighters' Scheme has been valued by the Government Actuary's Department and the Clwyd Pension Fund liabilities have been valued by Mercer, an independent firm of actuaries. The main assumptions used in the calculations are:

	Firefighters' Scheme		Clwyd Pension Fund	
	2011 %	2010 %	2011 %	2010 %
Rate of Inflation	3.0	3.9	3.0	3.5
Rate of Increase in Salaries	5.3	5.4	4.5	4.75
Rate of Increase in Pensions	2.6	3.9	3.0	3.5
Rate of Discounting Scheme Liabilities	5.7	5.8	5.5	5.7
Life Expectancy at 65	Males	Females	Males	Females
Current Pensioners	23.4	25.3	21.8	24.3
Future Pensioners	26.3	28.0	23.2	25.9

The Firefighters Pension scheme is an unfunded scheme and as such holds no assets to generate income to meet the schemes liabilities. Funding for the payments made from the scheme is met from employers and employees contributions in the year and an annual grant from the Welsh Assembly Government.

The Local Government scheme is a funded scheme and as such has built up assets over the years to generate income to meet future liabilities. Assets in the Clwyd Pension Fund are valued at fair value, principally bid value for investments, and consist of:

	31 March	31 March	Expected Return On Asset
	%	£'000	%
2011			
Equity Investments	58.5	7,315	7.5
Bonds	11.8	1,476	5.1
Other Assets	29.7	3,714	7.5
Total		12,505	
2010			
Equity Investments	58.5	6,196	7.5
Bonds	11.8	1,250	5.2
Other Assets	29.7	3,147	7.5
Total		10,593	

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

Liabilities	2010/11	2010/11	2009/10	2009/10
	£'000	£'000	£'000	£'000
	Clwyd	Firefighters'	Clwyd	Firefighters'
Balance as at 1 April	(19,250)	(216,810)	(12,515)	(166,430)
Current Service Cost	(739)	(5,140)	(370)	(3,250)
Past Service Cost	1,206	22,850	(84)	0
Interest	(1,127)	(11,580)	(898)	(11,370)
Curtailments	0	0	0	0
Actuarial Loss/Gain	751	16,460	(5,487)	(41,410)
Employers Contributions	0	5,450	0	5,650
Actuarial Assessment of Liabilities	(288)	(1,120)	104	0
Net Pension Liabilities at Year End	(19,447)	(189,890)	(19,250)	(216,810)

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

Assets	2010/11 £'000	2009/10 £'000
Balance 1 April	10,593	7,255
Return on Pension Assets	749	516
Actuarial Gain/Loss on Assets	(35)	2,027
Contributions	1,198	795
Net Pension Assets at Year End	12,505	10,593

31. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage the above risks. At the beginning of the financial year Members are presented with a report outlining the Treasury Management Strategy to be followed for the year and setting out the Prudential Indicators (PI's) for the year. Half way through the year a report detailing progress against strategy and if necessary a revision of the PI's. At year end the final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments are detailed in the treasury reports presented to Members and can be accessed from North Wales Fire and Rescue Service website www.nwales-fireservice.org.uk.

The highest credit risk is for investments and these are managed through the Treasury Management Strategy as detailed above. In the current market the Authority only invests short term, up to a maximum of 3 months, with institutions that are on the Authority's counterparty list. On a daily basis the Authority is updated with any changes to the credit status of institutions on the counterparty list and if any institutions are down graded and fail to meet the criteria set out in the Treasury management Strategy then they are removed from the list. If an institute failed to repay an investment then the financial loss to the Authority could be in excess of £1m. However, due to careful management of the portfolio no institutions have failed to repay monies due.

The Authority has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

An assessment of the financial effect of a 1% increase in interest rates has been undertaken; interest on variable rate borrowing would have increased by £57k; and interest from investments would have increased by £30k.

32. Contingent Liabilities

Retained Firefighter Pensions

Retained Firefighters have been able to join the New Firefighter Pension Scheme since 1 April 2006. However, as a consequence of a court case in relation to the Part-Time Workers (Prevention of less favourable treatment) Regulations, which came into force on 1 July 2000, under certain circumstances Retained Firefighters are permitted to buy into the Firefighters Pension Scheme from an earlier date. Where this option is chosen there will be a considerable liability for the

Authority to bear the cost of such pensions. The detailed calculation of liability has not yet been fully agreed and an element may be funded by the Welsh Assembly Government. At present the costs and timing of any such liability, if any, are unquantifiable.

Accounting for the change from Retail Prices Index to Consumer Prices Index for Pension Benefit Uprating

As outlined in note 1, the decision to uprate public service pensions using Consumer Prices Index rather than the Retail Prices Index has been recognised in these accounts. This decision is currently before the courts in judicial review proceedings. The Government is robustly defending the case and therefore no adjustment has been made to the accounts for this matter. The financial implications consequent on the review finding against the government have not been assessed.

THE FIREFIGHTERS PENSION FUND ACCOUNT

<i>Fund Account</i>	<i>2010/11 £000</i>	<i>2009/10 £000</i>
INCOME		
Contributions Receivable:		
Employer normal contributions	(2,006)	(2,000)
Employer Ill Health Charge	(38)	0
Members	(1,115)	(1,100)
Transfers In	(260)	(216)
TOTAL	(3,419)	(3,316)
EXPENDITURE		
Benefits Payable:		
Pension Payments	4,640	4,647
Commutation of Pensions and Lump Sum benefits	659	1,306
Payments to and on Behalf of Leavers:		
Transfers out	1	587
TOTAL	5,300	6,540
NET AMOUNT (PAYABLE)/RECEIVABLE BEFORE TOP UP GRANT	1,881	3,224
Top Up grant receivable from WAG	(1,881)	(3,224)
NET AMOUNT (PAYABLE)/RECEIVABLE FOR YEAR	0	0

<i>Net Assets Statement</i>	<i>2010/11 £000</i>	<i>2009/10 £000</i>
Net Current Assets and Liabilities:		
Top Up payable to/(from) WAG	1,336	1,152
Amount owed from the General Fund	(1,336)	(1,152)
Net Assets at year end	0	0

Notes to the Firefighters Pension Fund Account

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

Transfers in to the scheme are a transfer of pension benefits from another pension scheme for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions in to the fund and these are the costs that are included in the accounts for the Authority.

At the beginning of the financial year an assessment is made of the amount of Top Up grant required from WAG and 80% of the estimate is paid in July. The 2010-11 estimate included an assessment of the number of firefighters due to retire within the year based on age and years service from this an estimate can then be made of the commutation payments that would fall due and the additional pension payments. In 2010-11 some firefighters who were eligible to retire in the year continued in service due to the current economic climate and this meant that the Top Up Grant received was

higher than that needed to cover the deficit on the fund. At the year end the Authority owed £1.336m to WAG due to the overpayment of Top Up Grant.

The accounting policies for the Pension Fund Account are consistent with the accounting policies on pages 17 – 23.

Contribution Rates

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

The Firefighters Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in note 30 to the core financial statements (2011 - £189.89m, 2010 - £216.81m).

Independent auditor's report to the Members of North Wales Fire Authority

I have audited the accounting statements and related notes of:

- North Wales Fire Authority; and
- Firefighters' Pension Fund

for the year ended 31 March 2011 under the Public Audit (Wales) Act 2004.

North Wales Fire Authority's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes.

Firefighters' Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for the preparation of the statement of accounts, including pension fund accounts, which gives a true and fair view.

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

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the North Wales Fire Authority's and Firefighters' Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of North Wales Fire Authority

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of North Wales Fire Authority as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11.

Opinion on the accounting statements of Firefighters' Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Firefighters' Pension Fund during the year ended 31 March 2011 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of North Wales Fire Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett
Appointed Auditor
Wales audit Office,
24 Cathedral Road,
Cardiff,
CF11 9LJ

September 2011

Annex: Prior Year Adjustment – Transition to IFRS

Income & Expenditure Account transition 2009-10

IFRS COMPLIANT COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT 2009/10	As reported under UK GAAP	Adjustment to Accounting Statement	IFRS adjustments Leases	IFRS adjustments Employee Benefits	IFRS adjustments Government Grants Deferred & Grants Unapplied	IFRS Pensions IAS19	Comprehensive Income & Expenditure Account 2009/10
	£	£	£	£	£	£	£
Comm Fire Safety - Inspect & Certification	1,947,075		7,983	(1,228)	(27,522)	59,124	1,985,432
Comm Fire Safety - Inspect & Certifictn (Income)	(124,193)						(124,193)
Comm Fire Safety- Prevent & Education	3,713,778		10,596	(2,383)	(53,411)	114,738	3,783,318
Fire Fighting-Op Response	17,873,875	2,573,648	(21,910)	(11,438)	(256,415)	550,836	20,708,596
Fire Fighting-Op Response (Income)	(370,703)						(370,703)
Fire Fighting- Comms & Mobilising	3,199,794		8,042	(1,063)	(23,819)	51,168	3,234,122
Fire Fighting- Securing Water Supplies	193,535		(1,320)	(57)	(1,271)	2,730	193,617
Corporate & Democratic Core Costs	214,361		220	(29)	(654)	1,404	215,302
Non Distributed Costs	617,495					(500,000)	117,495
Non Distributed Costs (Income)	0						0
NET COST OF SERVICES	27,265,017	2,573,648	3,611	(16,198)	(363,092)	280,000	29,742,986
Gain/Loss on Disposal of Fixed Assets (CF)	(12,943)		0				(12,943)
Deficit on Trading Account	18,966						18,966
External Interest Payable & Discounts	288,237		31,957				320,194
Interest on Balances	(27,384)						(27,384)
Bad Debt Provision	(11,000)						(11,000)
Pension Interest Costs	10,118,000					2,150,000	12,268,000
Return on Pension Assets	(516,000)						(516,000)
Impairment Costs	2,573,648	-2,573,648					2,573,648
Transfer to Provisions	131,627						131,627
Transfer to/(from) Earmarked Reserves	0	59,427					59,427
NET OPERATING EXPENDITURE	39,828,168	59,427	35,568	(16,198)	(363,092)	2,430,000	41,973,873
Actual Contributions	(31,311,563)						(31,311,563)
NET (SURPLUS)/DEFICIT FOR THE YEAR	8,516,605	59,427	35,568	(16,198)	(363,092)	2,430,000	10,662,310

Balance Sheet transition as at 1 April 2009

	As reported under UK GAAP BALANCE 31.03.09	IFRS adjustments re-classification of assets/liabilities	IFRS Adjustments ST and LT Provisions	IFRS adjustments RIA to reserves	IFRS adjustments Leases	IFRS adjustments Employee Benefits	IFRS adjustments Government Grants Deferred	IFRS adjust Pension fund IAS 19	UK GAAP balances in IFRS format BALANCE 1.04.09	
	£	£		£	£	£	£	£	£	
OPERATIONAL ASSETS										OPERATIONAL ASSETS
OTHER LAND & BUILDINGS	22,036,343.43									
VEHICLES, PLANT & EQUIPMENT	8,301,056.43									
INFRASTRUCTURE	32,737.85									
	30,370,137.71	-30,370,137.71								
NON OPERATIONAL ASSETS	64,503.00	-64,503.00			671,742.61				31,106,383.32	PROPERTY, PLANT & EQUIPMENT
	0.00	30,434,640.71							27,867.29	INTANGIBLE ASSETS
INTANGIBLE FIXED ASSETS	27,867.29									
TOTAL LONG TERM ASSETS	30,462,508.00	0.00			671,742.61	0.00	0.00		31,134,250.61	TOTAL LONG TERM ASSETS
CURRENT ASSETS										CURRENT ASSETS
SHORT TERM FINANCIAL ASSETS										SHORT TERM FINANCIAL ASSETS
CASH IN HAND	0.00								0.00	CASH & CASH EQUIVALENTS
STOCKS & WORK IN PROGRESS	336,243.00								336,243.00	INVENTORIES & WORK IN PROGRESS
DEBTORS	2,602,919.00	87,363.00							2,690,282.00	SHORT-TERM DEBTORS
INVESTMENTS	1,672,697.00								1,672,697.00	SHORT-TERM INVESTMENTS
PAYMENTS IN ADVANCE	87,363.00	-87,363.00								
	4,699,222.00	0.00		0.00	0.00	0.00	0.00		4,699,222.00	
TOTAL CURRENT ASSETS	4,699,222.00	0.00		0.00					4,699,222.00	TOTAL CURRENT ASSETS
CURRENT LIABILITIES										CURRENT LIABILITIES
SHORT TERM FINANCIAL LIABILITIES										SHORT TERM FINANCIAL LIABILITIES
CREDITORS	2,858,830.00			19,157.00	135,606.61	365,408.87			3,379,002.48	SHORT-TERM CREDITORS
BORROWING REPAYABLE WITHIN 12 MONTHS	4,447,677.00								4,447,677.00	SHORT-TERM BORROWING
RECEIPTS IN ADVANCE	366,220.00			-366,220.00					0.00	
ST PROVISIONS	0.00		100,000.00						100,000.00	
BANK OVERDRAFT	359,591.00								359,591.00	BANK OVERDRAFT
TOTAL CURRENT LIABILITIES	8,032,318.00	0.00	100,000.00	-347,063.00	135,606.61	365,408.87			8,286,270.48	TOTAL CURRENT LIABILITIES
NET CURRENT(-) LIABILITIES/ASSETS	-3,333,096.00	0.00	-100,000.00	347,063.00	-135,606.61	-365,408.87	0.00		-3,587,048.48	NET CURRENT(-) LIABILITIES/ASSETS
TOTAL ASSETS LESS CURRENT LIABILITIES	27,129,412.00	0.00	-100,000.00	347,063.00	536,136.00	-365,408.87	0.00		27,547,202.13	TOTAL ASSETS LESS CURRENT LIABILITIES
NON-CURRENT LIABILITIES										LONG-TERM LIABILITIES
PENSIONS LIABILITY	140,300,000.00							31,390,000.00	171,690,000.00	PENSIONS LIABILITY
LONG TERM FINANCIAL LIABILITIES	10,857,557.00								10,857,557.00	LONG-TERM BORROWING
OTHER LONG TERM LIABILITIES	0.00				456,192.69				456,192.69	OTHER LONG-TERM LIABILITIES
PROVISIONS	515,937.00		-100,000.00						415,937.00	PROVISIONS
GOVERNMENT GRANTS DEFERRED	1,472,082.00						-1,472,082.00		0.00	CAPITAL GRANTS RECEIPTS
CAPITAL GRANTS UNAPPLIED	0.00								0.00	
	153,145,576.00	0.00	-100,000.00	0.00	456,192.69	0.00	-1,472,082.00		183,419,686.69	TOTAL LONG-TERM LIABILITIES
TOTAL ASSETS LESS LIABILITIES	-126,016,164.00	0.00	0.00	347,063.00	79,943.31	-365,408.87	1,472,082.00	0.00	-155,872,484.56	TOTAL ASSETS LESS LIABILITIES
RESERVES										UNUSABLE RESERVES
PENSIONS RESERVE	-140,300,000.00							-31,390,000.00	-171,690,000.00	PENSIONS RESERVE
EMPLOYEE BENEFITS RESERVE	0.00					-365,408.87			-365,408.87	EMPLOYEE BENEFITS RESERVE
CAPITAL ADJUSTMENT ACCOUNT	14,267,249.00				79,943.31		1,472,082.00		15,819,274.31	CAPITAL ADJUSTMENT ACCOUNT
REVALUATION RESERVE	16,587.00								16,587.00	REVALUATION RESERVE
	-126,016,164.00	0.00	0.00	0.00	79,943.31	-365,408.87	1,472,082.00	-31,390,000.00	-156,219,547.56	Total Unusable Reserves
REVENUE BALANCES										USABLE RESERVES
GENERAL RESERVES	0.00			347,063.00					0.00	GENERAL RESERVES
									347,063.00	RESERVES (GRANTS ria)
									347,063.00	Total Usable Reserves
TOTAL EQUITY	-126,016,164.00	0.00	0.00	347,063.00	79,943.31	-365,408.87	1,472,082.00	-31,390,000.00	-155,872,484.56	TOTAL EQUITY

Balance Sheet transition as at 1 April 2010

	As reported under UK GAAP BALANCE 31.03.10	IFRS adjustments re-classification of assets/liabilities	IFRS Adjustments ST and LT Provisions	IFRS adjustments RIA to reserves	IFRS adjustments Leases	IFRS adjustments Employee Benefits	IFRS adjustments Government Grants Deferred	IFRS adjust Pension fund IAS 19	UK GAAP balances in IFRS format BALANCE 1.04.10	
	£	£		£	£	£	£	£	£	£
OPERATIONAL ASSETS										OPERATIONAL ASSETS
OTHER LAND & BUILDINGS	22,584,147.35									
VEHICLES, PLANT & EQUIPMENT	8,509,035.56									
INFRASTRUCTURE	26,810.56									
COMMUNITY ASSETS	0.00									
	31,119,993.47	-31,119,993.47								
NON OPERATIONAL ASSETS	590,413.79									
	0.00	31,119,993.47			500,567.69				32,210,974.95	PROPERTY, PLANT & EQUIPMENT
INTANGIBLE FIXED ASSETS	18,575.72								18,575.72	INTANGIBLE ASSETS
TOTAL LONG TERM ASSETS	31,728,982.98	0.00			500,567.69	0.00	0.00		32,229,550.67	TOTAL LONG TERM ASSETS
CURRENT ASSETS										CURRENT ASSETS
SHORT TERM FINANCIAL ASSETS										SHORT TERM FINANCIAL ASSETS
CASH IN HAND	0.00		2,032,463.14						2,032,463.14	CASH & CASH EQUIVALENTS
STOCKS & WORK IN PROGRESS	354,078.32								354,078.32	INVENTORIES & WORK IN PROGRESS
DEBTORS	1,739,595.51	74,949.95							1,814,545.46	SHORT-TERM DEBTORS
INVESTMENTS	4,021,000.00		-3,020,000.00						1,001,000.00	SHORT-TERM INVESTMENTS
PAYMENTS IN ADVANCE	73,949.95	-73,949.95							0.00	
	6,188,623.78	1,000.00		0.00	0.00	0.00	0.00		5,202,086.92	
TOTAL CURRENT ASSETS	6,188,623.78	1,000.00		0.00	0.00	0.00	0.00		5,202,086.92	TOTAL CURRENT ASSETS
CURRENT LIABILITIES										CURRENT LIABILITIES
SHORT TERM FINANCIAL LIABILITIES										SHORT TERM FINANCIAL LIABILITIES
CREDITORS	2,814,480.51			13,209.72	142,929.36	349,212.09			3,319,831.68	SHORT-TERM CREDITORS
BORROWING REPAYABLE WITHIN 12 MONTHS	7,220,207.33								7,220,207.33	SHORT-TERM BORROWING
RECEIPTS IN ADVANCE	300,845.57			-300,845.57					0.00	
ST PROVISIONS	0.00		507,000.00						507,000.00	ST PROVISIONS
BANK OVERDRAFT	986,536.86		-986,536.86						0.00	BANK OVERDRAFT
TOTAL CURRENT LIABILITIES	11,322,070.27	0.00	-479,536.86	-287,635.85	142,929.36	349,212.09			11,047,039.01	TOTAL CURRENT LIABILITIES
NET CURRENT(-) LIABILITIES/ASSETS	-5,133,446.49	1,000.00	479,536.86	287,635.85	-142,929.36	-349,212.09	0.00		-5,844,952.09	NET CURRENT(-) LIABILITIES/ASSETS
TOTAL ASSETS LESS CURRENT LIABILITIES	26,595,536.49	1,000.00	479,536.86	287,635.85	357,638.33	-349,212.09	0.00		26,384,598.58	TOTAL ASSETS LESS CURRENT LIABILITIES
NON-CURRENT LIABILITIES										LONG-TERM LIABILITIES
PENSIONS LIABILITY	215,137,000.00							10,330,000.00	225,467,000.00	PENSIONS LIABILITY
LONG TERM FINANCIAL LIABILITIES	8,891,094.65								8,891,094.65	LONG-TERM BORROWING
OTHER LONG TERM LIABILITIES	0.00				313,263.33				313,263.33	OTHER LONG-TERM LIABILITIES
PROVISIONS	646,564.40		-507,000.00						139,564.40	PROVISIONS
GOVERNMENT GRANTS DEFERRED	1,835,173.12		-507,000.00	0.00	313,263.33	0.00	-1,835,173.12		-1,835,173.12	
	226,509,832.17	0.00	-507,000.00	0.00	313,263.33	0.00	-1,835,173.12		234,810,922.38	TOTAL LONG-TERM LIABILITIES
TOTAL ASSETS LESS LIABILITIES	-199,914,295.68	1,000.00	986,536.86	287,635.85	44,375.00	-349,212.09	1,835,173.12	0.00	-208,426,323.80	TOTAL ASSETS LESS LIABILITIES
RESERVES										UNUSABLE RESERVES
PENSIONS RESERVE	-215,137,000.00							-10,330,000.00	-225,467,000.00	PENSIONS RESERVE
EMPLOYEE BENEFITS RESERVE	0.00					-349,212.09			-349,212.09	EMPLOYEE BENEFITS RESERVE
CAPITAL ADJUSTMENT ACCOUNT	11,890,323.87				44,375.00		1,835,173.12		13,769,871.99	CAPITAL ADJUSTMENT ACCOUNT
REVALUATION RESERVE	2,913,866.88								2,913,866.88	REVALUATION RESERVE
FINANCIAL INSTRUMENTS ADJUSTMENT	0.00		0.00	0.00	44,375.00	-349,212.09	1,835,173.12	-10,330,000.00	0.00	FINANCIAL INSTRUMENTS ADJUSTMENT
	-200,332,809.25	0.00	0.00	0.00	44,375.00	-349,212.09	1,835,173.12	-10,330,000.00	-209,132,473.22	Total Unusable Reserves
REVENUE BALANCES										USABLE RESERVES
GENERAL RESERVES	418,513.57			287,635.85		0.00			418,513.57	GENERAL RESERVES
									287,635.85	RESERVES (GRANTS RIA)
									706,149.42	Total Usable Reserves
TOTAL EQUITY	-199,914,295.68	0.00	0.00	0.00	44,375.00	-349,212.09	1,835,173.12	-10,330,000.00	-208,426,323.80	TOTAL EQUITY