Agenda Item 4

The report is Not Exempt	
The report is for Information	
REPORT TO: FIRE AUTHORITY EXTRAORDINARY GENERAL MEETING	**MEETING DATE: 05 June 2019**

SUBJECT:
PRESENTATION OF UNAUDITED STATEMENT OF ACCOUNTS FOR 2018/19

SUMMARY:

The unaudited Statement of Accounts for 2018/19 is presented to the Fire Authority, as set out in Appendix 1. The unaudited Statement of Accounts has been certified by the Chief Financial Officer/ Section 151 Officer as providing a true and fair view of the financial position of the Authority as at 31st March 2019.

Under the Constitution it is for the Performance, Audit and Scrutiny Committee to consider and note the draft annual Statement of Accounts during the audit period. Due to the schedule of meetings the unaudited accounts are being presented directly to the Fire Authority. In accordance with the Constitution the audited accounts will be presented to Performance, Audit and Scrutiny Committee for approval on 29th July 2019.

RECOMMENDATIONS:
That the Fire Authority consider and note the unaudited Statement of Accounts 2018/19.

REPORT APPROVAL	
Clerk:	**Comments: Approved** **Date: 23.05.19**
Director:	**Comments: Approved** **Date: 21.05.19**
Finance/Treasurer:	**Comments: Approved** **Date: 22.05.19**
Chief Fire Officer	**Comments: Approved** **Date: 23.05.19**

BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:
CIPFA Code of practice on Local Authority Accounting in the UK
Accounts and Audit (Wales) Regulations 2014

Presenting the Report:	Chris Moore, Chief Financial Officer / S151 Officer
Report Author(s) and Designation	Sarah Mansbridge, Head of Finance
Date original report written	21/05/2019

Eitem 4 ar yr Agenda

Mae'r adroddiad Heb ei Eithrio	
Mae'r adroddiad Er Gwybodaeth	
ADRODDIAD I: CYFARFOD CYFFREDINNOL ARBENNIG YR AWDURDOD TÂN	**DYDDIAD Y CYFARFOD: 05 MEHEFIN 2019**

PWNC: CYFLWYNO'R DATGANIAD O GYFRIFON AR GYFER 2018-19, HEB EI ARCHWILIO

CRYNODEB:
Cyflwynir y Datganiad o Gyfrifon ar gyfer 2018-19, heb ei archwilio, i'r Awdurdod Tân, fel y nodir yn Atodiad 1. Ardystiwyd bod y Datganiad o Gyfrifon, heb ei archwilio, yn rhoi darlun gwir a theg o sefyllfa ariannol yr Awdurdod ar 31 Mawrth 2019, a hynny gan y Prif Swyddog Cyllid/Swyddog Adran 151.

O dan y Cyfansoddiad, y Pwyllgor Archwilio a Chraffu ar Berfformiad sydd i ystyried a nodi'r Datganiad o Gyfrifon blynyddol drafft yn ystod cyfnod yr archwiliad. O ganlyniad i amserlen y cyfarfodydd, cyflwynir y cyfrifon, heb eu harchwilio, yn uniongyrchol i'r Awdurdod Tân. Yn unol â'r Cyfansoddiad, cyflwynir y cyfrifon, wedi'u harchwilio, i'r Pwyllgor Archwilio a Chraffu ar Berfformiad i'w cymeradwyo ar 29 Gorffennaf 2019.

ARGYMHELLION:
Bod yr Awdurdod Tân yn ystyried ac yn nodi'r Datganiad o Gyfrifon ar gyfer 2018-19, heb ei archwilio.

CYMERADWYO'R ADRODDIAD	
Clerc:	**Sylwadau: Cymeradwywyd** **Dyddiad: 23.05.19**
Cyfarwyddwr:	**Sylwadau: Cymeradwywyd** **Dyddiad: 21.05.19**
Cyllid/Trysorydd:	**Sylwadau: Cymeradwywyd** **Dyddiad: 22.05.19**
Prif Swyddog Tân	**Sylwadau: Cymeradwywyd** **Dyddiad: 23.05.19**

PAPURAU CEFNDIR A DDEFNYDDIWYD WRTH BARATOI'R ADRODDIAD HWN:
Cod Ymarfer CIPFA ar gyfer Cadw Cyfrifon Awdurdodau Lleol yn y Deyrnas Unedig
Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014

Yn cyflwyno'r Adroddiad:	Chris Moore, Swyddog A151
Awdur(on) yr Adroddiad a'u Swyddi	Sarah Mansbridge, Pennaeth Cyllid
Dyddiad yr ysgrifennwyd yr adroddiad gwreiddiol	21/05/2019

REPORT TO FIRE AUTHORITY EXTRAORDINARY GENERAL MEETING

5TH JUNE 2019

PRESENTATION OF UNAUDITED STATEMENT OF ACCOUNTS FOR 2018/19

1 Summary

1.1 The unaudited Statement of Accounts for 2018/19 is presented to the Fire Authority, as set out in Appendix 1. The unaudited Statement of Accounts has been certified by the Chief Financial Officer/ Section 151 Officer as providing a true and fair view of the financial position of the Authority as at 31st March 2019.

1.2 Under the Constitution it is for the Performance, Audit and Scrutiny Committee to consider and note the draft annual Statement of Accounts during the audit period. Due to the schedule of meetings the unaudited accounts are being presented directly to the Fire Authority. In accordance with the Constitution the audited accounts will be presented to Performance, Audit and Scrutiny Committee for approval on 29th July 2019.

2 National/Wales Position

2.1 All Local Authorities, Police, and Fire and Rescue Authorities are required under the Code of Practice on Local Authority Accounting in the UK to prepare an annual Statement of Accounts.

2.2 In Wales, the responsible financial officer is required by Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 to certify that the Statement of Accounts presents a true and fair view of the financial position of the relevant body at the end of the year and its income and expenditure, by the 31st May following the end of the financial year.

3 MAWWFRS Current Position

3.1 The Statement of Accounts 2018/19 has been drafted in accordance with the timescale set out in para 2.2, and in accordance with the Constitution is presented to members to consider and note.

3.2 The draft Statement of Accounts 2018/19 has been given to Wales Audit Office for auditing. The audited accounts will be presented to the Performance, Audit and Scrutiny Committee on 29th July 2019 for approval and recertifying by the responsible financial officer (S151 Officer).

4 Proposal

4.1 The report is for information only.

5 Financial/Procurement Implications

5.1 The unaudited Statement of Accounts summarises the Authority's financial position at 31st March 2019.

5.2 Details of the net expenditure for the year, and the overall position, including the General Fund Balance and Earmarked reserves, are set out in the Statement of Accounts at appendix 1.

5.3 The Earmarked Reserves included in the unaudited Statement of Accounts have been set up to meet future liabilities.

6 **Risk Assessment/ Legal Implications**

6.1 In Wales, the responsible financial officer is required by Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 to certify that the Statement of Accounts presents a true and fair view of the financial position of the relevant body at the end of the year and its income and expenditure, by the 31st May following the end of the financial year.

7 Equality & Diversity Including Welsh Language

7.1 Considered not relevant.

8 Human Resource & People Development

8.1 Considered not relevant.

9 Information and Communications Technology

9.1 Considered not relevant.

10 **Estates**

10.1 Considered not relevant.

11 Service Delivery

11.1 Considered not relevant.

12 Fire Authority Governance

12.1 Under the Constitution it is for the Performance, Audit and Scrutiny Committee to consider and note the draft Statement of Accounts during the audit period. Due to the schedule of meetings the unaudited accounts are being presented directly to the Fire Authority. There are no governance issues regarding this procedure.

13 Consultation & Communication

13.1 Finance Staff have communicated with all budget managers during the preparation of the accounts.

13.2 As part of the quality assurance process the Executive Leadership Team has reviewed the accounts.

14 Evaluation

14.1 The auditor’s ISA 260 report on the accounts for the 2018/19 accounts (the auditors’ opinion), will be issued when the audit is finalised.

15 Well-being of Future Generations (Wales) Act 2015

15.1 The annual accounts process is completed having regard for the Well Being of Future Generations Wales Act. The Statement of Accounts is prepared on a going concern basis. It is the financial report which mirrors the performance of Authority and its achievement of corporate objectives.

16 Data Protection and Privacy Issues

16.1 The report does not include personal information concerning individuals other than where information is provided as required under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2017-18

17 Recommendations

17.1 That the Fire Authority consider and note the unaudited Statement of Accounts 2018/19.

MID AND WEST WALES
FIRE AND RESCUE AUTHORITY

STATEMENT OF ACCOUNTS

2018/19

Published Subject to Audit

STATEMENT OF ACCOUNTS **PAGE**

Narrative Report

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

Mid and West Wales Fire and Rescue Authority 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 carrying out Home Safety checks. The Authority works in partnership with other emergency services, for example, the Welsh Ambulance Service, Dyfed Powys Police and South Wales Police are located at several of our properties, also the Welsh Ambulance Service through the Co-Responder scheme. Other schemes include our participation in the Young Firefighters' Association operated by off duty firefighters with branches across Mid and West Wales; the Phoenix project which has proved very successful with youth groups in the area; as well as participating in the new Public Services Boards formed under the Wellbeing of Future Generations Act.

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 Mid and West Wales Fire and Rescue Authority for the financial year 2018/19.

The statements and their purposes are as follows:

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

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

Fire and Rescue Authorities are considered to be "one service" entities and the "provision of Fire Services" is presented as one-line in the CIES.

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

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, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves 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'.

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

Firefighters Pension Fund Account
This shows the financial position of the Firefighters pension fund account, indicating whether the Authority owes, or is owed money by the Welsh Government to balance the account, together with details of its net assets.

Expenditure and Funding Analysis (EFA)

The EFA is a disclosure note, it brings together Authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund.

Both the CIES and EFA include a segmental analysis which requires Authorities to report performance on the basis of how they are structured and how they operate, monitor and manage financial performance. Therefore, Authorities are no longer required to report the cost of individual services in their CIES.

Notes to the Accounting Statements
The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They disclose information not presented elsewhere in the financial statements but is relevant to an understanding of them.

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, to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses.

The Annual Governance Statement accompanies the Statement of Accounts but is not part of the Statement.

Summary of the Financial Year

The net revenue expenditure for the year was £45,757m, the contributions received from Unitary Authorities totalled £46.659m. During the year a sum of £729k was appropriated to Earmarked Reserves, including £400k for Northern Area Development, £314k for revenue budget slippage, £15k for ring-fenced activities, resulting in a surplus of £173k. The surplus has been transferred to the General Fund Balance. Outturn is based on actuals at the time of preparing the accounts.

Revenue for the year compared to budget is detailed in the following table:

Outturn for the year 2018/19	**Budget £000**	**Actual £000**	**Variance £000**
Revenue			
Expenditure including grants	50,909	50,180	(729)
Income including grants	(4,100)	(4,423)	(323)
Net Expenditure including grants	**46,809**	**45,757**	**(1,052)**
Unitary Authority contributions	(46,659)	(46,659)	0
Transfer to/(from) Reserves	(150)	729	879
(Surplus)/Deficit	**0**	**(173)**	**173**

The Authority incurs revenue spending on items, which are generally consumed within the year, and this is financed by contributions from the six constituent local authorities in proportion to population. For 2018/19, the proportions were as follows:

Constituent Local Authorities	**Values £000**	**Proportion %**
Carmarthenshire County Council	9,600	20.6
Ceredigion County Council	3,937	8.4
Neath and Port Talbot County Borough Council	7,288	15.6
Pembrokeshire County Council	6,399	13.7
Powys County Council	6,805	14.6
City and County of Swansea Council	12,630	27.1
Total	**46,659**	**100.0**

Revenue Sources of Funding

The Authority receives revenue from the following sources:

2017/18 £000		2018/19 £000
2,918	Revenue Grants	3,072
36	Interest	42
1,375	Fees & Charges/Reimbursements	1,309
4,329	**Sub Total**	**4,423**
45,436	Unitary Authority Contributions	46,659
49,765	**Total Revenue Funding**	**51,082**

Capital Expenditure

Capital expenditure in the year totalled £2.384m. The following table sets out expenditure by category and financing for 2018/19.

	Estimate 2018/19 £000	Actual 2018/19 £000	Estimate 2019/20 £000
Expenditure:			
Property – Refurbishments, adaptations, new buildings	3,064	626	3,580
Infrastructure	35	22	35
Vehicles, Plant	4,717	1,375	9,528
Assets under Construction	0	225	0
Intangible Assets	16	136	0
Total Capital Expenditure	**7,832**	**2,384**	**13,143**
Financed by:			
Capital Grants & Contributions	0	285	61
Capital Donations	0	84	0
Capital Receipts	0	118	125
Earmarked Reserves	0	332	1,000
Borrowing	7,832	1,565	11,957
Total Financing	**7,832**	**2,384**	**13,143**

The Capital Programme of £7.832m was approved by Fire Authority in February 2018. The underspend is, in part, attributable to slippage on the following projects: Machynlleth Project £0.6m, Northern Area Development £1.6m, and Vehicles £2.5m. The Asset Under Construction relates to the Incident Command Unit. When the Capital Programme was approved it was assumed that it would be fully funded by borrowing, during the year capital grants, contributions, disposal receipts have been received along with the use of Earmarked Reserves which has reduced the need to borrowing.

Capital Borrowing

The Prudential Code allows the Authority to determine its own borrowing limits subject to the Responsible Financial Officer deeming it to be prudent, sustainable and affordable. All loans are from the Public Works Loan Board (PWLB) except for two Invest to Save loans from Welsh Government. There was one new external loan for £1m taken out in the year with the Public Works Loan Board. The total principal outstanding as at 31 March 2019 is £17.059m.

Pension liability

In 2018/19, twenty-six members of staff retired. The net cost of the Firefighters Pension Scheme to the revenue budget continues to grow, and the liability in terms of future pension commitments has increased due to adjustments made by the Actuaries to their assumptions. The actuarially assessed liability as at 31 March 2019 was £500.747m for the Firefighters Pension Scheme and £14.102m for the Local Government Pension Scheme.

Under International Accounting Standard 19 (Employee Benefits) the Authority is required to provide details of assets and future liabilities for pensions payable to employees, both past and present. This is outlined in greater detail in the disclosures to the accounts, note 30.

Reserve Accounting

At the end of the financial year, the Statement of Accounts shows financial reserves carried forward into 2019/20. This is consistent with the accounting treatment of previous years, with the maintenance and utilisation of reserves forming a cornerstone of corporate financial stability and operational service planning in the short and medium term.

Capital Financing Costs

The charge made to the Service revenue accounts to reflect the cost of non-current assets used in the provision of services was £2.896m. This is a notional charge for depreciation and amortisation, 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 £746k for loan and finance lease interest, £1.941m Minimum Revenue Provision and £332k revenue contribution.

Impact of the Current Economic Climate

The accounting statements are required to reflect the conditions applying at the end of the year. The financial year has seen a period of significant political and economic uncertainty at a national level. The most significant factors affecting the Authority were the continuing pressure on public sector budgets and uncertainty over the impact of the UK's withdrawal from the European Union (Brexit).

Strategy & Resource Allocation

The Authority's Annual Improvement Plan outlines various projects to review structures and processes in place throughout the organisation to make the necessary reductions for future years. The financial implications of these were clearly reflected in the Medium-Term Financial Plan. Both the Annual Improvement Plan and the Medium-Term Financial Plan are available on the Mid and West Wales Fire and Rescue Authority website.

Our overall financial standing has been maintained at a prudent level. The majority of our reserves are earmarked for specific purposes – whether this is to address liabilities now or in the future e.g. Employee and Pensions reserve, or for financing specific capital schemes.

Additional Information

Additional information about these accounts is available from the S151 Officer to the Authority and the Head of Finance. 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 on the Mid and West Wales Fire and Rescue Authority website.

Acknowledgements

Finally, I wish to thank all Finance staff within the Resources Directorate, and their colleagues throughout the Authority, who have worked on the preparation of these statements. I also wish to thank the Chief Fire Officer and the leadership team for their assistance and co-operation throughout this process.

Chris Moore FCCA
S151 Officer
31st May 2019

STATEMENT OF RESPONSIBILITIES

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

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, including the Pension Fund Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this statement of accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER

I certify that the accounts provide a true and fair view of the financial position of the Authority as at the 31 March 2019 and its income and expenditure for the year then ended.

Signature: ___________________________________ Chief Financial Officer

Dated: ___________________________________

Audit report of the Auditor General to the Mid and West Wales Fire and Rescue Authority

Report on the audit of financial statements

Audit report of the Auditor General to the Mid and West Wales Fire and Rescue Authority

Report on the audit of financial statements continued

Audit report of the Auditor General to the Mid and West Wales Fire and Rescue Authority

Report on the audit of financial statements continued

Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (contributions from constituent authorities, government grants, other income etc.) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The EFA is a note to the financial statements not a primary statement. However, it has been positioned with the primary statements to aid the readers understanding.

2017/18				2018/19		
Net Expenditure Chargeable to the General Fund Balance	**Adjustments between the Funding & Accounting Basis**	**Net Expenditure in Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund Balance**	**Adjustments between the Funding & Accounting Basis**	**Net Expenditure in Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
42,476	2,011	44,487	Provision of Fire Services	43,112	2,746	45,858
(41,516)	8,342	(33,174)	Other Income and Expenditure	(43,682)	10,232	(33,450)
960	**10,353**	**11,313**	**(Surplus) or Deficit on Provision of Services**	**(570)**	**12,978**	**12,408**

General Fund Balance £000	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**		**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**
(361)	(8,634)	(8,995)	Brought Forward	(707)	(7,328)	(8,035)
960	0	960	(Surplus) or Deficit on Provision of Services	(570)	0	(570)
(1,306)	1,306	0	Transfer between General Fund Balance & Earmarked General Fund Reserves	397	(397)	0
(707)	**(7,328)**	**(8,035)**	**Closing Balance**	**(880)**	**(7,725)**	**(8,605)**

Comprehensive Income and Expenditure Statement (CIES)

2017/18				2018/19		
Expenditure	**Income**	**Net**		**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
48,779	(4,292)	44,487	Provision of Fire Services	50,239	(4,381)	45,858
48,779	**(4,292)**	**44,487**	**Cost of Services**	**50,239**	**(4,381)**	**45,858**
		(21)	Other Operating Expenditure			29
		13,262	Financing and Investment Income and Expenditure (Note 10)			13,549
		(46,415)	Taxation and Non-Specific Grant Income (Note 11)			(47,028)
		11,313	**(Surplus) or Deficit on Provision of Services**			**12,408**
		0	Surplus or deficit on revaluation of Property, Plant and Equipment			0
		18,555	Remeasurement of the net defined benefit liability / (asset) (Note 18c)			(2,038)
		18,555	**Other Comprehensive Income and Expenditure**			**(2,038)**
		29,868	**Total Comprehensive Income and Expenditure**			**10,370**

Movement in Reserves Statement (MiRS)

Movement in Reserve Statement 2018/19	General Fund Balance	General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Fire Authority Reserves
Balance 31 March 2018	**(707)**	**(7,328)**	**0**	**(8,035)**	**468,316**	**460,281**
Movements:						
(Surplus) / Deficit on provision of services	12,408	0	0	12,408	0	12,408
Other CIES	0	0	0	0	(2,038)	(2,038)
Total CIES	**12,408**	**0**	**0**	**12,408**	**(2,038)**	**10,370**
Adjustments accounting & funding (Note 8)	(12,978)	0	0	(12,978)	12,978	0
Net (Increase) / Decrease before transfer	**(570)**	**0**	**0**	**(570)**	**10,940**	**10,370**
Transfers To / (From) Reserves (Note 9)	397	(397)	0	0	0	0
(Increase) / Decrease in 2018/19	**(173)**	**(397)**	**0**	**(570)**	**10,940**	**10,370**
Balance 31 March 2019	**(880)**	**(7,725)**	**0**	**(8,605)**	**479,256**	**470,651**

Movement in Reserves Statement 2017/18	General Fund Balance	General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Fire Authority Reserves
Balance 31 March 2017	**(361)**	**(8,634)**	**0**	**(8,995)**	**439,408**	**430,413**
Movements:						
(Surplus) / Deficit on provision of services	11,313	0	0	11,313	0	11,313
Other CIES	0	0	0	0	18,555	18,555
Total CIES	**11,313**	**0**	**0**	**11,313**	**18,555**	**29,868**
Adjustments accounting & funding (Note 8)	(10,353)	0	0	(10,353)	10,353	0
Net (Increase) / Decrease before transfer	**960**	**0**	**0**	**960**	**28,908**	**29,868**
Transfers To / (From) Reserves (Note 9)	(1,306)	1,306	0	0	0	0
(Increase) / Decrease in 2017/18	**(346)**	**1,306**	**0**	**960**	**28,908**	**29,868**
Balance 31 March 2018	**(707)**	**(7,328)**	**0**	**(8,035)**	**468,316**	**460,281**

Balance Sheet

31 March 2018 £000	Balance Sheet	31 March 2019 £000
60,287	Property, Plant & Equipment (Note 12)	60,763
1,434	Assets Under Construction (Note 12)	225
846	Intangible Assets (Note 13)	875
205	Long Term Debtors (Note 15)	165
62,772	**Long Term Assets**	**62,028**
663	Inventories	641
4,926	Short Term Debtors (Note 15)	3,640
3,051	Cash and Cash Equivalents (Note 16)	4,575
8,640	**Current Assets**	**8,856**
(523)	Short Term Borrowing (Note 14)	(1,380)
(5,956)	Short Term Creditors (Note 17)	(4,876)
0	Revenue Grants Receipts in Advance (Note 25)	(322)
(94)	Capital Grants Receipts in Advance (Note 25)	(280)
(729)	Other Short-Term Liabilities (Note 28)	(638)
(7,302)	**Current Liabilities**	**(7,496)**
(16,059)	Long Term Borrowing (Note 14)	(15,738)
(4,090)	Other Long-Term Liabilities (Note 28)	(3,452)
(504,242)	Liability related to defined benefit pension schemes (Note 30)	(514,849)
(524,391)	**Long Term Liabilities**	**(534,039)**
(460,281)	**Net Liabilities**	**(470,651)**
(8,035)	Usable Reserves (Note 9)	(8,605)
468,316	Unusable Reserves (Note 18)	479,256
460,281	**Total Reserves**	**470,651**

Cash Flow Statement

2017/18 £000		2018/19 £000
11,313	Net (surplus) or deficit on the provision of services	12,408
(16,260)	Adjustment to surplus or deficit on the provision of services for noncash movements	(16,283)
1,000	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	487
(3,947)	**Net cash (inflow)/outflow from operating activities**	**(3,388)**
5,117	Net cash (inflow)/outflow from investing activities	2,226
340	Net cash (inflow)/outflow from financing activities	(362)
1,510	**Net (increase) or decrease in cash and cash equivalents**	**(1,524)**
4,561	Cash and cash equivalents at the beginning of the reporting period	3,051
3,051	**Cash and cash equivalents at the end of the reporting period**	**4,575**

A detailed breakdown of the Cash Flow is provided in Notes 19 to 21.

Note 1 - Accounting Policies

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, 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. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 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.

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

4. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

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

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

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

5. 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 non-current 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 assets attributable to the Service.

The Authority is not required to raise a levy to fund depreciation, revaluation and impairment losses or amortisation. 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 amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6. Employee Benefits

- Benefits Payable During Employment

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

- Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

- Post-employment Benefits

Employees of the Authority are members of two separate pension schemes: the Local Government Pensions Scheme, administered by Dyfed Pension Fund, Carmarthenshire County Council; and the Firefighter Pension Scheme, administered by Dyfed Pension Fund, Carmarthenshire County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the Local Government Pension Scheme is funded through the ownership of assets, the Firefighter Pension Scheme is unfunded.

The Local Government Pension Scheme LGPS

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Dyfed Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality corporate bonds).
- The assets of Dyfed Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:

    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value

The change in the net pensions liability is analysed into the following components:
Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the

period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

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

Contributions paid to the Dyfed Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The Firefighter Pension Scheme FFPS

The FFPS is accounted for as an unfunded defined benefits scheme, the scheme has no assets and no investment income:

- The liabilities of the Fund are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.5% (based on Government bond yields of appropriate duration plus an additional margin).

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS and FFPS.

7. Events After the Reporting Period

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

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

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

8. Financial Instruments

Financial Liabilities

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

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

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) [separate accounting policy is required where an authority holds financial instruments at fair value through other comprehensive income].

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial Assets Measured at Amortised Cost

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

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority has adopted a simple approach to impairment and measures the loss of Trade Debtors and Loans to Third Party at an amount equal to expected lifetime loss using a provision based on a combination of age of debt and historic collection rates. This method ensures early recognition of the impairment of financial assets.

9. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

10. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement over a range of 3 to 15 years.

11. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First in, First Out (FIFO) costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

12. Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

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

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

13. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

- Recognition

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

The de-minimis level for capitalising assets, with a useful life exceeding 12 months, is £5,000.

- Measurement

Assets are initially measured at cost, comprising:

- the purchase price,
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure – depreciated historical cost
- assets under construction – historical cost
- Authority offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

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

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

- Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

- Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (10-80 years)
- vehicles, plant, furniture and equipment – straight-line allocation (3-15 years)
- infrastructure – straight-line allocation (5-40 years)

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

- Disposals and Non-Current Assets Held for Sale

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. Receipts under £10,000 and miscellaneous receipts not related to disposal of assets cannot be treated as capital items and shall be credited to the CIES.

14. Provisions, Contingent Liabilities and Contingent Assets

- Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

- Contingent Liabilities

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

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

- Contingent Assets

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

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

15. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. These reserves are explained in the relevant notes to the Balance Sheet. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority.

16. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

17. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

Note 2 - Accounting Standards Issued, Not Adopted

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced in the 2019/20 Code are:

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

As reported in the 2017/18 Statement of Accounts implementation of IFRS 16 Leases has been deferred, by CIPFA/LASAAC local authority accounting Code Board, until 1st April 2020.

It is not anticipated that the above amendments will have a material impact on the information provided in the Authority's financial statements.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- Uncertainty continues about both future funding and Brexit. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

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

- Property, Plant and Equipment – Non-current Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of the asset is reduced depreciation increases and the carrying amount of the asset falls.

- 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, for the Local Government pension scheme, the expected returns on pension fund assets. Consulting Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Please refer to Note 30 for Pension liability sensitivity analysis.

Note 5 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer as per date noted on page 8. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events after the Balance Sheet date.

Note 6 - Note to the Expenditure and Funding Analysis

	2018/19			
	Net Capital Statutory Adjustments	**Net Pensions Statutory Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
Provision of Fire Services	2,942	(200)	4	2,746
Net Cost of Services	**2,942**	**(200)**	**4**	**2,746**
Other Income and Expenditure	(2,613)	12,845	0	10,232
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**329**	**12,645**	**4**	**12,978**

	2017/18			
	Net Capital Statutory Adjustments	**Net Pensions Statutory Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
Provision of Fire Services	3,586	(1,606)	31	2,011
Net Cost of Services	**3,586**	**(1,606)**	**31**	**2,011**
Other Income and Expenditure	(4,181)	12,523	0	8,342
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**(595)**	**10,917**	**31**	**10,353**

Net Capital Statutory Adjustments – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

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

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant

Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Pensions Statutory Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7 - Expenditure and Income Analysed by Nature

2017/18 £000		**2018/19 £000**
	Expenditure	
38,007	Employee Costs	40,482
12,984	Other Operating Costs	11,951
7,525	Support Services	7,710
2,787	Depreciation, Amortisation, Impairment & Revaluation	2,941
774	Interest Paid	746
0	Loss on disposal of assets	29
62,077	**Total Expenditure**	**63,859**
	Income	
(1,375)	Fees, Charges, & Other Service Income	(1,309)
(21)	Gains on disposal of Assets	0
(35)	Interest & Investment Income	(42)
(45,436)	Levies from Unitary Authorities	(46,659)
(3,897)	Government Grants, Contributions & Donations	(3,441)
(50,764)	**Total Income**	**(51,451)**
11,313	**(Surplus) or Deficit on Provision of Services**	**12,408**

Revenue from Contracts with Service Recipients

The Council has undertaken a review of its income streams that meet the requirements for IFRS 15 Revenue Contracts. Due to the value as at 31 March 2019 it was deemed immaterial to include in the accounts and Note 7 provides sufficient information.

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations

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 arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

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

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

2017/18					2018/19			
General Fund & Earmarked Reserves	**Capital Receipts**	**Usable Reserves**	**Unusable Reserves**	**Adjustments between Accounting Basis and Funding Basis under Regulations**	**General Fund & Earmarked Reserves**	**Capital Receipts**	**Usable Reserves**	**Unusable Reserves**
£000s	**£000s**	**£000s**	**£000s**		**£000s**	**£000s**	**£000s**	**£000s**
(2,702)	0	**(2,702)**	**2,702**	Depreciation	(2,784)	0	**(2,784)**	**2,784**
(30)	0	**(30)**	**30**	Impairment & Non-enhancing	(51)	0	**(51)**	**51**
(55)	0	**(55)**	**55**	Intangible Amortisation	(107)	0	**(107)**	**107**
21	(21)	**0**	**0**	Disposal of non-current assets	(29)	(118)	**(147)**	**147**
(800)	0	**(800)**	**800**	Revenue Expenditure Funded from Capital Under Statute REFCUS	0	0	**0**	**0**
1,320	0	**1,320**	**(1,320)**	Capital Expenditure Funded Earmarked Reserves CERA	332	0	**332**	**(332)**
10	0	**10**	**(10)**	Capital Expenditure Funded Donations	84	0	**84**	**(84)**
969	0	**969**	**(969)**	Capital Expenditure Funded Grants	285	0	**285**	**(285)**
0	21	**21**	**(21)**	Capital Expenditure Funded Receipts	0	118	**118**	**(118)**
1,862	0	**1,862**	**(1,862)**	Financing Capital MRP	1,941	0	**1,941**	**(1,941)**
595	0	595	(595)		(329)	0	(329)	329
(25,921)	0	**(25,921)**	**25,921**	Reversal of retirements benefits in CIES	(27,044)	0	**(27,044)**	**27,044**
15,004	0	**15,004**	**(15,004)**	Employer's Pension Contributions & payments to pensioners	14,399	0	**14,399**	**(14,399)**
(10,917)	0	(10,917)	10,917		(12,645)	0	(12,645)	12,645
(31)	0	**(31)**	**31**	Movement in Accumulated Absence accrual	(4)	0	**(4)**	**4**
(10,353)	**0**	**(10,353)**	**10,353**	**Adjustments between accounting basis & funding basis under regulation**	**(12,978)**	**0**	**(12,978)**	**12,978**

Note 9 – Usable Reserves

	Balance at 1 April 2017	Transfers In 2017/18	Transfers Out 2017/18	Appropr-iation to Capital	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Appropr-iation to Capital	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund Balance	**(361)**	**(346)**	**0**	**0**	**(707)**	**(173)**	**0**	**0**	**(880)**
Earmarked Reserves:									
Invest to Save Fund	**(1,164)**	0	0	973	**(191)**	(160)	0	0	**(351)**
Minumum Revenue Provision	**(648)**	0	0	0	**(648)**	0	0	0	**(648)**
Capital Fund	**(1,000)**	0	0	0	**(1,000)**	(400)	0	0	**(1,400)**
Major Incidents	**(400)**	0	0	0	**(400)**	0	0	0	**(400)**
Fundraising & Miscellaneous Ring-Fenced	**(422)**	(19)	5	50	**(386)**	(169)	0	250	**(305)**
Levy Equalisation Reserve	**(1,000)**	0	0	0	**(1,000)**	0	0	0	**(1,000)**
Software & Communication	**(1,500)**	0	0	297	**(1,203)**	0	0	82	**(1,121)**
Risk Management	**(500)**	0	0	0	**(500)**	0	0	0	**(500)**
Managing Change - Employees & Pensions	**(2,000)**	0	0	0	**(2,000)**	0	0	0	**(2,000)**
Earmarked Reserves	**(8,634)**	**(19)**	**5**	**1,320**	**(7,328)**	**(729)**	**0**	**332**	**(7,725)**
Capital Receipts	**0**	**(21)**	**0**	**21**	**0**	**(118)**	**0**	**118**	**0**
Total Usable Reserves	**(8,995)**	**(386)**	**5**	**1,341**	**(8,035)**	**(1,020)**	**0**	**450**	**(8,605)**

An overview of the purpose of the Usable Reserves held by the Authority is detailed in the following table:

Name	Purpose
General Fund Balance	Non-Earmarked Reserve maintained to cushion the impact of emergencies, to offset the impact of unforeseen events.
Levy Equalisation	To be used to "smooth" the changes in the levy charged each year to the constituent Unitary Authorities.
Invest to Save	Maintained to provide resources to allow the Authority to invest in the transformation of its services and to realise future cost reductions/efficiencies.
Capital Fund	Maintained to provide additional resources for the capital programme, providing flexibility to the financing of capital investment.
Major Incidents	Funding set aside for one-off incidents outside routine service delivery activity. Replenished through base budget in future years to maintain the level required to manage major incidents.
Fundraising & Miscellaneous Ring-fenced	Surpluses generated by various schemes e.g. car salary sacrifice scheme and money raising events to be used for specific purposes.
Software & Communication	Maintained to provide resources to fund one-off ICT infrastructure investment, and future emergency services network.
Risk Management	Maintained to meet the Authority's exposure to claims under its insurance arrangements; to provide flexibility to meet the volatility of the insurance market and to provide resources to take any measures to improve the Authority's risk exposure position.
Minimum Revenue Provision	Welsh Government are currently reviewing MRP guidance and it is deemed prudent to set up an Earmarked Reserve to protect the Authority from the impact of potential changes to guidance.
Employees & Pension	Maintained to meet one off costs associated with employees: e.g. pensions ombudsman, employment tribunals, redundancy.
Capital Receipts	Holds proceeeds from the sale of assets and are available to finance capital expenditure in future years.

Note 10 - Financing and Investment Income and Expenditure

2017/18 £000		2018/19 £000
774	Interest payable and similar charges	746
12,523	Net interest on the net defined benefit liability (asset)	12,845
(35)	Interest receivable and similar income	(42)
13,262	**Total**	**13,549**

Note 11 - Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
(45,436)	Levies from constituent authorities	(46,659)
(979)	Capital grants and contributions	(369)
(46,415)	**Total**	(47,028)

Note 12 - Property, Plant and Equipment

Movements to 31 March 2019	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation					
At 31 March 2018	**53,654**	**25,202**	**322**	**1,434**	**80,612**
Additions	626	1,375	22	225	**2,248**
Impairments	(63)	0	0	0	**(63)**
Derecognition – disposals	0	(1,216)	0	0	**(1,216)**
Reclassifications and transfer	0	1,434	0	(1,434)	**0**
at 31 March 2019	**54,217**	**26,795**	**344**	**225**	**81,581**
Accumulated Depreciation and Impairment					
at 31 March 2018	**(3,574)**	**(15,217)**	**(100)**	**0**	**(18,891)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,241)	(1,535)	(8)	0	**(2,784)**
Derecognition - Impairment	12	0	0	0	**12**
Derecognition – disposals	0	1,070	0	0	**1,070**
at 31 March 2019	**(4,803)**	**(15,682)**	**(108)**	**0**	**(20,593)**
Net Book Value					
at 31 March 2018	**50,080**	**9,985**	**222**	**1,434**	**61,721**
at 31 March 2019	**49,414**	**11,113**	**236**	**225**	**60,988**

Movements to 31 March 2018	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
At 31 March 2017	**52,943**	**22,633**	**317**	**0**	**75,893**
Additions	740	2,593	5	1,434	**4,772**
Impairments	(30)	0	0	0	**(30)**
Derecognition – disposals	0	(24)	0	0	**(24)**
Reclassifications and transfer	1	0	0	0	**1**
at 31 March 2018	**53,654**	**25,202**	**322**	**1,434**	**80,612**
Accumulated Depreciation and Impairment					
at 31 March 2017	**(2,350)**	**(13,771)**	**(92)**	**0**	**(16,213)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,224)	(1,470)	(8)	0	**(2,702)**
Derecognition – disposals	0	24	0	0	**24**
at 31 March 2018	**(3,574)**	**(15,217)**	**(100)**	**0**	**(18,891)**
Net Book Value					
at 31 March 2017	**50,593**	**8,862**	**225**	**0**	**59,680**
at 31 March 2018	**50,080**	**9,985**	**222**	**1,434**	**61,721**

Capital Commitments

At 31 March 2019, the Authority had the following major commitments:

- £360k – Thermal Imaging Cameras
- £445k – Operational Vehicles
- £92k – Llanidloes Fire Station upgrade

Revaluations

The Authority revalues its Land and Buildings at least once every five years, the last valuation being carried out as at 1 April 2015. The valuation exercise was carried out by a member of the Royal Institution of Chartered Surveyors employed by Carmarthenshire County Council.

Non-operational Property, Plant and Equipment (Surplus Assets)

The Authority does not have surplus assets.

Impairments

In October 2018 Storm Callum hit West Wales. Llandysul Fire Station was flooded and severely damaged resulting in the station building being rendered non-operational although the appliance bays remained in use. The valuer has valued the site in accordance with CIPFA's Code of Practice on Local Authority Accounting resulting in an impairment loss of £51k.

Note 13 - Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority is 10 years.

The movement on Intangible Asset balances during the year is as follows:

2017/18 £000		2018/19 £000
	Gross Book Value	
545	Opening Balance at 1 April	1,014
469	Additions	136
0	Derecognition	(15)
1,014	**Closing Bal at 31 March**	**1,135**
	Accumulated Amortisation	
(113)	At 1 April	(168)
(55)	Amortisation	(107)
0	Derecognition	15
(168)	**Closing Bal at 31 March**	**(260)**
	Net Book Value	
432	Opening Balance at 1 April	846
846	Closing Balance 31 March	875

Note 14 - Financial Instruments

The following categories of Financial Instruments are carried in the Balance Sheet:

Restated *	Long-term 31 March 2018 £000	Long-term 31 March 2019 £000	Current 31 March 2018 £000	Current 31 March 2019 £000
Financial Assets at Amortised Cost:				
Cash & Cash Equivalents *	0	0	3,051	4,575
Total Debtors	205	165	4,926	3,640
Financial Liabilities at Amortised Cost:				
Borrowing	(16,059)	(15,738)	(470)	(1,321)
Accrued Interest	0	0	(53)	(59)
Total Borrowing	(16,059)	(15,738)	(523)	(1,380)
Finance Lease liabilities	(4,090)	(3,452)	(729)	(638)
Creditors	0	0	(5,956)	(4,876)

* The Authority adopted IFRS 9 with effect from 1st April 2018. Financial Instruments' classsification and presentation have been amended accordingly.

Income, Expense, Gains and Losses

	2017/18		2018/19	
	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000
Interest expense	774	0	746	0
Total expense in Surplus or Deficit on the Provision of Services	**774**	**0**	**746**	**0**
Interest income	0	(35)	0	(42)
Total income in Surplus or Deficit on the Provision of Services	**0**	**(35)**	**0**	**(42)**
Net (gain)/loss for the year	**774**	**(35)**	**746**	**(42)**

Financial Instruments - Fair Value

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long-term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, borrowing from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2018		31 March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Creditors – PWLB	16,185	21,563	16,936	22,747
Non-PWLB Debt	344	n/a	123	n/a
Total	**16,529**	**21,563**	**17,059**	**22,747**

The fair value is greater than the carrying amount because early repayment of PWLB debt will incur an early repayment premium, the fair value takes account of the early repayment premium. Loans are at level 2 in the Fair Value Hierarchy, that is they are valued at prices that are observable either directly or indirectly.

Note 15 - Debtors

31 March 2018 £000	Short Term Debtors	31 March 2019 £000
3,788	Central Government Bodies	2,844
208	Other Local Authorities	128
286	NHS Bodies	240
556	Other Entities and Individuals	523
490	Payments in Advance	399
(402)	Provision for Irrecoverable debts	(494)
4,926	**Total Debtors**	**3,640**

31 March 2018 £000	Long Term Debtors	31 March 2019 £000
0	Other Local Authorities	0
205	Other Entities and Individuals	165
205	**Total Debtors**	**165**

Note 16 - Cash and Cash Equivalents

31 March 2018 £000		31 March 2019 £000
3,051	Cash and Bank balances	4,575
0	Bank Overdraft	0
3,051	**Total Cash and Cash Equivalents**	**4,575**

Note 17 – Creditors

31 March 2018 £000		31 March 2019 £000
(1,175)	Central Government Bodies	(1,059)
(1,919)	Other Local Authorities	(589)
(2,852)	Other Entities and Individuals	(3,227)
(10)	Receipts in Advance	(1)
(5,956)	**Total Creditors**	**(4,876)**

Note 18 - Unusable Reserves

1 April 2018 £000		31 March 2019 £000
(15,292)	Revaluation Reserve	(14,898)
(21,316)	Capital Adjustment Account	(21,381)
504,242	Pension Reserve	514,849
682	Accumulated Absences Account	686
468,316	**Total**	**479,256**

Note 18a - Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its property, plant and equipment and intangible assets.

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.

2017/18 £000		2018/19 £000
(15,685)	**Balance 1 April**	(15,292)
0	Upward revaluation of assets	0
0	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	0
0	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**0**
393	Difference between fair value depreciation and historical cost depreciation	394
0	Accumulated gains on assets sold or scrapped	0
393	**Amount written off to the Capital Adjustment Account**	**394**
(15,292)	**Balance 31 March**	**(14,898)**

Note 18b - 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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and 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 subsequent costs.

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 revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2017/18 £000		2018/19 £000
(20,328)	**Balance 1 April**	**(21,316)**
2,732	Charges for depreciation and impairment of non-current assets	2,835
800	Revenue Expenditure Funded from Capital Under Statute - Joint Public Service Centre	0
55	Amortisation of intangible assets	107
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	147
3,587	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	**3,089**
(393)	Adjusting Amounts written out of the Revaluation Reserve	(394)
3,194	**Net written out amount of the cost of non-current assets consumed in the year**	**2,695**
(21)	Use of Capital Receipts Reserve to finance new capital expenditure	(118)
(979)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(369)
(1,862)	Statutory provision for the financing of capital investment charged against the General Fund	(1,941)
(1,320)	Capital Expenditure charged against the General Fund	(332)
(4,182)	**Capital financing applied in year:**	**(2,760)**
(21,316)	**Balance 31 March**	**(21,381)**

Note 18c - Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2017/18 £000		2018/19 £000
474,770	Balance 1 April	504,242
18,555	Remeasurements of the net defined benefit (liability)/asset	(2,038)
25,921	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	27,044
(15,004)	Employer's pensions contributions and direct payments to pensioners payable in the year	(14,399)
0	Other movements	0
504,242	**Balance 31 March**	**514,849**

Note 18d - 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.

2017/18 £000		2018/19 £000
651	**Balance 1 April**	682
31	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	4
682	**Balance 31 March**	**686**

Note 19 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2017/18 £000		2018/19 £000
(35)	Interest received	(42)
775	Interest paid	740

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2017/18 £000		2018/19 £000
(2,702)	Depreciation	(2,784)
(30)	Impairment and downward valuations	(51)
(55)	Amortisation	(107)
(1,890)	(Increase)/decrease in creditors	758
(759)	Increase/(decrease) in debtors	(1,286)
93	Increase/(decrease) in inventories	(22)
(10,917)	Movement in pension liability	(12,645)
0	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(146)
0	Other non-cash movements charged to the surplus or deficit on provision of services	0
(16,260)	**Total**	**(16,283)**

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2017/18 £000		2018/19 £000
979	Capital Grant / Contributions / Donations Applied	369
21	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	118
1,000	**Total**	**487**

Note 20 - Cash Flow from Investing Activities

2017/18 £000		2018/19 £000
5,241	Purchase of property, plant and equipment, investment property and intangible assets	2,384
(21)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(118)
(103)	Other receipts for investing activities	(40)
0	Other payments for investing activities	0
5,117	**Net cash flows from investing activities**	**2,226**

Note 21 - Cash Flow from Financing Activities

2017/18 £000		2018/19 £000
0	Cash receipts of short-term and long-term borrowing	(1,000)
(826)	Other receipts from financing activities	(555)
784	Cash payments for the reduction of outstanding liabilities relating to finance leases	729
382	Repayments of short-term and long-term borrowing	464
340	**Net cash flows from financing activities**	**(362)**

Note 22 - Members' Allowances

The Authority paid the following amounts to elected members during the year:

2017/18 £000		2018/19 £000
52	Salaries	57
9	Expenses	9
61	**Total Members' Allowances**	**66**

Note 23 - Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

	Note Ref		Salary, Fees and Allowances	Other Payments	Expenses Allowances	Benefit in Kind *	Employers' Pension Contribution	Total
			£	£	£	£	£	£
Chief Fire Officer		2018/19	147,195	0	70	0	0	**147,265**
		2017/18	144,663	0	0	6,655	0	**151,318**
Deputy Chief Fire Officer 1	2	2018/19	62,179	0	0	0	15,856	**78,035**
		2017/18	137,292	0	0	1,290	35,010	**173,592**
Temporary Deputy Chief Fire Officer 2	3	2018/19	121,823	0	233	0	0	**122,056**
		2017/18	77,471	0	163	5,697	0	**83,331**
Deputy Chief Fire Officer 3	4	2018/19	659	0	1	0	168	**828**
		2017/18	0	0	0	0	0	**0**
Assistant Chief Fire Officer 1	3	2018/19	0	0	0	0	0	**0**
		2017/18	26,274	0	64	3,151	0	**29,489**
Temporary Assistant Chief	4	2018/19	105,304	0	262	0	26,852	**132,418**
Fire Officer 2		2017/18	66,966	0	163	5,890	17,076	**90,095**
Assistant Chief Fire Officer 3	5	2018/19	569	0	0	0	81	**650**
		2017/18	0	0	0	0	0	**0**
Assistant Chief Officer	1	2018/19	97,505	210	2,155	11,519	13,748	**125,137**
(Director of Resources)		2017/18	95,827	0	1,275	9,898	13,511	**120,511**
Clerk		2018/19	37,100	0	485	0	5,231	**42,816**
		2017/18	35,644	0	663	0	5,026	**41,333**

* Benefit in Kind - from 1st April 2018 the P11d classification of operational senior officers leased vehicles was amended and agreed with the HMRC. This has resulted in no requirement to produce P11d's for these officers, as they have no benefit in kind.

Notes

1. Unlike the other Senior Officers, the Assistant Chief Officer (Director of Resources) is required to purchase car fuel for business mileage and then claim back expenses. Also, tax on benefit in kind is calculated on a different basis to other Senior Officers, which results in much higher expenses and benefits in kind figures.

2. Deputy Chief Fire Officer 1 left the Service on 31st August 2018 in order to take up the Chief Fire Officer's post in Avon Fire and Rescue Service, where he had been seconded to since 2nd May 2017. His annual salary upon resignation was £149,229, which was his secondment salary covered by Avon Fire and Rescue Service.

3. From 9th August 2017 Assistant Chief Fire Officer 1 was temporarily appointed to Deputy Chief Fire Officer 2. He retired from the Service on 29th March 2019 on an annualised salary of £122,482.

4. Temporary Assistant Chief Fire Officer 2 was promoted to Deputy Chief Fire Officer 3 from 30th March 2019 following the retirement of the previous Deputy Chief Fire Officer 2, on an annualised salary of £122,482.

5. Assistant Chief Officer 3 was appointed on 30th March 2019 following the promotion of the Temporary Assistant Chief Fire Officer 2 to Deputy Chief Fire Officer 3, on an annualised salary of £105,873.

6. From the 15th January 2018 a S151 Officer was appointed under a Service Level Agreement (SLA) with Carmarthenshire County Council. The SLA costs for 2018/19 were £35,000 (2017/18 £8,750)

Officers Remuneration

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	Number of Employees	
	2017/18	**2018/19**
£60,001 to £65,000	6	13
£65,001 to £70,000	3	3
£70,001 to £75,000	1	1
£75,001 to £80,000	2	2
Total	**12**	**19**

In 2018/19 the ratio of the highest paid to the median full time equivalent salary of £30,530 is 4.82:1 (in 2017/18 the median full time equivalent salary was £29,930 and the ratio was 4.82:1).

Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0-£20,000	2	3	0	0	2	3	1,523	3,731
£20,001 - £40,000	0	0	1	1	1	1	30,193	34,444
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	0	0	0	0	0
Total cost included in CIES	**2**	**3**	**1**	**1**	**3**	**4**	**31,716**	**38,175**

Note 24 - External Audit Costs

The following fees are payable in relation to the audit of the Statement of Accounts, statutory inspections and other non-audit services provided by the Authority's external auditors:

Restated * 2017/18 £000		2018/19 £000
	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year for:	
47	Financial Audit Work	54
15	Performance Audit Work	15
62	**Total**	**69**

* Following a review of the work completed on the audit of the Authority's 2017/18 accounts the value originally estimated was revised by the External Auditors and finally assessed as per the restated value in note 24. This was due to the economies of scale obtained in auditing two years in quick succession which resulted in a 20% drop in the original 2017/18 fees quoted.

Note 25 - Grant Income

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2017/18 £000		2018/19 £000
(979)	Capital Grants, Contributions and Donations	(369)
(979)	**Total**	**(369)**

Credited to Services

2017/18 £000		2018/19 £000
	Welsh Government:	
(102)	Arson Reduction	(110)
(337)	Home Safety Equipment	(250)
(123)	Other Community Safety	(117)
(734)	New Dimensions, USAR and MTFA	(687)
(592)	Airwave (Firelink)	(592)
(110)	Joint Emergency Services Group	(240)
0	Other *	(174)
(1,998)	**Total**	**(2,170)**

***** Other Grants (external funding) comprise funding for small, non-recurring projects.

In 2018/19 Mid and West Wales Fire and Rescue Authority co-ordinated the Home Safety grant of £893k and Arson Reduction grant of £369k on behalf of Welsh Government who therefore allocated £1,262k (£1,359k in 2017/18) to the three Fire Services in Wales.

The Authority acts as an agent on behalf of Welsh Government in administering these two grant schemes for all of the Fire Services in Wales. The approved grants are paid to Mid and West Wales Fire and Rescue Service, who are then responsible for distributing the grants to the other two Welsh Fire Services. The grant values paid out to the other two Welsh Fire Services for the two schemes are as follows:

2017/18 £000	Grants Administered on behalf of other Fire and Rescue Services	2018/19 £000
	Welsh Government:	
(285)	Arson Reduction	(259)
(635)	Home Safety Equipment	(643)
(920)	**Total**	**(902)**

The Authority has received the following capital grants and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if the conditions are not satisfied. The balances at the year-end are as follows:

Current Liabilities - Capital Grants Receipts in Advance

2017/18 £000		2018/19 £000
(30)	Fire Crime Grant (Welsh Government)	0
0	Storm Callum (Welsh Government)	(280)
(64)	Donations	0
(94)	**Total**	**(280)**

The Authority has received the following revenue grants that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if the conditions are not satisfied. The balances at the year-end are as follows:

Current Liabilities - Revenue Grants Receipts in Advance

2017/18 £000		2018/19 £000
0	GovTech (Welsh Government)	(250)
0	Storm Callum (Welsh Government)	(57)
0	Y Lab (Nesta)	(15)
(0)	**Total**	**(322)**

Note 26 - Related Parties

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to bargain freely with the Related Party.

Welsh Government (WG)
Welsh Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates and provides some funding in the form of grants. The grants received from government departments are set out in note 25.

Members
Members of the Fire and Rescue Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in note 22.

Officers
No Officer declared a pecuniary interest in accordance with section 117 of the Local Government Act 1972.

Other Public Bodies
The Authority receives the majority of its revenue funding by charging a levy, based on population, to the six Unitary County Authorities in its area. Details of the amounts received by way of levy are shown within the narrative of the Statement of Accounts.

The Authority has a Service Level Agreement (SLA) with Carmarthenshire County Council for Financial Services including Section 151 Officer services. The Section 151 Officer responsibility have been taken on by the current Director of Resources from Carmarthenshire County Council.

The Authority is the Administering Authority for the Firefighters' Pension Fund. Details of the Firefighters' Pension Fund are shown in note 30 and the Firefighters' Pension Fund Accounts are on pages 67 to 69.

The following tables details transactions and balances with Related Parties as at 31st March 2019:

Related Party	In Year Transactions		Balance 31st March 2019	
	Income	Expenditure	Owed to Authority (Debtor)	Owed by Authority (Creditor)
	£000	£000	£000	£000
Welsh Government	(9,340)	224	935	0
Carmarthenshire County Council	(9,600)	608	0	(197)
Ceredigion County Council	(3,937)	66	0	0
Neath Port Talbot County Borough Council	(7,288)	162	0	0
Pembrokeshire County Council	(6,399)	134	0	0
Powys County Council	(6,805)	307	0	(1)
City and County of Swansea Council	(12,643)	154	5	(5)
	(56,012)	**1,655**	**940**	**(203)**

Entities Influenced by the Authority

Rescue 365 is a Community Interest Company Limited by Guarantee set up to provide prevention, protection and response services to the community in Mid and West Wales. Surpluses generated from the company's activities will be applied to provide prevention, protection and response services to our communities. These prevention, protection and response services aim to complement the statutory and non-statutory prevention, protection and response services by Mid & West Wales Fire & Rescue Authority. The company directors have the ability to apply some or all of the surpluses in furtherance of Rescue 365's objectives and community purpose. As the community purpose is aligned with that of the Authority, the directors may pass some or all of the surpluses to the Authority.

A decision on how to use any surpluses would be a matter for the board of Rescue 365, who would need to act in the best interests of Rescue 365 with a view to furthering its community purpose. The Rescue 365 board (members of which can be found on Companies House) are likely to consider making grants of surpluses to the Authority or to Authority identified projects as being an effective way of furthering Rescue 365's community purpose and the intention at the outset was that surpluses would be applied to support services provided by the Authority. In total the Authority has advanced £260k to Rescue 365 of which £136k is outstanding as at 31 March 2019 (£162k as at 31 March 2018).

In addition to the loan the Authority seconded staff and rented accommodation to Rescue 365 which was charged and the balance due at 31 March 2019 was £291k.

The total debtor in the Statement of Accounts for Rescue 365 is therefore £427k, a reduction of £7k. A review of the Accounts for Rescue 365 identified losses in the early years of trading, as a result of this the recoverability of the debt has been reviewed and it has been deemed to be prudent to adjust the bad debt provision to 100% of the debt £427k (£353k at 31st March 2018). The increase of £74k has been charged in year to the net cost of services.

The Authority is working with Rescue 365 to determine the long-term viability of the company and is considering restructuring options and operating models.

A summary of transactions in 2018/19 and outstanding balances as at 31st March 2019 is detailed in the following table:

Summary of Transactions between Rescue 365 & MAWWFRS	Loan Account £000	Recharge of Costs £000	Total £000
Balance at 1st April 2018	**162**	**272**	**434**
Interest Accrued	0	0	0
Invoices Raised	0	20	20
Principal Repayment	(26)	0	(26)
Invoices Paid	0	(1)	(1)
Balance as at 31st March 2019	**136**	**291**	**427**
Bad Debt Provision			
As at 31st March 2018	(81)	(272)	(353)
As at 31st March 2019	(136)	(291)	(427)
Movement in 2018/19	**(55)**	**(19)**	**(74)**

Joint Operations

In April 2014 Mid and West Wales Fire and Rescue Service (MAWWFRS) entered into a Memorandum of Understanding with South Wales Police and South Wales Fire and Rescue Service (SWFRS) to work together to establish a Joint Public Service Centre (JPSC). In October 2017 the JPSC went "live". MAWWFRS and SWFRS have joint control of the operation and the agreed approach from both FRSs is set out in a Service Level Agreement (SLA). The SLA outlines a set of agreed high-level principles in relation to the day-to-day management of the team. It is the expectation of both Chief Fire Officers of the FRSs that the FRSs will work in collaboration to achieve the aims and objectives set out within the SLA.

The SLA provided that as from the point of the team becoming operational (October 2017) the staff budget (direct and indirect costs) for the JPSC would be shared on a 50% basis between the two FRSs. For 2018/19 onwards the SLA was renegotiated resulting in a revised basis – direct staff costs 40% MAWWFRS and 60% SWFRS, and 50% each for indirect staff costs.

In accordance with accounting policy 17, the main financial statements of the Authority have been consolidated with the relevant entries. The Authority's share of the Joint Arrangement Income and Expenditure Account and Balance Sheet are shown in the table below:

	2017/18		2018/19	
Joint Public Service Centre from October 2017	**Joint Operation Total £000**	**MAWWFRS Share £000**	**Joint Operation Total £000**	**MAWWFRS Share £000**
Revenue				
Staff Expenditure	1,683	841	2,786	1,115
Non-Staff Expenditure	0	0	14	7
Total Expenditure	**1,683**	**841**	**2,800**	**1,122**
Intangible Asset				
Command & Control System				
Gross Book Value	680	340	680	340
Accumulated Amortisation	(34)	(17)	(104)	(52)
Net Book Value	**646**	**323**	**576**	**288**

Note 27 - Capital Expenditure and Capital Financing

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

2017/18 £000		2018/19 £000
24,096	**Opening Capital Financing Requirement**	**25,955**
	Capital Investment:	
5,572	Property Plant and Equipment	2,248
469	Intangible Assets	136
6,041	**Total Capital Spending**	**2,384**
	Sources of Finance:	
(21)	Capital receipts	(118)
(979)	Government Grants and other contributions/donations	(369)
	Sums set aside from revenue:	
(1,320)	Direct Revenue Contributions	(332)
	Minimum revenue provision:	
(238)	Option 1 – expenditure pre 31 March 2009	(229)
(840)	Option 3 – expenditure post 1 April 2009	(983)
(784)	Finance Leases	(729)
(4,182)	**Total Sources of Finance**	**(2,273)**
25,955	**Closing Capital Financing Requirement**	**25,579**

Explanation of movements in year

2017/18 £000		2018/19 £000
1,859	Increase in underlying need to borrow (unsupported by government financial assistance)	(376)
1,859	**Increase / (decrease) in Capital Financing Requirement**	**(376)**

Note 28 – Leases

Authority as Lessee - Finance Leases

The Authority has acquired a number of vehicles under 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 2018 £000		31 March 2019 £000
0	Other Land and Buildings	0
4,399	Vehicles, Plant, Furniture, Equipment and Other	3,660
4,399	**Total**	**3,660**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicle 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 2018 £000	Finance lease liabilities (net present value of minimum lease payments):	31 March 2019 £000
729	- Current	638
4,090	- Non-current	3,452
773	Finance costs payable in future years	612
5,592	**Minimum lease payments**	**4,702**

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

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2018 £'000	**31 March 2019 £'000**		**31 March 2018 £'000**	**31 March 2019 £'000**
889	770	Not later than one year	729	638
2,405	1,998	Later than one year and not later than five years	1,995	1,656
2,298	1,934	Later than five years	2,095	1,796
5,592	**4,702**	**Total**	**4,819**	**4,090**

Authority as Lessee - Operating Leases

The Authority has acquired a number of light vehicles by entering into operating leases, with typical lives of 5 to 7 years.

The future minimum lease payments due under non-cancellable operating leases in future years are:

31 March 2018 £000		31 March 2019 £000
541	Not later than one year	486
532	Later than one year and not later than five years	39
0	Later than five years	0
1,073	**Total**	**525**

Note 29 - Termination Benefits

The Authority terminated the contract of four employees in 2018/19 incurring liabilities of £38k (£32k in 2017/18), see note 23 for the number of exit packages and total cost per band.

Note 30 - Defined Benefit Pension Scheme

Participation in Pension Schemes

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

The Local Government Pension Scheme (LGPS) pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Dyfed Pension Fund, Carmarthenshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the pensions committee of Carmarthenshire County Council. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against levy is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

The Firefighters Pension Scheme (FPS) is an unfunded defined benefit scheme meaning that no investments are held to fund the liabilities. Contributions, at a rate set by the Welsh Government, made by the employer and employees are held in a pension fund account, benefits paid are charged to the account with any balance on the account being received from, or paid to, the Welsh Government.

2017/18		General Fund Transactions	2018/19	
LGPS	Firefighter Pension Scheme	Comprehensive Income and Expenditure Statement - Cost of Services	LGPS	Firefighter Pension Scheme
£000	£000		£000	£000
		Service cost comprising:		
1,893	11,080	Current service cost	1,816	12,190
0	290	Past service cost	0	0
0	100	Transfers In	0	157
0	0	(Gain) / loss from curtailments	0	0
0	0	(Gain) / loss from settlements	0	0
35	0	Administration expenses	36	0
		Financing and Investment Income and Expenditure:		
323	12,200	Net interest expense	285	12,560
2,251	**23,670**	**Total charged to (Surplus) and Deficit on Provision of Services**	**2,137**	**24,907**
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
		Re-measurement of the net defined benefit liability comprising:		
(462)	0	Return on plan assets (excluding the amount included in the net interest expense)	(1,837)	0
0	21,140	Actuarial (gains) and losses – experience	0	(17,840)
0	(13,500)	Actuarial (gains) and losses arising on changes in demographic assumptions	0	0
(2,603)	13,980	Actuarial (gains) and losses arising on changes in financial assumptions	3,709	13,930
0	0	Other movements in the liability / (asset)	0	0
(3,065)	**21,620**	**Total charged to Other Comprehensive Income and Expenditure Statement**	**1,872**	**(3,910)**
(814)	**45,290**	**Total charged to the Comprehensive Income and Expenditure Statement**	**4,009**	**20,997**
		Movement in Reserves Statement		
(2,251)	(23,670)	Reversal of net charges made to the Surplus or (Deficit) on the Provision of Services	(2,137)	(24,907)
		Actual amount charged against the general fund balance for pensions in the year:		
1,014		Employers' contributions payable to scheme	969	
	13,990	Retirement Benefits payable to pensioners		13,430

2017/18 LGPS	2017/18 Firefighter Pension Scheme	Pensions Assets and Liabilities Recognised in the Balance Sheet	2018/19 LGPS	2018/19 Firefighter Pension Scheme
£000	£000		£000	£000
(57,586)	(493,180)	Present value of the defined obligation	(63,959)	(500,747)
46,524	0	Fair value of plan assets	49,857	0
(11,062)	**(493,180)**	**Net (liability) / asset arising from the defined benefit obligation**	**(14,102)**	**(500,747)**

2017/18 LGPS	2017/18 Firefighter Pension Scheme	Movement in the Value of Scheme Assets	2018/19 LGPS	2018/19 Firefighter Pension Scheme
£000	£000		£000	£000
45,084	0	Opening fair value of scheme assets	46,524	0
1,170	0	Interest income	1,260	0
		Remeasurement gain / (loss):		
462	0	- The return on plan assets, excluding the amount included in the net interest expense	1,837	0
1,014	13,990	Contributions from employer	969	13,430
389	0	Contributions from employees into the scheme	402	0
(1,560)	(13,990)	Benefits / transfers paid	(1,099)	(13,430)
(35)	0	Administration expenses	(36)	0
46,524	**0**	**Closing value of scheme assets**	**49,857**	**0**

2017/18 LGPS	2017/18 Firefighter Pension Scheme	Movements in the Fair Value of Scheme Liabilities	2018/19 LGPS	2018/19 Firefighter Pension Scheme
£000	**£000**		**£000**	**£000**
(57,974)	(461,880)	Opening balance at 1 April	(57,586)	(493,180)
(1,893)	(11,080)	Current service cost	(1,816)	(12,190)
0	(100)	Transfers In	0	(157)
(1,493)	(12,200)	Interest cost	(1,545)	(12,560)
(389)	0	Contributions from scheme participants	(402)	0
		Remeasurement gains and losses:		
0	(21,140)	- Actuarial gains / (losses) - experience	0	17,840
0	13,500	- Actuarial gains / (losses) from changes in demographic assumptions	0	0
2,603	(13,980)	- Actuarial gains / (losses) from changes in financial assumptions	(3,709)	(13,930)
0	0	- Other	0	0
0	(290)	Past service cost	0	0
0	0	Gains / (losses) on curtailments	0	0
0	0	Other Movement	0	0
1,560	13,990	Benefits / transfers paid	1,099	13,430
(57,586)	**(493,180)**	**Balance as at 31 March**	**(63,959)**	**(500,747)**

LGPS - Pension Scheme - Assets comprised of:

2017/18			Fair value of scheme assets	2018/19		
Quoted	**Unquoted**	**Total**		**Quoted**	**Unquoted**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Cash and cash equivalents			
0	0	0	Cash instruments	0	0	0
140	0	140	Cash accounts	299	0	299
0	140	140	Net current assets	0	0	0
140	**140**	**280**	**Subtotal Cash and cash equivalents**	**299**	**0**	**299**
			Equities			
9,444	0	9,444	UK Quoted	9,723	0	9,723
0	10,468	10,468	Overseas Pooled-unquoted	0	11,218	11,218
4,652	0	4,652	US	5,335	0	5,335
233	0	233	Canada	199	0	199
1,582	0	1,582	Japan	1,645	0	1,645
0	1,210	1,210	Pacific	0	548	548
0	3,675	3,675	Emerging markets	0	4,387	4,387
0	0	0	Pooled Overseas-quoted	0	0	0
1,582	0	1,582	European ex UK	1,396	0	1,396
17,493	**15,353**	**32,846**	**Subtotal Equities**	**18,298**	**16,153**	**34,451**
			Bonds			
4,559	0	4,559	UK Government indexed	3,041	0	3,041
0	4,466	4,466	UK Corporate	0	5,285	5,285
4,559	**4,466**	**9,025**	**Subtotal Bonds**	**3,041**	**5,285**	**8,326**
			Property			
0	0	0	UK	0	0	0
0	0	0	Overseas – quoted	0	0	0
0	0	0	Overseas	0	0	0
0	4,373	4,373	Property Funds	0	6,781	6,781
0	**4,373**	**4,373**	**Subtotal Property**	**0**	**6,781**	**6,781**
22,192	**24,332**	**46,524**	**Total Assets**	**21,638**	**28,219**	**49,857**

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme has been estimated by Mercer's an independent firm of actuaries and the Firefighters Pension Scheme has been valued by the Government Actuary's Department (GAD). Estimates for the Dyfed Pension Fund (the LGPS) are based on the latest full valuation of the scheme as at 1 April 2019.

The significant assumptions used by the actuary have been:

Restated ** 2017/18	**LGPS**	**2018/19**
	Mortality assumptions	
	Longevity at retirement for current pensioners	
22.9	Men	23.0
25.6	Women	25.7
	Longevity at retirement for future pensioners	
25.1	Men	25.2
27.9	Women	28.1
	Other assumptions	
2.1%	Rate of inflation	2.2%
3.6%	Rate of increase in salaries	3.7%
2.2%	Rate of increase in pensions	2.3%
2.7%	Rate for discounting scheme liabilities	2.5%
2.1%	CARE revaluation rate	2.2%

Restated ** 2017/18	**Firefighter Pension Scheme**	**2018/19**
	Mortality assumptions	
	Longevity at retirement for current pensioners	
21.9	Men	22.0
21.9	Women	22.0
	Longevity at retirement for future pensioners	
23.9	Men	23.9
23.9	Women	23.9
	Other assumptions	
2.3%	Rate of inflation	2.4%
4.3%	Rate of increase in salaries	4.4%
2.3%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.5%
4.3%	CARE revaluation rate	4.4%

** CARE revaluation rate - additional assumption in Actuary reports.

The estimated weighted duration of the defined benefit obligation is 18 years for the Firefighter Scheme and 20 years for the Local Government Pension Scheme.

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

Impact of assumptions on the obligation – LGPS

	As Reported £000	Discount Rate 0.1% Increase £000	Inflation 0.1% Increase £000	Pay Growth 0.1% Increase £000	Life Expectancy 1 Year Increase £000
Liabilities	(63,959)	(62,683)	(65,262)	(64,220)	(65,195)
Assets	49,857	49,857	49,857	49,857	49,857
(Deficit) / Surplus	(14,102)	(12,826)	(15,405)	(14,363)	(15,338)
Projected Service Cost for Next Year	1,999	1,936	2,063	1,999	2,040
Projected Net Interest Cost for Next Year	340	321	374	348	372

Impact of assumptions on the obligation - Firefighter Pension Scheme

	As Reported £000	Discount Rate on Liabilities 0.5% Increase £000	Increase in Salaries 0.5% Increase £000	Life Expectancy 1-year Increase £000	Increase in Pensions 0.5% Increase £000	Retiring Earlier than Expected 1 Year Earlier £000
FFPS	(500,747)	(453,747)	(507,747)	(513,747)	(536,747)	(500,747)

Impact on the Authority's Cash Flows

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against the levy is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The transactions in the preceding table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

The table above shows the amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans.

Note 31 - Nature & 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 movement.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Financial risk management is carried out under policies approved by the Authority in the Annual Treasury Management Strategy. The Authority provides written principles to overall risk management, as well as written guidance covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, the value of credit exposure to the Authority's customers is low and considered not to pose a risk.

This risk is minimised through the Annual Investment strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The amounts invested are restricted to prudent and affordable amounts as set out in the approved strategy.

The current strategy is to invest internally as far as possible, thus reducing the need to borrow and reducing the cash surplus available for investment and the period those surpluses are available.

The Authority's maximum exposure to credit risk is in relation to its investments with its bank. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recovery applies to all of the Authority's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

Liquidity Risk

The Authority monitors its cash balance to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the UK Debt Management Office. 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. The strategy is to ensure that loans mature within the approved limits shown in the table below through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	Approved minimum limits	Approved maximum limits	Actual 31 March 2019 £000	% 31 March 2019
Less than 1 year	0%	30%	1,321	8%
Between 1 and 2 years	0%	30%	268	2%
Between 2 and 5 years	0%	50%	450	3%
Between 5 and 10 years	0%	75%	5,555	32%
More than 10 years	25%	90%	9,465	55%
Total			**17,059**	**100%**

	Approved minimum limits	Approved maximum limits	Actual 31 March 2018 £000	% 31 March 2018
Less than 1 year	0%	20%	470	3%
Between 1 and 2 years	0%	20%	1,321	8%
Between 2 and 5 years	0%	50%	618	4%
Between 5 and 10 years	0%	75%	2,655	16%
More than 10 years	25%	90%	11,465	69%
Total			**16,529**	**100%**

Market Risk

Interest Rate Risk

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

- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Service will rise
- Investments at fixed rates – the fair value of the assets will fall.

Because of the Authority's borrowing and surplus cash levels, with the limited period surpluses are held, borrowing and investment opportunities are limited. Borrowing is mainly at fixed interest rates and investments are at variable interest rates.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest receivable on variable rate investments will be posted to the surplus or Deficit on the Provision of Services and affect the General Fund Balance.

Price Risk

The Authority does not invest in equity shares and has no exposure to price risk.
Foreign Exchange Risk

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

Note 32 - Contingent Liability

In October 2018 the Pensions Ombudsman determination was received in respect of a number of complaints lodged in 2016. The complaints were in relation to the treatment of allowances operating within the Service, and whether or not such allowances should be pensionable. The Pensions Ombudsman determined that 2 out of 4 allowances in question were pensionable and 2 were not. Although the complaints related to 4 employees, the impact covered all employees working and receiving those allowances.

Since the determination, the Service lodged an Appeal to the High Court against the Ombudsman's determination which included an application to stay the Ombudsman's directions. The relevant Trade Union also lodged an Appeal.

In March 2019 the High Court issued a judgement in relation to the Appeals and in it determined that 2 out of the 4 allowances were pensionable, 1 was pensionable in specific circumstances, and 1 was not pensionable. Since the judgement, the Authority has complied with the High Court's directions in relation to the 3 named complainants. However, the Service has sought legal guidance on the broader implementation of the judgement beyond those appearing in the litigation, and until this is received is it not possible to reliably measure the level of finance or outflow of resources that will be required.

There are also several national issues being litigated against the Government relating to the issue of discrimination in relation to the introduction of the 2015 pension scheme and the related transition arrangements. The Service is awaiting confirmation as to whether the Government has been permitted to Appeal to the Supreme Court in relation to a number of judgments against it, and therefore the potential financial impact of this litigation is yet to be determined.

FIREFIGHTERS PENSION FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2019

2017/18 £000		2018/19 £000
	Contributions Receivable:	
	Employer:	
(3,241)	- Normal	(3,168)
(484)	- Early retirements (ill health)	(498)
(2,519)	- Members	(2,560)
(6,244)		(6,226)
(109)	Individual Transfers in from other schemes	(157)
(6,353)		**(6,383)**
	Benefits Payable:	
10,752	- Pension	11,453
3,203	- Commutations and lump-sum retirement benefits	1,955
31	- Lump sum death	0
13,986		13,408
	Payments to and on account of leavers:	
0	- Individual transfers out to other schemes	8
13,986		**13,416**
7,633	Deficit for year before grants receivables from the Welsh Government	7,033
(7,633)	Top up grant Receivable from the Welsh Government	(7,033)
0	**Net amount payable/receivable for the year**	**0**

NET ASSETS STATEMENT AS AT 31ST MARCH 2019

2017/18 £000		2018/19 £000
	Current Assets:	
0	Amount owed by General Fund	0
911	Amount owed by Welsh Government	75
911	**Total Current Assets**	**75**
	Current Liabilities:	
(911)	Amount owed to General Fund	(75)
0	Amount owed to Welsh Government	0
(911)	**Total Current Liabilities**	**(75)**

NOTES TO THE FIREFIGHTERS PENSION FUND ACCOUNT

The Fund was established 1 April 2007 and covers the 1992, 2006, 2015 and the Modified Firefighters' Pension Schemes and is administered by the Authority. The 2015 scheme introduced new contribution rates for both employers and employees and reduced pension benefits. Members of the 1992 and 2006 schemes who do not meet the prescribed criteria, will transition into the 2015 scheme under a tapering arrangement. On 1 April 2016, the retained Modified Pension Scheme was introduced in addition to the original 1992, 2006 and 2015 schemes. The scheme allowed individuals who were employed as on-call members of staff between the years 2000 - 2006 the opportunity to buy back service. If the individuals were still employees, then they could enter into the retained Modified Pension Scheme which benefits from the same contribution rates as the 1992 scheme.

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 Welsh Government (WG) and subject to triennial revaluations 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 Grants from the Welsh Government (WG).

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 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 identified 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 Welsh Government and 80% of the estimate is paid in addition to the surplus/deficit (asset/liability) which is payable/ receivable from the previous year, this is paid in August of each year. As such, any asset/liability on the Pension Fund is matched by a corresponding value on the Authority balance sheet. The 2018/19 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.

The accounting policies adopted for the production of the Pensions Fund Account are in line with recommended practice and follow those that apply to the Authority's primary statements.

Additional Note to the Firefighters' Pension Fund Account

The Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 came into force on 31 December 2014 with an effective date of 1 July 2013. The Order included an amendment to the pension regulations which introduced new powers for the Authority to make certain temporary allowances and emoluments pensionable under an Additional Pension Benefit (APB) arrangement.

During November 2017 it became apparent that Welsh Fire and Rescue Services had not implemented the Order and temporary allowances had been treated in accordance with previous regulations. On 11 December 2017 the Authority approved a report to implement the requirements of the Order and consultation was undertaken with the appropriate representative bodies on the implementation date and retrospective application of the policy. As a consequence of the delays in implementing the Order a small number of retirees have received pension settlements which are not in accordance with the relevant regulations. However, at its meeting on 10 December 2018 the Authority approved proposals considered appropriate as a resolution of this matter, taking into account legal opinion and following discussion and meetings with the Welsh Government, the other two Welsh Fire and Rescue Services in Wales and Wales Audit Office, the Authority has determined that the amounts are not material, remedial action has been undertaken and the exercise is now concluded.

Contribution Rates

Under the Firefighters' Pension Regulations, the employer's contribution rate for the 2015 scheme was 14.3% of pensionable pay with employee's rates as per the pensionable pay banding detailed below:

Pensionable Pay Band	**2018/19 Contribution Rate %**
Up to and including £27,818	11.0
More than £27,818 and up to and including £51,515	12.9
More than £51,515 and up to and including £142,500	13.5
More than £142,500	14.5

For the 2006 scheme the employer's contribution was 16.8% of pensionable pay with employee's rates as per the pensionable pay banding detailed below:

Pensionable Pay Band	**2018/19 Contribution Rate %**
Up to and including £15,609	8.5
More than £15,609 and up to and including £21,852	9.4
More than £21,852 and up to and including £31,218	10.4
More than £31,218 and up to and including £41,624	10.9
More than £41,624 and up to and including £52,030	11.2
More than £52,030 and up to and including £62,436	11.3
More than £62,436 and up to and including £104,060	11.7
More than £104,060 and up to and including £124,872	12.1
More than £124,872	12.5

For the 1992 and Modified schemes the employer's contribution rate was 25.5% of pensionable pay with employee's rates as per the pensionable pay bandings detailed below:

Pensionable Pay Band	**2018/19 Contribution Rate %**
Up to and including £15,609	11.0
More than £15,609 and up to and including £21,852	12.2
More than £21,852 and up to and including £31,218	14.2
More than £31,218 and up to and including £41,624	14.7
More than £41,624 and up to and including £52,030	15.2
More than £52,030 and up to and including £62,436	15.5
More than £62,436 and up to and including £104,060	16.0
More than £104,060 and up to and including £124,872	16.5
More than £124,872	17.0

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 (£500.747m at 31 March 2019 and £493.180m at 31 March 2018).

Glossary of Terms used in the Statement of Accounts

ACCOUNTING PERIOD
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES
These specify policies and procedures used by the Authority to prepare its Financial Statements, including methods, measurement systems and procedures for presenting disclosures.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

ASSET
An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a fire station, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Authority's financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING
Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

CONTINGENT LIABILITY
A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CREDITOR
Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of the defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR
Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's non-current assets during the accounting period, whether from use, the passage of time, or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Authority's value of total assets, less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value, but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

GOVERNMENT GRANTS
Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

IMPAIRMENT
A reduction in the value of a non-current asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS
Non-current assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are hydrants.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, Authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NET BOOK VALUE
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

OPERATING LEASE
A lease where the ownership of the non-current asset remains with the lessor.

OPERATIONAL ASSETS
Non-current assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency, which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the government can borrow itself.

RELATED PARTIES
There is a detailed definition of related parties in IAS 24. For the Authority's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS
The Statement of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the Capital Adjustment account cannot be used to meet current expenditure.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Authority will derive benefits from the use of a non-current asset.