

# **MID AND WEST WALES FIRE AND RESCUE AUTHORITY**



## **STATEMENT OF ACCOUNTS**

**2005-2006**

# **CONTENTS**

|   | <b><u>PAGE</u></b> |
|---|--------------------|
| <b>Treasurer's Introduction / Certification and Approval</b>                                | <b>3</b>           |
| <b>Independent Auditors' Report to the Mid and West Wales<br/>Fire and Rescue Authority</b> | <b>4</b>           |
| <b>Explanatory Foreword</b>   | <b>5-7</b>         |
| <b>Statement of Responsibilities for the Statement of Accounts</b>                          | <b>8</b>           |
| <b>Statement on Internal Control</b>  | <b>9-11</b>        |
| <b>Statement of Accounting Policies</b>   | <b>12-15</b>       |
| <b>Revenue Account</b>  | <b>16</b>          |
| <b>Notes to the Revenue Account</b>   | <b>17-22</b>       |
| <b>Balance Sheet</b>  | <b>23</b>          |
| <b>Notes to the Balance Sheet</b>   | <b>24-32</b>       |
| <b>Statement of Total Movements in Reserves</b>   | <b>33</b>          |
| <b>Statement of Movements in Capital Reserves</b>   | <b>34</b>          |
| <b>Cash Flow Statement and Notes</b>  | <b>35-37</b>       |

# **MID AND WEST WALES FIRE AND RESCUE AUTHORITY**

## **STATEMENT OF ACCOUNTS**

**2005-2006**

### **Treasurer's Introduction**

This Report is produced in accordance with the requirements of the Local Government Act 2003, the Local Government and Housing Act 1989 and the Accounts and Audit (Wales) Regulations 2005. The Regulations prescribe the contents of the Statement of Accounts.

### **Certification and Approval**

I hereby append my signature to the Statement of Accounts (pages 3-35 inclusive) as required by Regulation 9(2) and certify that it presents fairly the financial position of the Mid and West Wales Fire and Rescue Authority at 31<sup>st</sup> March 2006 and its income and expenditure for the year ended 31<sup>st</sup> March 2006.

Date: 18<sup>th</sup> July 2006

H. C. MORSE  
TREASURER

The Statement of Accounts was approved at a meeting of the Mid and West Wales Fire and Rescue Authority held on 24<sup>th</sup> July 2006

Date:

CHAIR OF THE AUTHORITY



# **EXPLANATORY FOREWORD**

## **Introduction and Content**

1. The Authority's Statement of Accounts is a publication required by law. Its prime purpose is to give Electors, Council Tax Payers, Members of the Authority and other interested parties clear information about the Mid and West Wales Fire and Rescue Authority's finances.
2. The Statement of Accounting Policies on pages 11 to 14 explains the principles and basis on which the Authority's Accounts have been prepared.
3. The Accounts for the year ended 31<sup>st</sup> March 2006 are set out on pages 15 to 35. They consist of: -
  - The Revenue Account - this summarises the income and expenditure relating to the Authority's services;
  - The Balance Sheet - this sets out the financial position of the Authority as at 31<sup>st</sup> March 2006;
  - The Statement of Total Movements in Reserves;
  - The Statement of Movements in Capital Reserves;
  - The Cash Flow Statement, which summarises the inflows and outflows of cash with third parties;

The Accounts and Statements are supported by explanatory notes.

4. This foreword provides a brief explanation of the financial aspects of the Authority's activities and of its year end position. The two tables which follow give a summary of its revenue income and expenditure.

|     |   |                     |           |
|-----|---|---------------------|-----------|
| (a) | <b><u>Where the money comes from:</u></b> | <b><u>£'000</u></b> | <b>%</b>  |
|     | Fees, Charges, Interest, Other Income     | 2,893               | 7         |
|     | Revenue Grants                            | 715                 | 2         |
|     | Contributions from Unitary Authorities    | <u>40,318</u>       | <u>91</u> |
|     |   | 43,926              | 100       |
|     |   | =====               | =====     |
| (b) | <b><u>What the money is spent on:</u></b> | <b><u>£'000</u></b> | <b>%</b>  |
|     | Employee Costs                            | 34,971              | 80        |
|     | Running Costs                             | 7,534               | 17        |
|     | Capital Financing Costs                   | <u>1,421</u>        | <u>3</u>  |
|     |   | 43,926              | 100       |
|     |   | =====               | =====     |

5. **Revenue Budget**

The table below indicates the budgeted and actual expenditure and income for the year ended 31<sup>st</sup> March 2006.

|  | <b><u>ORIGINAL<br/>BUDGET</u></b><br>£'000 | <b><u>REVISED<br/>BUDGET</u></b><br>£'000 | <b><u>ACTUAL</u></b><br>£'000 |
|--|--|---|-------------------------------|
| Service Expenditure                          | 42,705                                     | 42,845                                    | 43,926                        |
| Service Income                               | (2,387)                                    | (2,527)                                   | (3,608)                       |
| Net Expenditure                              | 40,318                                     | 40,318                                    | 40,318                        |
| Met from:<br>Unitary Authority contributions | (40,318)                                   | (40,318)                                  | (40,318)                      |

6. **Capital Expenditure**

During the year, the Authority spent £3.780 million on capital projects, as follows: -

|  | <b>£'000</b> |
|--|--------------|
| <b>Buildings and Infrastructure</b>                  |              |
| New Headquarters Building, Carmarthen                | 2,170        |
| Equality and Diversity projects                      | 137          |
| Cardigan Fire Station – refurbishment                | 100          |
| Port Talbot Fire Station – community room            | 41           |
| Minor Works – buildings and hydrant installations    | 14           |
| <b>Vehicles and Equipment</b>                        |              |
| New Dimension – vehicles and equipment               | 347          |
| Fire Appliances – rescue equipment upgrades (8)      | 302          |
| Breathing Apparatus – replacement phase 1            | 115          |
| New Headquarters – furniture and IT equipment        | 234          |
| Llangunnor Control Room – furniture and IT equipment | 110          |
| Other Vehicles and Equipment                         | 210          |
| <b>TOTAL CAPITAL EXPENDITURE</b>                     | <b>3,780</b> |

The new Headquarters building in Lime Grove Avenue, Carmarthen was completed, at a total cost of £2.6m.

7. **Capital Borrowing**

Capital expenditure is financed mainly by loans from the Public Works Loan Board. The Authority has no other borrowing facilities. The drawdown of loans in respect of the 2005-06 new loan financing of £1.785m was postponed to 2006-07. The total of loans outstanding at 31<sup>st</sup> March 2006 was £5.105m, comprised entirely of fixed interest, fixed term loans.

The new Headquarters building was financed mainly by loan, and partly from £0.650m of accumulated capital receipts which had been earmarked for the project. A grant of £0.347m was received from the Wales Assembly Government for the New Dimension vehicles and equipment. The remainder of the 2005-06 capital expenditure was financed by in-year capital receipts, contributions from outside bodies and a contribution from the Revenue Account.

8. **Pensions Liability**

In accordance with Financial Reporting Standard 17 (FRS 17), the Authority's pensions liability is recognised in full in the Balance Sheet. The appropriate charges in respect of current and past service costs and interest, for Firefighters' and Local Government pensions, are made to the Revenue Account. The Authority's total pensions liability is estimated at £287.113m at 31<sup>st</sup> March 2006.

9. Further information about the Accounts is available from the Finance Department at Fire and Rescue Authority Headquarters. Interested members of the public have a statutory right to inspect the Accounts before the audit is completed. The availability for inspection is advertised in the local press.

**TREASURER TO THE MID AND WEST WALES FIRE AND RESCUE AUTHORITY**

**Headquarters  
Lime Grove Avenue  
CARMARTHEN  
SA31 1SP**

## **STATEMENT OF RESPONSIBILITIES** **FOR THE STATEMENT OF ACCOUNTS**

### **THE AUTHORITY'S RESPONSIBILITIES: -**

The Authority is required: -

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

### **THE TREASURER'S RESPONSIBILITIES: -**

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the SORP'), so as to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year then ended.

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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



# **STATEMENT ON INTERNAL CONTROL**

## **1. Scope of responsibility**

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

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

## **2. The purpose of the system of internal control**

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

The system of internal control has been in place at the Authority for the year ended 31<sup>st</sup> March 2006 and up to the date of the approval of the accounts.

## **3. The internal control environment**

The Authority's constitution provides the framework for its decision making processes and sets out the detailed procedures and codes of conduct by which members and officers operate in order to achieve the Authority's objectives.

Under the constitution the Fire Authority and its committees make decisions which must be in line with the Authority's objectives. These are subject to examination by internal and external Audit.

The Clerk to the Authority is designated as the Monitoring Officer with responsibility for ensuring the lawfulness of decisions taken by the Authority, its committees and officers and providing support and advice on the maintenance of ethical standards.

The Treasurer is responsible for the proper administration of the Authority's financial affairs. The system of internal financial control is based on a framework of regular management information, financial procedures rules and standard financial instructions, administration arrangements (including segregation of duties), management supervision and a system of delegation and accountability. In particular the system includes:

- A comprehensive budgeting system
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital expenditure guidelines
- As appropriate, formal project management disciplines

The effectiveness of the Authority's internal controls is examined in detail through the work of the Internal Audit section of Carmarthenshire County Council, with which the Authority has a Service Level Agreement. The Audit section's work plan is based on a needs and risk assessment process that focuses resources on higher risk areas. The section meets the professional standards required by CIPFA. Their work and the wider financial aspects of corporate governance and performance management are examined and validated each year by the Authority's external auditors.

The Authority has established a performance management framework which requires each department to produce annual business plans setting out their objectives and targets in relation to Authority policy priorities. Progress against these plans is measured throughout the year and proposed improvements in performance and service standards are set out annually. A process of identifying individual development needs in line with these targets is also in place.

#### 4. Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control environment and also by comments made by the external auditors in their annual audit letter and other reports and by other review agencies (as appropriate). The Authority is also informed by a whole Authority Strategic Risk Profile assessment undertaken by consultants, together with its own risk assessments, and also it has been informed by the work of the Treasurer and the Clerk in performing their statutory roles

Internal financial control is reviewed on an ongoing basis by internal audit. Internal Audit also produces a statement each year setting out any major weaknesses in financial control, highlighting areas of concern. This information is reviewed by the Treasurer and Director of Finance along with other relevant information such as budget monitoring reports in compiling this statement. There were no significant internal control issues highlighted during the year.

### Internal control issues

The review of financial control identified that general assurance can be given that internal financial controls are of a sufficient standard to provide for the proper administration of the Authority's financial affairs.

To the best of our knowledge the internal control environment as identified above has been effectively operated during the year.

Signed

Douglas Mackay  
Chief Fire Officer

Cllr Brian Hall  
Chairman of the Fire Authority

Date 24<sup>th</sup> July 2006

# **STATEMENT OF ACCOUNTING POLICIES**

## **1. GENERAL PRINCIPLES**

The Accounts have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2005 edition, except for any departures noted in the following paragraphs. The Code of Practice is in accordance with the Statements of Standard Accounting Practice (SSAPs), the Local Government Finance Act 2003, the Local Government and Housing Act 1989, the Accounts and Audit (Wales) Regulations 2005 and the Best Value Accounting Code of Practice 2005.

The Accounts have been prepared under the historical cost convention, modified by the revaluation of certain categories of Fixed Assets.

## **2. VALUE ADDED TAX**

In accordance with SSAP 5, the Accounts have been prepared excluding recoverable VAT.

## **3. FIXED ASSETS**

Fixed Assets represent expenditure on the provision, enhancement or replacement of permanent assets such as land, buildings, vehicles and equipment (de minimis £5,000).

The Code of Practice requires authorities to maintain an asset register and to arrange for properties to be revalued at least once every five years by a professional valuer. The last valuation of the Authority's land and buildings was undertaken by the Corporate Property Division of Carmarthenshire County Council as at 1<sup>st</sup> April 2003. This valuation was made in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, but without repeating the inspections which were carried out for the 1998 valuation. A rolling programme for the valuation of properties is now in place, under which all the Authority's properties will have been revalued through inspection, in accordance with the Code of Practice, by 1<sup>st</sup> April 2008, and subsequently over five year periods. An impairment review of all major classifications of Fixed Assets is undertaken annually.

Depreciation charges in respect of operational buildings, infrastructure, vehicles and equipment are calculated on the basis of useful lives and have been charged to the Authority's Revenue Account in accordance with the Code of Practice on Local Authority Accounting. Depreciation is calculated using the straight-line method, from the year following acquisition to the year of disposal, based on the following estimated useful lives:-

|                               |                    |
|-------------------------------|--------------------|
| <b>BUILDINGS</b>              | <b>40 years</b>    |
| <b>INFRASTRUCTURE</b>         | <b>40 years</b>    |
| <b>VEHICLES:</b>              |                    |
| <b>Appliances</b>             | <b>12 years</b>    |
| <b>Specials</b>               | <b>10-15 years</b> |
| <b>Land Rovers &amp; L4Ps</b> | <b>10 years</b>    |
| <b>Minibuses</b>              | <b>5-7 years</b>   |
| <b>Vans &amp; Cars</b>        | <b>3-5 years</b>   |
| <b>EQUIPMENT</b>              | <b>3-10 Years</b>  |

**4. LEASED ASSETS**

The majority of the Authority's vehicles are now procured through operating leases, with the leasing costs being charged to the Revenue Account. Where assets acquired on finance leases were inherited by the Authority, the rentals payable are also charged to the Revenue Account. The value of those assets and their related obligations are not shown in the Balance Sheet but details of rentals are disclosed in the notes to the Revenue Account. This departs from the Code of Practice but the amounts involved are immaterial.

**5. BASIS OF CHARGES FOR CAPITAL**

The capital charges made to the Revenue Account consist of depreciation, plus a notional interest charge calculated on the closing net book values of all Fixed Assets. For 2005-06 the notional interest rates applied were 3.5% for Land, Buildings, Vehicles and Equipment and 4.95% for Infrastructure assets.

**6. ASSET MANAGEMENT REVENUE ACCOUNT**

The Asset Management Revenue Account is credited with total capital charges and charged with external interest and depreciation. Notional interest charges therefore have a neutral impact on the Accounts.

**7. MINIMUM REVENUE PROVISION**

The depreciation charge is eliminated from the Revenue Account by an appropriation from the Capital Financing Account, and is replaced by the statutory Minimum Revenue Provision for redemption of capital debt.

**8. CAPITAL RECEIPTS**

Receipts from the sale of Fixed Assets can only be used to finance new capital expenditure. Capital Receipts available for financing new capital expenditure are included in a Usable Capital Receipts Reserve.

**9. GRANTS**

Revenue grants, and the expenditure funded by grant, are included as income and expenditure in the Revenue Account. Capital grants are credited to the Grants and Contributions Deferred account and amortised over the life of the associated Fixed Assets.

**10. INVESTMENTS**

The Authority's investments consist of Treasury and Bank deposits, for periods not exceeding 364 days.

**11. INTEREST**

Interest (receivable and payable) is accrued in the Accounts to 31<sup>st</sup> March.

**12. STOCKS**

Stocks are reflected in the Accounts at current cost, which is not in accordance with SSAP 9, but the difference is not material.

### 13. **DEBTORS**

Debtors are stated net of the provision for bad debts. The provision is based on a review of debts not settled by the date of closure of the accounts.

### 14. **OVERHEADS**

Overheads are fully allocated or apportioned to revenue service expenditure heads, using an appropriate apportionment basis for each type of overhead expenditure.

### 15. **PENSIONS**

Pension costs and liabilities are recognised in full in the Revenue Account and Balance Sheet, in accordance with FRS17. The Authority participates in two different pension schemes, as follows: -

|  |  |
|--|--|
| Firefighters<br>' Pension<br>Scheme      | <p>The scheme is unfunded. The full cost of pensions and other benefits, after allowing for contributions made by employees, is met from the Authority's Revenue Account. The scheme provides members with defined benefits related to pay and service.</p> <p>The Authority's liability under this scheme is estimated by the Government Actuary's Department (GAD), on the basis of information provided by the Authority.</p>   |
| Local<br>Government<br>Pension<br>Scheme | <p>Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The Authority is an Admitted Body of the Dyfed Pension Fund, administered by Carmarthenshire County Council. Regulations govern the rate of contribution to be made by both employee and employer and the benefits payable. The contribution rates are determined by the Fund's Actuary based on triennial actuarial valuations.</p> <p>In addition to the Authority's contributions to the funded Pension scheme it bears the full cost of unfunded discretionary awards paid in conjunction with the funded pensions.</p> <p>The Authority's total liability under this scheme is estimated by the Actuary employed by the Dyfed Pension Fund, on the basis of information provided by the Authority and by the Pension Fund administrators.</p> <p>Further information can be found in the Dyfed Pension Fund Annual Report, which can be obtained upon request from the Director of Resources, Carmarthenshire County Council, County Hall, Carmarthen SA31 1JP.</p> |

**16. PROVISIONS**

Provisions are amounts set aside to provide for known liabilities where the exact amount and timing of the payment is uncertain. Provisions are charged to the Revenue Account and the expenditure, when incurred, is charged direct to the provision.

**17. RESERVES**

The Authority does not hold any revenue reserves, other than the Pensions Reserve.

**18. CONTINGENT LIABILITIES**

Details of any material contingent liabilities are disclosed in the notes to the Balance Sheet.

**19. POST BALANCE SHEET EVENTS**

Details of any material post balance sheet events not reflected in the financial statements are disclosed in the notes to the Balance Sheet.

**MID AND WEST WALES FIRE AND RESCUE AUTHORITY**  
**REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2006**

| <b><u>2004-2005</u></b><br><b>Net</b><br><b>Expenditure</b><br><b>£'000</b> |   | <b><u>2005-2006</u></b><br><b>Gross</b><br><b>Expenditure</b><br><b>£'000</b> | <b><u>2005-2006</u></b><br><b>Gross</b><br><b>Income</b><br><b>£'000</b> | <b><u>2005-2006</u></b><br><b>Net</b><br><b>Expenditure</b><br><b>£'000</b> |
|---|---|---|--|---|
| 3,881   | Community Fire Safety   | 5,124   | (1,012)  | 4,112   |
| 35,213  | Fire Fighting and Rescue Operations                           | 38,233  | (2,050)  | 36,183  |
| 99  | Fire Service Emergency Planning and Civil Defence             | 321   | (221)  | 100   |
| 463   | Corporate and Democratic Core                                 | 511   | (26)   | 485   |
| 44  | Non Distributed Costs   | (184)   | 0  | (184)   |
| <b>39,700</b>   | <b>Net Cost of Service</b> [Note 1]                           | <b>44,005</b>   | <b>(3,309)</b>   | <b>40,696</b>   |
| (796)   | Asset Management Revenue Account (AMRA) [Note 4]              | (852)   | 0  | (852)   |
| (310)   | Interest and Investment Income                                | 0   | (299)  | (299)   |
| 10,744  | Pensions Interest Cost and Expected Return on Pensions Assets | 12,586  | 0  | 12,586  |
| <b>49,338</b>   | <b>Net Operating Expenditure</b>                              | <b>55,739</b>   | <b>(3,608)</b>   | <b>52,131</b>   |
| (625)   | Transfers to/(from) Capital Financing Account [Note 5]        | (64)  | 0  | (64)  |
| (9,965)   | Movement on Pensions Reserve                                  | (11,749)  | 0  | (11,749)  |
| <b>38,748</b>   | <b>Net Expenditure</b>  | <b>43,926</b>   | <b>(3,608)</b>   | <b>40,318</b>   |
| (488)   | <b>Government Transitional Funding</b>                        |   |  | 0   |
| <b>38,260</b>   | <b>Amount to be met from Unitary Authority Contributions</b>  |   |  | <b>40,318</b>   |
|   | <b>Unitary Authority Contributions:</b>                       |   |  |   |
| (7,883)   | Carmarthenshire   |   |  | (8,264)   |
| (3,458)   | Ceredigion  |   |  | (3,625)   |
| (6,042)   | Neath and Port Talbot   |   |  | (6,353)   |
| (5,122)   | Pembrokeshire   |   |  | (5,460)   |
| (5,722)   | Powys   |   |  | (6,071)   |
| (10,033)  | City and County of Swansea                                    |   |  | (10,545)  |
| <b>(38,260)</b>   | <b>TOTAL CONTRIBUTIONS</b>                                    |   |  | <b>(40,318)</b>   |



## **NOTES TO THE REVENUE ACCOUNT**

### **1. Net Cost of Service - Subjective Analysis**

| <b><u>2004-2005</u></b><br><b>£'000</b> |   | <b>Note</b> | <b><u>2005-2006</u></b><br><b>£'000</b> |
|---|---|-------------|---|
|   | <b><u>Expenditure:-</u></b>               |             |   |
| 21,109                                  | Operational Employees Pay and Allowances  | 2           | 21,634                                  |
| 4,322                                   | Support Staff Pay and Allowances          | 2           | 4,723                                   |
| 617                                     | Indirect Employee Expenses                |             | 734                                     |
| 7,378                                   | Pensions                                  | 3           | 7,043                                   |
| 1,335                                   | Premises Related Expenses                 |             | 1,504                                   |
| 2,279                                   | Transport Related Expenses                |             | 2,441                                   |
| 3,157                                   | Supplies and Services                     |             | 3,402                                   |
| 194                                     | Agency and Contracted Services            |             | 186                                     |
| 2,284                                   | Capital Charges                           |             | 2,338                                   |
| <b>42,675</b>                           | <b>Gross Expenditure</b>                  |             | <b>44,005</b>                           |
|   | <b><u>Income:-</u></b>                    |             |   |
| (613)                                   | Sales, Fees and Charges                   |             | (768)                                   |
| (237)                                   | Grant Income                              |             | (715)                                   |
| (2,125)                                 | Pension Contributions and Transfer Values |             | (1,826)                                 |
| <b>(2,975)</b>                          | <b>Gross Income</b>                       |             | <b>(3,309)</b>                          |
| <b>39,700</b>                           | <b>Net Cost of Service</b>                |             | <b>40,696</b>                           |

### **2. Employee Details**

#### **2.1 Numbers Employed: -**

|   | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|---|--------------------------------------|--------------------------------------|
| <i><u>Firefighters:-</u></i>                            |                                      |                                      |
| Whole-time rank of Station Manager and above            | 60                                   | 65                                   |
| Whole-time below the rank of Station Manager            | 412                                  | 412                                  |
| Retained Firefighters                                   | 716                                  | 696                                  |
|   | <u>1,188</u>                         | <u>1,173</u>                         |
| <i><u>Control Room and Civilian Support Staff:-</u></i> |                                      |                                      |
| Full-time   | 162                                  | 150                                  |
| Part-time   | 31                                   | 37                                   |
|   | <u>193</u>                           | <u>187</u>                           |

## 2.2 **Remuneration Received: -**

During the year the number of Officers and Support Staff who received remuneration in excess of £60,000, excluding pension contributions were: -

| <b><u>Remuneration Band</u></b> | <b><u>Number of Employees</u></b> |                         |
|---------------------------------|-----------------------------------|-------------------------|
|                                 | <b><u>2005-2006</u></b>           | <b><u>2004-2005</u></b> |
| £60,000 - £69,999               | 2                                 | 2                       |
| £70,000 - £79,999               | 1                                 | 1                       |
| £80,000 - £89,999               | 1                                 | 1                       |
| £90,000 - £99,999               | 0                                 | 0                       |
| £100,000 - £109,999             | 1                                 | 0                       |

## 3. **Pension Costs**

The charges to the Revenue Account in the year under FRS17 were as follows:

|   | <b><u>Firefighters’<br/>Pension<br/>Scheme<br/>£’000</u></b> | <b><u>LG<br/>Pension<br/>Scheme<br/>£’000</u></b> | <b><u>Total<br/>£’000</u></b> |
|---|--|---|-------------------------------|
| Included in Net Cost of Service           | 7,310  | 426   | 7,736                         |
| Interest Cost/Expected Return on Pensions |  |   |                               |
| Assets in Net Operating Expenditure       | 12,450   | 136   | 12,586                        |
|   | <u>19,760</u>  | <u>562</u>  | <u>20,322</u>                 |

### (a) **Uniformed Firefighters** – unfunded, defined benefit scheme

In 2005-06, the Authority paid pensions and other benefits to former firefighters of £8.34m (2004-05: £6.93m). Contributions to the Scheme by current employees amounted to £1.56m (2004-05: £1.59m). The FRS17 gross charge to the Revenue Account for firefighters’ pensions is analysed below:

|  | <b><u>2005-2006<br/>£’000</u></b> | <b><u>2004-2005<br/>£’000</u></b> |
|--|-----------------------------------|-----------------------------------|
| Current service cost                     | 7,310                             | 5,470                             |
| Past service cost                        | 0                                 | 0                                 |
| Gain/loss on settlements or curtailments | 0                                 | 0                                 |
| Interest cost                            | 12,450                            | 10,690                            |
|  | <u>19,760</u>                     | <u>16,160</u>                     |

### (b) **Other Employees** – funded, defined benefit scheme

In 2005-06, the Authority paid an employer’s contribution of £0.455m (2004-05: £0.380m) into the Dyfed Pension Fund, representing 12.5% of pensionable pay, £0.041m as an additional contribution (2004-05: £0.020m) and £0.055m (2004-05: £0.045m) in unfunded benefits.

### 3. **Pension Costs (continued)**

The FRS17 charge to the Revenue Account for Local Government pensions is analysed below:

|  | <b><u>2005-2006</u></b> | <b><u>2004-2005</u></b> |
|--|-------------------------|-------------------------|
|  | <b>£'000</b>            | <b>£'000</b>            |
| Current service cost                     | 610                     | 544                     |
| Past service cost                        | (184)                   | 37                      |
| Gain/loss on settlements or curtailments | 0                       | 7                       |
| Interest cost                            | 854                     | 698                     |
| Expected return on assets in the scheme  | (718)                   | (644)                   |
|  | <u>562</u>              | <u>642</u>              |

Further information on Pensions is given in note 13 to the Balance Sheet and in the Statement of Total Movements in Reserves.

### 4. **Asset Management Revenue Account**

|  | <b><u>2005-2006</u></b> | <b><u>2004-2005</u></b> |
|--|-------------------------|-------------------------|
|  | <b>£'000</b>            | <b>£'000</b>            |
| <b><u>Credits:-</u></b>                              |                         |                         |
| Capital Charges (Depreciation and Notional Interest) | (2,338)                 | (2,284)                 |
| Amortisation of Grants and Contributions Deferred    | (20)                    | (19)                    |
| <b><u>Debits:-</u></b>                               |                         |                         |
| Provision for Depreciation                           | 1,229                   | 1,263                   |
| External Interest Charges                            | 277                     | 244                     |
|  | <u>(852)</u>            | <u>(796)</u>            |

### 5. **Transfers to/(from) Capital Financing Account**

|   | <b><u>2005-2006</u></b> | <b><u>2004-2005</u></b> |
|---|-------------------------|-------------------------|
|   | <b>£'000</b>            | <b>£'000</b>            |
| Depreciation and amortisation             | (1,209)                 | (1,244)                 |
| Minimum Revenue Provision                 | 240                     | 252                     |
| Voluntary Revenue Provision               | 0                       | 0                       |
| Capital expenditure financed from revenue | 905                     | 367                     |
|   | <u>(64)</u>             | <u>(625)</u>            |

**6. Members' Allowances**

Members' allowances were paid by the constituent Unitary Authorities up to 28<sup>th</sup> September 2004. The Local Authorities (Allowances for Members of Fire Authorities) (Wales) Regulations 2004 came into force On 29<sup>th</sup> September 2004. The following allowances were payable by the Authority to Fire and Rescue Authority Members for the financial years 2005-06 and 2004-05.

|   | <u>2005-2006</u><br>£'000 | <u>2004-2005</u><br>£'000 |
|---|---------------------------|---------------------------|
| Chairperson's Allowance                         | 9                         | 5                         |
| Vice Chairperson's Allowance                    | 7                         | 4                         |
| Members' Allowances (Basic and Care Allowances) | 25                        | 11                        |
|   | <u>41</u>                 | <u>20</u>                 |

**7. Section 137 Local Government Act 1972**

(as amended by the Local Government and Housing Act 1989)

Section 137 empowers Local Authorities, subject to certain conditions and limits, to incur expenditure which in their opinion is in the interest of their area or any part of it, or all or some of its inhabitants. Under this Section Local Authorities are required to account separately for any such expenditure.

In 2005-06 the Authority incurred no such expenditure.

**8. Local Authority Publicity**

Set out below, under the requirements of Section 5(1) of the Local Government Act 1986, is the Authority's spending on publicity: -

|                         | <u>2005-2006</u><br>£'000 | <u>2004-2005</u><br>£'000 |
|-------------------------|---------------------------|---------------------------|
| Recruitment Advertising | 54                        | 23                        |
| Other Advertising       | 33                        | 27                        |
|                         | <u>87</u>                 | <u>50</u>                 |

**9. Local Authority (Goods and Services) Act 1970**

During the year the Authority did not receive any income in relation to the above Act.

# **10. Outstanding obligations in respect of Finance and Operating Leases**

## **(a) Finance Leases**

|  | <b><u>2005-2006</u></b> | <b><u>2004-2005</u></b> |
|--|-------------------------|-------------------------|
|  | <b>£'000</b>            | <b>£'000</b>            |
| i. Capital value of items acquired during the year | Nil                     | Nil                     |
| ii. Lease rentals paid to lessors during the year  | Nil                     | 4                       |
| iii. Outstanding undischarged leasing obligations  | Nil                     | Nil                     |

## **(b) Operating Leases**

|   | <b><u>2005-2006</u></b> | <b><u>2004-2005</u></b> |
|---|-------------------------|-------------------------|
|   | <b>£'000</b>            | <b>£'000</b>            |
| i. Capital value of vehicles acquired during the year                 | 2,427                   | 671                     |
| ii. Lease rentals paid to lessors during the year                     | 1,966                   | 1,840                   |
| iii. Outstanding undischarged leasing obligations are as follows:-    |                         |                         |
| Within 1 year   | 1,624                   | 1,594                   |
| 1 - 2 years   | 1,466                   | 1,207                   |
| 2 - 5 years   | 2,767                   | 2,834                   |
| 5 - 10 years  | 1,623                   | 2,103                   |
| More than 10 years  | 178                     | 268                     |
| iv. For payments due within one year, commitments expire as follows:- |                         |                         |
| Within 1 year   | 157                     | 387                     |
| 1 - 5 years   | 1035                    | 621                     |
| More than 5 years   | 432                     | 586                     |

# **11. Euro Costs**

To date, limited transactions have been undertaken with the Euro. Where these have occurred such purchases have been converted into sterling. Most financial systems are believed to be Euro compliant and any costs in respect of accounting, making payments or receiving income are at this stage expected to be minimal.

# **12. Fees payable to the Auditor General for Wales**

|  | <b><u>2005-2006</u></b> | <b><u>2004-2005</u></b> |
|--|-------------------------|-------------------------|
|  | <b>£'000</b>            | <b>£'000</b>            |
| External audit services as appointed auditor | 49                      | 47                      |
| Statutory inspection                         | 0                       | 0                       |
| Certification of grant claims and returns    | 0                       | 1                       |
| Other services – Pay Verification Report     | 0                       | 16                      |
| – National Fraud Initiative                  | 0                       | 1                       |
|  | <b>49</b>               | <b>65</b>               |

### 13. **Related Party Transactions**

None of the Authority Members or relevant Officers, or parties related to them, has undertaken any material transactions with the Mid and West Wales Fire and Rescue Authority in 2005-06.

During the year, transactions of the Fire and Rescue Authority with related parties (including levy contributions and Business Rates) arose as follows: -

|                                     | <b>Expenditure<br/>£'000</b> | <b>Income<br/>£'000</b> |
|-------------------------------------|------------------------------|-------------------------|
| Carmarthenshire County Council      | 475                          | 8,476                   |
| Cyngor Sir Ceredigion               | 26                           | 3,636                   |
| Neath and Port Talbot CBC           | 84                           | 6,432                   |
| Pembrokeshire County Council        | 91                           | 5,466                   |
| Powys County Council                | 116                          | 6,091                   |
| City and County of Swansea          | 167                          | 10,569                  |
| Dyfed Pension Fund                  | 614                          | 0                       |
| National Assembly for Wales         | 0                            | 1,319                   |
| Office of the Deputy Prime Minister | 2                            | 109                     |
| Public Works Loan Board             | 642                          | 0                       |
| South Wales Fire Service            | 177                          | 1                       |
| Dyfed-Powys Police Authority        | 137                          | 30                      |
| South Wales Police Authority        | 52                           | 0                       |
| Other Fire and Police Authorities   | 58                           | 17                      |
| Fire Service College                | 207                          | 0                       |
| Fire Brigades Unions                | 211                          | 19                      |
| NHS/Ambulance Trusts                | 1                            | 164                     |
| Other Local Authorities             | 0                            | 1                       |
| <b>TOTAL</b>                        | <b>3,060</b>                 | <b>42,330</b>           |

**MID AND WEST WALES FIRE AND RESCUE AUTHORITY**  
**BALANCE SHEET**  
**AS AT 31<sup>st</sup> MARCH 2006.**

| <b><u>31<sup>st</sup> Mar 05</u></b><br><b>£'000</b> |  | <b>Note</b> | <b><u>31<sup>st</sup> Mar 06</u></b><br><b>£'000</b> | <b><u>31<sup>st</sup> Mar 06</u></b><br><b>£'000</b> |
|--|--|-------------|--|--|
|  | <b><u>Fixed Assets:</u></b>                  |             |  |  |
| 27,167   | Operational Assets                           | 1           | 29,377   |  |
| 97   | - Land and Buildings                         |             | 97   |  |
| 1,462  | - Infrastructure                             |             | 2,169  |  |
| 390  | - Vehicles and Equipment                     |             | <u>0</u>   | 31,643   |
| 158  | Non-operational Assets                       | 5           |  | 155  |
|  | Long-Term Debtor                             |             |  |  |
| 29,274   | <b>TOTAL LONG TERM ASSETS</b>                |             |  | 31,798   |
|  | <b><u>Current Assets:</u></b>                |             |  |  |
| 120  | - Stocks                                     | 6           | 152  |  |
| 2,895  | - Debtors                                    | 7           | 975  |  |
| 4,500  | - Short-Term Investments                     | 8           | 4,500  |  |
| 680  | - Bank Balance                               |             | 0  |  |
| 3  | - Cash and Bank Imprests                     | 9           | <u>3</u>   | 5,630  |
| 37,472   | <b>TOTAL ASSETS</b>                          |             |  | 37,428   |
|  | <b><u>Current Liabilities:</u></b>           |             |  |  |
| 0  | - Bank Overdraft                             |             | (711)  |  |
| (3,398)  | - Creditors                                  | 10          | (3,136)  |  |
| (367)  | - Borrowing repayable within one year        | 11          | <u>(367)</u>   | (4,214)  |
| 33,707   | <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |             |  | 33,214   |
| (5,105)  | Borrowing repayable in more than one year    | 11          |  | (4,738)  |
| (299)  | Grants and Contributions Deferred            | 12          |  | (652)  |
| (235,326)  | Pensions Liability (of which                 | 13          |  | (287,113)  |
|  | £3,956k is cash-backed)                      | 17          |  |  |
| <b>(207,023)</b>                                     | <b>TOTAL ASSETS LESS LIABILITIES</b>         |             |  | <b>(259,289)</b>                                     |
|  | <b><u>EQUITY:</u></b>                        |             |  |  |
| 34,061   | Fixed Asset Restatement Account              | 14          |  | 34,037   |
| (10,822)   | Capital Financing Account                    | 15          |  | (10,169)   |
| 650  | Usable Capital Receipts Reserve              | 16          |  | 0  |
| (230,912)  | Pensions Reserve                             | 17          |  | (283,157)  |
| <b>(207,023)</b>                                     | <b>TOTAL EQUITY</b>                          |             |  | <b>(259,289)</b>                                     |

## NOTES TO THE BALANCE SHEET

### 1. Fixed Assets

|  | <b>Land and<br/>Buildings</b> | <b>Infrastructure</b> | <b>Vehicles<br/>and<br/>Equipment</b> | <b>TOTAL</b>  |
|--|-------------------------------|-----------------------|---------------------------------------|---------------|
|  | <b>£'000</b>                  | <b>£'000</b>          | <b>£'000</b>                          | <b>£'000</b>  |
| <b>COST/VALUATION</b>                        |                               |                       |                                       |               |
| At 1 <sup>st</sup> April 2005                | 28,743                        | 117                   | 13,273                                | 42,133        |
| Revaluation/impairment                       | 0                             | 0                     | 0                                     | 0             |
| Additions – expenditure in year              | 2,458                         | 3                     | 1,319                                 | 3,780         |
| Disposals                                    | 0                             | 0                     | (1,452)                               | (1,452)       |
| <b>At 31<sup>st</sup> March 2006</b>         | <b>31,201</b>                 | <b>120</b>            | <b>13,140</b>                         | <b>44,461</b> |
| <b>DEPRECIATION</b>                          |                               |                       |                                       |               |
| At 1 <sup>st</sup> April 2005                | 1,186                         | 20                    | 11,811                                | 13,017        |
| Revaluation/impairment                       | 0                             | 0                     | 0                                     | 0             |
| Provided in year                             | 638                           | 3                     | 588                                   | 1,229         |
| Eliminated on disposals                      | 0                             | 0                     | (1,428)                               | (1,428)       |
| <b>At 31<sup>st</sup> March 2006</b>         | <b>1,824</b>                  | <b>23</b>             | <b>10,971</b>                         | <b>12,818</b> |
| <b>NET BOOK VALUE</b>                        |                               |                       |                                       |               |
| <b>At 31<sup>st</sup> March 2006</b>         | <b>29,377</b>                 | <b>97</b>             | <b>2,169</b>                          | <b>31,643</b> |
| <b>At 31<sup>st</sup> March 2005</b>         | <b>27,557</b>                 | <b>97</b>             | <b>1,462</b>                          | <b>29,116</b> |
| <b><u>At 31<sup>st</sup> March 2006:</u></b> |                               |                       |                                       |               |
| <b>Operational Assets</b>                    | <b>29,377</b>                 | <b>97</b>             | <b>2,169</b>                          | <b>31,643</b> |
| Asset under construction                     | 390                           | 0                     | 0                                     | 390           |
| Transferred to Operational                   | (390)                         | 0                     | 0                                     | (390)         |
| <b>Non-operational Assets</b>                | <b>0</b>                      | <b>0</b>              | <b>0</b>                              | <b>0</b>      |
|  | <b>29,377</b>                 | <b>97</b>             | <b>2,169</b>                          | <b>31,643</b> |

The Capital Expenditure was financed as follows: -

|                          | <b>Expenditure<br/>£'000</b> |
|--------------------------|------------------------------|
| Loan                     | 1,785                        |
| Capital Receipts         | 717                          |
| Capital Contributions    | 373                          |
| Direct Revenue Financing | 905                          |
| <b>TOTAL</b>             | <b>3,780</b>                 |



## 2. **Fixed Asset Valuation**

Operational properties are valued on the depreciated replacement cost (DRC) basis where they are of a specialised nature, or otherwise on the existing use value (EUV) basis. The market value of specialised properties could be significantly lower than DRC.

Non-operational properties that are surplus to requirements are valued at market value.

Non-operational assets under construction are stated at cost.

Properties were valued as at 1<sup>st</sup> April 2003, at £26.98m, by the Corporate Property Division of Carmarthenshire County Council.

Infrastructure assets (hydrants) are stated at depreciated historic cost. Vehicle and equipment asset valuations are at depreciated replacement cost, reviewed annually by the departmental managers of the Brigade.

No diminution in value of individual assets was identified from the 2005-06 Impairment Review.

## 3. **Asset Structure**

A summary of the Authority's major physical assets is given below:

|                          | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|--------------------------|--------------------------------------|--------------------------------------|
| Brigade Headquarters     | 1                                    | 1                                    |
| Other HQ Buildings       | 4                                    | 4                                    |
| Fire Stations and Houses | 62                                   | 62                                   |
| Vehicles                 | 100                                  | 116                                  |

## 4. **Significant Capital Commitments**

|   | <b><u>£'000</u></b> |
|---|---------------------|
| New Headquarters Building, Carmarthen - retention | 60                  |

## 5. **Long Term Debtor**

This represents the balance due from Dyfed-Powys Police Authority, in respect of the joint building project at Crymych Fire Station. It is repayable over 25 years from 2005-06 by set-off against rent payable in respect of additional works at the new Control Room in Llangunnor. The original capital debtor was £0.158m.

## 6. **Stocks**

|                                 | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|---------------------------------|--------------------------------------|--------------------------------------|
|                                 | <b><u>£'000</u></b>                  | <b><u>£'000</u></b>                  |
| Transport Maintenance Workshops | 32                                   | 32                                   |
| Brigade Stores                  | 93                                   | 62                                   |
| Fuel                            | 25                                   | 23                                   |
| Other                           | 2                                    | 3                                    |
|                                 | <b><u>152</u></b>                    | <b><u>120</u></b>                    |

**7. Debtors**

|                                       | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|---------------------------------------|--------------------------------------|--------------------------------------|
|                                       | <b>£'000</b>                         | <b>£'000</b>                         |
| Government/Agency Departments         | 699                                  | 776                                  |
| Local Authorities/Other Public Bodies | 39                                   | 130                                  |
| Sundry Debtors                        | 169                                  | 126                                  |
| Payments in Advance                   | 59                                   | 1,833                                |
| Capital Debtors and Prepayments       | 0                                    | 19                                   |
| Interest receivable on Investments    | 19                                   | 21                                   |
|                                       | <hr/>                                | <hr/>                                |
|                                       | 985                                  | 2,905                                |
| Less Provision for Bad Debts          | (10)                                 | (10)                                 |
|                                       | <hr/>                                | <hr/>                                |
|                                       | <b>975</b>                           | <b>2,895</b>                         |
|                                       | <hr/>                                | <hr/>                                |

**8. Short-Term Investments**

The Authority's short-term investments consist of: -

|                   | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|-------------------|--------------------------------------|--------------------------------------|
|                   | <b>£'000</b>                         | <b>£'000</b>                         |
| Treasury Deposits | 4,500                                | 4,500                                |
| Bank Deposits     | 0                                    | 0                                    |
|                   | <hr/>                                | <hr/>                                |
|                   | <b>4,500</b>                         | <b>4,500</b>                         |
|                   | <hr/>                                | <hr/>                                |

**9. Cash and Bank Imprests**

Cash and bank imprests represent the amount of cash held by officers in order to make appropriate payments.

**10. Creditors**

|                                       | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|---------------------------------------|--------------------------------------|--------------------------------------|
|                                       | <b>£'000</b>                         | <b>£'000</b>                         |
| Government/Agency Departments.        | 649                                  | 585                                  |
| Local Authorities/Other Public Bodies | 414                                  | 133                                  |
| Sundry Creditors and Provisions       | 1,568                                | 1,651                                |
| Receipts in Advance                   | 405                                  | 984                                  |
| Capital Creditors                     | 84                                   | 31                                   |
| PWLB Interest accrual                 | 16                                   | 14                                   |
|                                       | <hr/>                                | <hr/>                                |
|                                       | <b>3,136</b>                         | <b>3,398</b>                         |
|                                       | <hr/>                                | <hr/>                                |

# 11. Long-Term Borrowing

|                               |                         | <u>Loans</u><br><u>Outstanding</u><br><u>£'000</u> | <u>Maturity Dates</u> |
|-------------------------------|-------------------------|--|-----------------------|
| <b>31<sup>st</sup> Mar 06</b> | Public Works Loan Board | 5,105  | 2009 - 2025           |
| <b>31<sup>st</sup> Mar 05</b> | Public Works Loan Board | 5,472  | 2009 - 2025           |

## Analysis of loans by maturity: -

|  | <u>Loans</u><br><u>Outstanding</u><br><u>31<sup>st</sup> Mar 06</u><br><u>£'000</u> | <u>Loans</u><br><u>Outstanding</u><br><u>31<sup>st</sup> Mar 05</u><br><u>£'000</u> |
|--|---|---|
| Repayable within:-                               |   |   |
| 1 year   | 367   | 367   |
| 1 - 2 years                                      | 367   | 367   |
| 2 - 5 years                                      | 1,057   | 1,079   |
| 5 - 10 years                                     | 1,533   | 1,598   |
| More than 10 years                               | <u>1,781</u>  | <u>2,061</u>  |
|  | 5,105   | 5,472   |
| Less: Borrowing repayable within one year        | (367)   | (367)   |
| <b>Borrowing repayable in more than one year</b> | <b><u>4,738</u></b>   | <b><u>5,105</u></b>   |

# 12. Grants and Contributions Deferred

|                                | <u>31<sup>st</sup> Mar 06</u><br><u>£'000</u> | <u>31<sup>st</sup> Mar 05</u><br><u>£'000</u> |
|--------------------------------|---|---|
| Balance brought forward        | 299   | 299   |
| New grants                     | 373   | 19  |
| Amortisation                   | (20)  | (19)  |
| <b>Balance carried forward</b> | <b><u>652</u></b>                             | <b><u>299</u></b>                             |

### 13. Pensions Liability

|                                 | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|---------------------------------|--------------------------------------|--------------------------------------|
|                                 | <b>£'000</b>                         | <b>£'000</b>                         |
| Firefighters' Pension Scheme    | 282,050                              | 230,940                              |
| Local Government Pension Scheme | 5,063                                | 4,386                                |
| <b>Total Pensions Liability</b> | <b><u>287,113</u></b>                | <b><u>235,326</u></b>                |

(a) **Uniformed Firefighters** – unfunded, defined benefit scheme

The liability was estimated by the Government Actuary's Department as at 31<sup>st</sup> March 2006.

|                                       | <b>£'000</b>          |
|---------------------------------------|-----------------------|
| Net deficit at the beginning of year  | 230,940               |
| Movement in the year:                 |                       |
| Current service cost                  | 7,310                 |
| Past Service/Curtailment costs        | 0                     |
| Interest cost                         | 12,450                |
| Pensions paid/transferred             | (8,080)               |
| Actuarial (gain)/loss                 | 39,430                |
| <b>Net deficit at the end of year</b> | <b><u>282,050</u></b> |

The actuarial (gain)/loss can be further analysed as follows:

|  | <b>£'000</b>         |
|--|----------------------|
| Experience gains and losses arising on the pension liabilities (0.04% of scheme liability)               | 100                  |
| Changes in assumptions underlying the present value of the pension liabilities (14% of scheme liability) | 39,330               |
| <b>Actuarial (gain)/loss (14% of scheme liability)</b>   | <b><u>39,430</u></b> |

Liabilities are valued on an actuarial basis using the Projected Unit Method. The main actuarial assumptions are as follows:

| <b>FINANCIAL ASSUMPTIONS</b>           | <b>Year Ended<br/>31<sup>st</sup> Mar 06</b> | <b>Year Ended<br/>31<sup>st</sup> Mar 05</b> |
|--|--|--|
| Rate of inflation                      | 3.2%   | 2.9%   |
| Rate of increase in salaries           | 4.7%   | 4.4%   |
| Rate of increase in pensions           | 3.2%   | 2.9%   |
| Rate of discounting scheme liabilities | 4.9%   | 5.4%   |

### 13. Pensions Liability (continued)

#### (b) Other Employees – funded, defined benefit scheme

The last full actuarial valuation was carried out by the Dyfed Pension Fund Actuary as at 31<sup>st</sup> March 2004.

The Authority's liability was estimated by the Actuary as at 31<sup>st</sup> March 2006 and includes the liability for unfunded benefits.

|   | <b>31<sup>st</sup> Mar 06</b> | <b>31<sup>st</sup> Mar 05</b> |
|---|-------------------------------|-------------------------------|
|   | <b>£'000</b>                  | <b>£'000</b>                  |
| Market Value of Assets                        | (14,080)                      | (11,155)                      |
| Liabilities                                   | 19,143                        | 15,541                        |
| <b>Estimated liability: LG Pension Scheme</b> | <b>5,063</b>                  | <b>4,386</b>                  |

|                                       | <b>£'000</b> |
|---------------------------------------|--------------|
| Net deficit at the beginning of year  | 4,386        |
| Movement in the year:                 |              |
| Current service cost                  | 610          |
| Past Service/Curtailment costs        | (184)        |
| Interest cost                         | 854          |
| Return on assets                      | (718)        |
| Employer's contributions              | (493)        |
| Actuarial (gain)/loss                 | 608          |
| <b>Net deficit at the end of year</b> | <b>5,063</b> |

The actuarial (gain)/loss can be further analysed as follows:

|   | <b>£'000</b> |
|---|--------------|
| Actual less expected return on pension assets (12.6% of LG Scheme assets)                                     | (1,779)      |
| Experience gains and losses arising on the pension liabilities (3.3% of L G Scheme liability)                 | 623          |
| Changes in assumptions underlying the present value of the pension liabilities (9.2% of L G Scheme liability) | 1,764        |
| <b>Actuarial (gain)/loss (3.2% of L G Scheme liability)</b>   | <b>608</b>   |

The actuarial assumptions are as follows:

| <b>FINANCIAL ASSUMPTIONS</b>                               | <b>Year Ended<br/>31<sup>st</sup> Mar 06</b> | <b>Year Ended<br/>31<sup>st</sup> Mar 05</b> |
|--|--|--|
| Rate of inflation  | 2.9%   | 2.9%   |
| Rate of increase in salaries                               | 4.65%  | 4.65%  |
| Rate of increase in pensions                               | 2.9%   | 2.9%   |
| Proportion of employees opting to take a commuted lump sum | 50%  | N/A  |
| Rate of discounting scheme liabilities                     | 4.9%   | 5.4%   |

### 13. Pensions Liability (continued)

| <b>EXPECTED RATE OF RETURN ON ASSETS</b> | <b>Year Ended<br/>31<sup>st</sup> Mar 06</b> | <b>Year Ended<br/>31<sup>st</sup> Mar 05</b> |
|--|--|--|
| Equities                                 | 7.0%   | 7.5%   |
| Government Bonds                         | 4.3%   | 4.7%   |
| Other Bonds                              | 4.9%   | 5.4%   |
| Property                                 | 6.0%   | 6.5%   |
| Cash/liquidity                           | 4.5%   | 4.75%  |

| <b>ASSETS HELD BY INVESTMENT<br/>CATEGORY</b> | <b>Year Ended<br/>31<sup>st</sup> Mar 06</b> | <b>Year Ended<br/>31<sup>st</sup> Mar 05</b> |
|---|--|--|
| Equities                                      | 65.2%  | 65.8%  |
| Government Bonds                              | 24.6%  | 24.1%  |
| Other Bonds                                   | 8.7%   | 8.8%   |
| Property                                      | 0.0%   | 0.0%   |
| Cash/liquidity                                | 1.5%   | 1.3%   |

### **Changes to the Local Government Pension Scheme**

Changes to the Local Government Pension Scheme permit employees retiring on or after 6<sup>th</sup> April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of the Actuary it has been assumed that 50% of employees retiring after 6<sup>th</sup> April 2006 will take advantage of this change to the Pension Scheme. The Actuary has advised that this will reduce the value of the Authority's pension liabilities by £0.184m and this has been included within Non Distributed Costs on the face of the Revenue Account.

### 14. Fixed Asset Restatement Account

The Fixed Asset Restatement Account reflects the value of assets inherited by the Authority at 1<sup>st</sup> April 1996, and subsequent revaluations and disposals. The reserve is debited or credited with the deficits or surpluses arising on revaluations and written down by the net book value of disposals.

|                             | <b><u>31<sup>st</sup> Mar 06</u></b><br><b>£'000</b> | <b><u>31<sup>st</sup> Mar 05</u></b><br><b>£'000</b> |
|-----------------------------|--|--|
| Balance brought forward     | 34,061   | 34,083   |
| Revaluation of Fixed Assets | 0  | 0  |
| Disposal of Fixed Assets    | (24)   | (22)   |
| Balance carried forward     | <b><u>34,037</u></b>                                 | <b><u>34,061</u></b>                                 |

## 15. Capital Financing Account

The Capital Financing Account contains the amounts which are required by statute to be charged to revenue to repay the principal element of external debt. It also contains the amounts of capital expenditure financed from revenue and from capital receipts, and is reduced by the annual depreciation charge.

|  | <b><u>31<sup>st</sup> Mar 06</u></b><br><b><u>£'000</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b><br><b><u>£'000</u></b> |
|--|---|---|
| Balance brought forward                  | (10,822)  | (10,218)  |
| Minimum Revenue Provision                | 240   | 252   |
| Capital Financing – Capital Receipts     | 717   | 21  |
| Capital Financing – Revenue              | 905   | 367   |
| Depreciation                             | (1,229)   | (1,263)   |
| Amortisation of Grants and Contributions | 20  | 19  |
| Balance carried forward                  | <b><u>(10,169)</u></b>                                      | <b><u>(10,822)</u></b>                                      |

## 16. Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the Capital Receipts available to finance capital expenditure in future years.

|                                     | <b><u>31<sup>st</sup> Mar 06</u></b><br><b><u>£'000</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b><br><b><u>£'000</u></b> |
|-------------------------------------|---|---|
| Balance brought forward             | 650   | 650   |
| Capital Receipts                    | 67  | 21  |
| <u>Less:</u>                        |   |   |
| Capital Receipts used for financing | (717)   | (21)  |
| Balance carried forward             | <b><u>0</u></b>   | <b><u>650</u></b>   |

**17. Pensions Reserve**

|                                     | <b><u>31<sup>st</sup> Mar 06</u></b> | <b><u>31<sup>st</sup> Mar 05</u></b> |
|-------------------------------------|--------------------------------------|--------------------------------------|
|                                     | <b>£'000</b>                         | <b>£'000</b>                         |
| Value of Pensions Liability         | 287,113                              | 235,326                              |
| Less: Elective Pensioners Provision | (3,956)                              | (4,414)                              |
| <b>Pensions Reserve</b>             | <b><u>283,157</u></b>                | <b><u>230,912</u></b>                |

The Fire and Rescue Authority, by agreement with the constituent Unitary Authorities, sets aside a sum from each annual budget to the Elective Pensioners Provision to meet a predicted steep rise in pension payments, within the overall pensions liability. The sums set aside are based on projections by pension fund actuaries of the cash flow implications, over the current few years, of a large number of employees becoming eligible for retirement after 30 years service. The situation arises as a consequence of national recruitment drives in 1974 and 1978.

A net transfer of £0.458m was required to be made from the Elective Pensioners Provision in 2005-06.

**18. Contingent Liabilities**

There were no material contingent liabilities at the date of the Balance Sheet.

**19. Post Balance Sheet Events**

There are no material post balance sheet events to disclose in relation to these financial statements.



## **STATEMENT OF TOTAL MOVEMENTS IN RESERVES**

|  | <b>£'000</b>    |
|--|-----------------|
| <b><u>Movements in Revenue Reserves</u></b>  |                 |
| <b>Net Surplus/(Deficit) for the year</b>  | <b>0</b>        |
| Actual less expected return on pensions assets (12.6% of LG Scheme assets)   | 1,779           |
| Experience losses arising on pensions liabilities (0.04% of Firefighters' scheme liability and 3.3% of LG Scheme liability)                            | (723)           |
| Loss on change in assumptions underlying present value of pensions liabilities (14% of Firefighters' scheme liability and 9.2% of LG Scheme liability) | (41,094)        |
| Revenue Account Appropriation  | (11,749)        |
| Decrease in Elective Pensioners Provision  | (458)           |
| <b>Increase/(decrease) in Pensions Reserve</b>   | <b>(52,245)</b> |
| <b>Total increase/(decrease) in Revenue Reserves:</b>  | <b>(52,245)</b> |
| <b><u>Movements in Capital Reserves</u></b>  |                 |
| Increase/(decrease) in Usable Capital Receipts   | (650)           |
| Increase/(decrease) in Unapplied Capital Grants and Contributions  | 0               |
| <b>Total increase/(decrease) in realised Capital Resources:</b>  | <b>(650)</b>    |
| Unrealised gains/(losses) on revaluation of Fixed Assets   | 0               |
| <b>Total increase/(decrease) in unrealised value of Fixed Assets:</b>  | <b>0</b>        |
| Value of Fixed Assets sold, disposed of or decommissioned  | (24)            |
| Capital Receipts applied   | 717             |
| Revenue resources set aside  | (64)            |
| Movement on Grants and Contributions Deferred  | 353             |
| <b>Total increase/(decrease) in other Capital Reserves</b>   | <b>332</b>      |
|  |                 |
|  |                 |

## **STATEMENT OF MOVEMENTS IN CAPITAL RESERVES**

|   | <b>Fixed Asset<br/>Restatement<br/>Account<br/>£'000</b> | <b>Capital<br/>Financing<br/>Account<br/>£'000</b> | <b>Usable<br/>Capital<br/>Receipts<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|--|--|--|------------------------|
| <b>Balance as at 1<sup>st</sup> April 2005</b>              | <b>34,061</b>  | <b>(10,822)</b>                                    | <b>650</b>                                       | <b>23,889</b>          |
| Revenue Account Appropriations                              | 0  | (969)  | 0  | (969)                  |
| Unrealised gain/(loss), from<br>revaluation of Fixed Assets | 0  | 0  | 0  | 0                      |
| <i><u>Effects of Disposals of Fixed Assets:</u></i>         |  |  |  |                        |
| Cost or value of Assets disposed of                         | (24)   | 0  | 0  | (24)                   |
| Proceeds of Disposals                                       | 0  | 0  | 67   | 67                     |
| Net surplus/(deficit)                                       | (24)   | 0  | 67   | 43                     |
| Financing of Fixed Assets                                   | 0  | 1,622  | (717)  | 905                    |
| <b>Balance as at 31<sup>st</sup> March 2006</b>             | <b>34,037</b>  | <b>(10,169)</b>                                    | <b>0</b>   | <b>23,868</b>          |

## **CASH FLOW STATEMENT 2005-2006.**

| <b><u>2004-2005</u></b><br><b>£'000</b> |   | <b><u>2005-2006</u></b><br><b>£'000</b> | <b><u>2005-2006</u></b><br><b>£'000</b> |
|---|---|---|---|
|   | <b><u>Revenue Activities:-</u></b>  |   |   |
|   | <b><u>Cash Outflows:</u></b>  |   |   |
| (31,812)                                | Cash paid to and on behalf of employees                                       | (35,171)                                |   |
| (8,617)                                 | Cash paid on other operating costs  | (6,040)                                 | (41,211)                                |
|   | <b><u>Cash Inflows:</u></b>   |   |   |
| 39,189                                  | Contributions from Unitary Authorities  | 39,812                                  |   |
| 895                                     | Government grants received (Note 4)   | 585                                     |   |
| 2,477                                   | Cash received for goods and services  | 3,029                                   | 43,426                                  |
| <b>2,132</b>                            | <b>Net Revenue Cash Inflow/(Outflow) before Servicing of Finance (Note 1)</b> |   | <b>2,215</b>                            |
|   | <b><u>Servicing of Finance:</u></b>   |   |   |
|   | <b><u>Cash Outflows:</u></b>  |   |   |
| (243)                                   | Interest paid   | (275)                                   |   |
|   | <b><u>Cash Inflows:</u></b>   |   |   |
| 289                                     | Interest received   | 301                                     | 26                                      |
| <b>2,178</b>                            | <b>Net Cash Inflow/(Outflow) from Revenue Activities</b>                      |   | <b>2,241</b>                            |
|   | <b><u>Capital Activities:-</u></b>  |   |   |
|   | <b><u>Cash Outflows:</u></b>  |   |   |
| (1,492)                                 | Purchase of Fixed Assets  | (3,727)                                 |   |
|   | <b><u>Cash Inflows:</u></b>   |   |   |
| 21                                      | Sale of Fixed Assets  | 67                                      |   |
| 65                                      | Capital grants and contributions received                                     | 395                                     | (3,265)                                 |
| <b>772</b>                              | <b>Net Cash Inflow/(Outflow) before Financing (Note 2)</b>                    |   | <b>(1,024)</b>                          |
|   | <b><u>Management of Liquid Resources</u></b>                                  |   |   |
| (200)                                   | (Increase)/decrease in Short-Term Investments                                 |   | 0                                       |
|   | <b><u>Financing :-</u></b>  |   |   |
|   | <b><u>Cash Outflows:</u></b>  |   |   |
| (359)                                   | Repayments of amounts borrowed  | (367)                                   |   |
|   | <b><u>Cash Inflows:</u></b>   |   |   |
| 1,100                                   | New loans raised  | 0                                       | (367)                                   |
| <b>1,313</b>                            | <b>INCREASE/(DECREASE) IN CASH (Note 3)</b>                                   |   | <b>(1,391)</b>                          |

## Notes to the Cash Flow Statement

### Note 1

#### Reconciliation of Revenue Account Surplus/Deficit to Cash Flow from Revenue Activities

| <u>2004-2005</u><br>£'000                 |  | <u>2005-2006</u><br>£'000 | <u>2005-2006</u><br>£'000 |
|---|--|---------------------------|---------------------------|
| 0   | Surplus/Deficit for the year   |                           | 0                         |
| <b><u>Non-Cash Transactions:</u></b>      |  |                           |                           |
| 1,244                                     | Depreciation/amortisation  | 1,209                     |                           |
| (625)                                     | Less transfers to/(from) Capital Financing Reserve                       | (64)                      |                           |
| 1,294                                     | Movement in Provisions/Earmarked Reserves                                | (458)                     |                           |
| <u>1,913</u>                              |  |                           | 687                       |
| <b><u>Items on an Accruals Basis:</u></b> |  |                           |                           |
| 8   | Movement in Stock  | (32)                      |                           |
| (998)                                     | Movement in Revenue Debtors  | 1,901                     |                           |
| 1,255                                     | Movement in Revenue Creditors  | (315)                     | 1,554                     |
| <u>265</u>                                |  |                           |                           |
| (46)                                      | Financing items shown later in Cash Flow                                 |                           | (26)                      |
| <u>2,132</u>                              | <b>Net Cash Flow From Revenue Activities before Servicing of Finance</b> |                           | <u>2,215</u>              |

### Note 2

#### Reconciliation of Movement in Cash to the Movement in Net Debt

|                          | <u>Balance</u><br><u>31.3.05</u><br>£'000 | <u>Net</u><br><u>Cash Flow</u><br>£'000 | <u>Balance</u><br><u>31.3.06</u><br>£'000 |
|--------------------------|---|---|---|
| Cash balances            | 683                                       | (1,391)                                 | (708)                                     |
| Short-Term Investments   | 4,500                                     | 0                                       | 4,500                                     |
| Debt due within one year | (367)                                     | 0                                       | (367)                                     |
| Debt due after one year  | (5,105)                                   | 367                                     | (4,738)                                   |
|                          | <u>(289)</u>                              | <u>(1,024)</u>                          | <u>(1,313)</u>                            |

### Note 3

#### Movement in Cash Balances

|                                    | <u>Balance</u><br><u>31.3.05</u><br>£'000 | <u>Balance</u><br><u>31.3.06</u><br>£'000 | <u>Movement</u><br><u>in Year</u><br>£'000 |
|------------------------------------|---|---|--|
| Cash in hand and at bank           | 3   | 3   | 0  |
| Bank balance/overdraft             | 680                                       | (711)                                     | (1,391)                                    |
| <b>INCREASE/(DECREASE) IN CASH</b> | <u>683</u>                                | <u>(708)</u>                              | <u>(1,391)</u>                             |

## **Notes to the Cash Flow Statement (continued)**

### **Note 4**

#### **Government Grants Received** (Revenue)

|   | <b>2005-2006</b> | <b>2004-2005</b> |
|---|------------------|------------------|
|   | <b>£'000</b>     | <b>£'000</b>     |
|   |                  |                  |
| Government Transitional Funding           | 0                | 488              |
| New Dimension Funding                     | 86               | 204              |
| Community Safety Grant (WAG)              | 140              | 0                |
| Community Safety Innovation Funding (WAG) | 32               | 66               |
| Community Safety Publicity Grant (WAG)    | 19               | 0                |
| Arson Reduction Scheme                    | 153              | 26               |
| Business Arson Warden/Vari Manager        | 76               | 70               |
| Young Firefighters                        | 39               | 18               |
| Other small grants                        | 40               | 23               |
|   | <b>585</b>       | <b>895</b>       |